CSR, Sustainability, Ethics & Governance
Series Editors: Samuel O. Idowu · René Schmidpeter

André Habisch
René Schmidpeter *Editors*

Cultural Roots of Sustainable Management

Practical Wisdom and Corporate Social Responsibility

Springer

CSR, Sustainability, Ethics & Governance

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Samuel O. Idowu, London Metropolitan University, United Kingdom
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Editors

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Practical Wisdom and Corporate Social Responsibility

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ISSN 2196-7075 ISSN 2196-7083 (electronic)
CSR, Sustainability, Ethics & Governance
ISBN 978-3-319-28285-5 ISBN 978-3-319-28287-9 (eBook)
DOI 10.1007/978-3-319-28287-9

Library of Congress Control Number: 2016934310

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Cover designer: eStudio Calamar, Berlin/Figueres

Printed on acid-free paper

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Foreword

Notwithstanding the considerable amount of knowledge literature produced in the current century one would find scarce discussions in which wisdom, as a category of its own, is well discussed and referenced and finds a visible place in connection with other concepts such as different forms of knowledge.

Indeed, it may be even easier to find a more appealing and straightforward connection between wisdom and knowledge in a genre such as poetry[1] than typically in an academic discipline. It could be argued that whereas wisdom inevitably echoes in someway or another tradition, interest in knowledge precisely spuns to address the volatility and changeable nature of our business and social contexts and therefore it is the drive towards looking forward what may keep interest in tradition backstage.

This book precisely comes to make that argument irrelevant or at least unfinished. It grows out of a very appealing and interesting association. In the pages that follow, wisdom is taken out of the arguably less productive cultural enclosure in which is generally placed and brought to the fore in relationship with action.

The novelty of such approach has a double source. On the one hand research on knowledge and action has typically revolved around categories of explicitness, that is, trying to understand the degree by which human action is guided by more or less formal statements and more or less tacit understandings. Thus, the discussion develops taking individuals from a cognitive point of view by which a social context is indeed interpreted as a context, but never as a text. Therefore taking tradition as driver and a source of inspiration that escapes symbolism or routine is in itself a very appealing perspective for it connects individuals with their past in a productive manner.

On the other hand, the connection that the book advances and that explores in different traditions, that of wisdom with action—we should not thus forget that *pragma*, the Greek term in which practicality is rooted, means action—adds another

[1] Choruses from the Rock. TS Eliot.

layer to the meaning of the human action. Questions about what is practical, for whom and from what standpoint do we claim such thing is a discussion that is extremely relevant today. It was entertained by the American pragmatists but more often than not they were misunderstood whenever they claimed that truth was whatever covenant.

Rediscovering wisdom and human action, and to do so in light of different traditions is a fascinating adventure to which this book makes a valuable contribution. One is tempted to qualify that contribution precisely as a very practical one, as it no doubt contains a seed of truth and one that is very convenient in our attempt to find meaningful connections between individuals, business and society. Connections that encompass different times and thanks to which we enrich our current meanings and shed light to some central questions.

Alfons Sauquet Rovira

Foreword

In the past, management has relied mainly in "hard" sciences (engineering, economics, mathematics ...). To some extent, this has led to the impasse in which nowadays, and according to some authors, management finds itself. In his famous paper on "how bad management theories are destroying good management practices", Ghoshal made a critical analysis of management and claimed that one of the two factors that had led to this situation was the emphasis on the empirical sciences (Ghoshal 2005). Perhaps the time has come to replace the empirical sciences with the social sciences as a basis for business management (Fontrodona and Melé 2002).

The complexity of management has increased and has become more evident in recent times. The multidimensional nature of management, the conviction that management is not about maximizing one variable (usually the economic value) but seeking a balance between different variables makes clear that this task cannot be carried out by the empirical sciences. The scientific method is useful for analyzing data, but is insufficient for the task of synthesis, which is, after all, what characterizes management. Human and social sciences (philosophy, humanities ...) are better prepared for this task of integrating different perspectives.

Human decision cannot be replaced by algorithms. Management cannot be reduced to a set of systems, policies and procedures that automate the process of decision making. By its very nature, management is always related to the exception, to the singular case that does not fit within the general procedure. Moreover, there are no systems that tell you whether a situation should be treated as a case of a general typology or should be treated as an exceptional case. Therefore, management can rely on systems, policies, structures, processes and so on, but rests, ultimately, in the leadership and the decision making of managers.

In order to be a competent manager, it is not enough to develop some technical skills or to acquire certain theoretical knowledge. A manager needs, above all, this kind of practical wisdom that prepares you "to do the right thing, at the right time, for the right reason" (Bradshaw 2009). At the heart of practical wisdom is the ability to contemplate our choices and discern the best course of action in the

context of a particular set of circumstances (Schwartz and Sharpe 2010). Practical wisdom, according to Aristotle (Nicomachean Ethics, VI), is bound up with action, and action—and management is a kind of action too—is concerned with the particular.

For Aristotle (Nicomachean Ethics, VI) practical wisdom implies—on one side—a general conception of what is good or bad, and—on the other side—an understanding of what is required in a particular situation. Only when you are aware of both aspects, you can deliberate about the best course of action to take in a given situation, and act according to that deliberation.

To act wisely, one must be aware of the cultural context in which he or she operates. Ethics is not at odds with the cultural and social context in which human action takes place. Moreover, ethics becomes real through this particular context. But that does not mean that ethics becomes a subjective moral relativism. One thing is that ethics is embodied by a particular cultural and social context, and a different thing is that ethics is reduced to the social and cultural norms that are lived in each moment.

Practical wisdom tries to escape from both extremes. On the one hand, to reduce the ethical deliberation to a number of rules that are applied in abstract, no matter the circumstances of the particular case. On the contrary, the wise person understands the rules and applies them according to the circumstances of that particular situation. On the other hand, to think that there are no universal ethical principles, but that ethical principles change depending on the cultural context. On the contrary, when you look without prejudices at different cultures, you realize that they have more commonalities that it seems at first sight. Practical wisdom is about knowing how to adjust the rule to fit the circumstances (Schwartz and Sharpe 2010), which is radically different from changing the rules depending on the circumstances. The wise person runs away from both dogmatism and relativism.

The different chapters in "Practical Wisdom and Sustainability" present a wide range of perspectives, covering different cultures and traditions. In this way, they contribute to express in a clear manner, on the one hand, the contribution of the humanistic sciences—the "soft" sciences—to management, and, on the other hand, the commonalities and the nuances between different cultural and religious traditions of the world. An intercultural and interfaith dialogue that today seems more necessary than ever. I cannot but praise the courage of the authors to propose this topic, and the quality of the result.

If practical wisdom consists in discerning the best course of action in a particular situation, the words in the so called "Serenity Prayer", with which I would like to end this introduction, come in handy:

> God, grant me the serenity to accept the things I cannot change,
> The courage to change the things I can,
> And the wisdom to know the difference.

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Schwartz B, Sharpe K (2010) Practical wisdom: the right way to do the right thing. Penguin, New York, NY

Foreword

Phronesis is the Greek translation of "Practical Wisdom". The ancient Greek philosophers we were told debated 'Phronesis' extensively more than 2400 years ago well before *anno Domini*. It is still a common topic of discussion in philosophy even today, perhaps not in line with how those Greek philosophers debated and talked about it during their time. It was noted that Socrates (470–399 BC)—an ancient Greek philosopher argued that we were created by God on this planet to seek wisdom—which in Greek word means S*ophia*. To have a general understanding of *virtue* requires an individual to possess wisdom. Wisdom helps a rational human being to possess virtuous attributes which should naturally enable him/her to live them, in other words to do the right things at all times regardless of whether or not they are being watched. From this, it can be asserted that in our world today where Corporate Social Responsibility is in vogue anyone who truly understands what social responsibility means would naturally be socially responsible, I beg to contend that this should be the case, others may probably not agree with me.

This aspect of philosophy known as *phronesis* has now been extended to the field of Corporate Social Responsibility (CSR), a true innovation indeed. These two Editors—Schmidpeter and Habisch as well as their Editorial Assistant—Lewtas have taken a bold step to bring together contributions from prominent scholars from around the world in their book on *Practical Wisdom and Corporate Social Responsibility*. In any case CSR expects both corporate and individual citizens of this age to possess virtuous attributes; to me there is no wisdom that is more practical than that! These virtuous attributes are the ingredients that would imbue global citizens to seek to be socially responsible and act in a socially responsible manner at all times. Embedding CSR into core corporate practices in the twenty-first century is in fact what being socially responsible is all about and that is what progressive corporate entities should engage in today, that is my own belief.

Flicking through some of the pages of the draft manuscript, I could not help to see the impressive list of great scholars of CSR from different parts of the globe who have contributed to the book; there are so many big names there. I counted more than a dozen participating countries spread across all the continents that make up our world, which to me is also impressive. I recognise them all. I am not

intending to name any one of them in this my *foreword* because they are all great scholars in their own different ways and their contributions in the literature would confirm that. I salute all of you for putting together your respective chapters in this very first book of its kind that focuses on *Practical Wisdom and Corporate Social Responsibility* it's an indication of how dearly you hold this our relatively new research field of CSR and Sustainable Development. The pieces you have individually submitted for this book, will in my view provoke and inspire to action corporate managers, scholars of today as well as future generations of CSR and Practical Wisdom scholars; you are laying a solid foundation for this line of research in corporate social responsibility and I count myself privileged in being part of that. I am not intending to comment on any of the chapters in the book, I leave that to others when the book reaches the academic community but I must say that I was very impressed with them all.

Let me now turn my attention to the two editors of the volume—Schmidpeter and Lewtas, I congratulate both of you for this great addition to the literature on CSR and Practical Wisdom. I am confident that readers from around the globe will find it invaluable regardless of whether they need to read this book as scholars, practitioners, research students, civil servants, NGOs or stakeholders in general. I therefore unreservedly recommend this book to all readers of corporate social responsibility books wherever they may be on this great planet called *Earth*.

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Preface

Practical wisdom—developed from religion, ancient cultures, community knowledge as well as personal development and intuition from the experiences of different stakeholder groups, should be taken into account by today's business managers and implemented in the corporate culture of companies. Practitioners can use this research as a base to better understand how wisdom and practical forms of knowledge can strengthen the sustainability of business in the modern globalized economy. This book represents a collaboration of specialists from around the world and it is an honour to have developed a publication that draws upon their various fields of expertise. We are extremely grateful for investment in articles from all of our contributors as well as for forwards written by Alfons Sauquet Rovira—Global Dean at ESADE Business school and President of the Academy of Business in Society (ABIS), Joan Fontrodona—Professor of Business Ethics at IESE Business School and Samuel Idowu—Corporate Social Responsibility pioneer and Senior Lecturer at London Metropolitan University. We also like to express our deepest gratitude to Bonnie Lewtas, who did a superb job as congenial editorial assistant. Without her above average engagement, this publication would never have been possible.

We look forward to following how the book will further the integration of practical wisdom and sustainability in business decisions around the world. Moreover, we hope that business education will bring forward new types of curricula, which will take practical wisdom into account for a integral education of future business leaders.

Ingolstadt, Germany — Andre Habisch
Cologne, Germany — René Schmidpeter

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Introduction to Practical Wisdom and Sustainability

René Schmidpeter and Bonnie Lewtas

Practical wisdom comes in many different forms. It can be gathered from ancient teachings, cultural heritage, community development, childhood experiences, a journey across the world or even a walk in the forest. In business, to support practical wisdom, is to allow employees the confidence to make decisions based on internal strengths such as moral reasoning, vision and intuition. Sustainability is about developing a long-term perspective and approach to all business matters. The concept is best developed by those who genuinely care about progressing towards a more stable future for the benefit of all. Couple unpredictable external factors, abstract approaches and differences of opinion related to sustainable development with the inherent goal of maintaining a successful business, and making appropriate decisions can become downright confusing. Therefore, it is more important than ever that organizational leaders realise that, while the concept of sustainable development in business has gained recent attention in public discourse, it is nothing new. There exists a wealth of knowledge from around the world hidden in religious teachings, aboriginal customs, as well as community and individual values that can shed light on how to deal with today's challenges in the most appropriate and sustainable way possible.

This editorial series aims to serve as a bridge between academia and business, here with a special focus on the integration of global spiritual capital. Topics such as diversity management, equality, whole-systems thinking, conservation, integrity, and tacit knowledge as well as their impact on business operations are explored from various international, cultural and historical perspectives. Practitioners, students and anyone looking to broaden their understanding of CSR, are cordially invited to reflect upon these once traditional approaches to leadership to advance

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_1

sustainability within organizations by tapping into practical wisdom from around the world.

This book begins with a conceptual essay, by Andre Habisch and Claudius Bachmann about the theoretical foundations of practical wisdom in global business. The authors address the current state of business education with its lack of professional ethos and normative alignment. Spiritual and religious concepts, texts and case studies are suspected to perpetuate intolerant presumptions of truth and reflect deficient and non-scientific programs of knowledge creation. Following the lines of French moral philosopher Paul Ricoeur, the authors employ Hermeneutical philosophy to better explain the logic of spiritual texts. Highlighted is the necessary reinstatement of culture, spirituality and intrinsic reasoning in widespread commercial paradigms to support the practical application of CSR and sustainability.

Once the foundations have been established, a global perspective is developed through a series of case studies from different regional and religious perspectives including traditional Pacific, Chinese, Middle Eastern, European and American viewpoints.

The first two cases present Pacific observations on how traditional wisdom can enhance CSR in business. This section begins with a discussion by Ali Intezari of New Zealand on a meta-approach to practical wisdom through sustainability. In his chapter, Intezari discusses how the inclusion of cultural wisdom enables businesses to use abstract knowledge in the development of a strategic long-term vision and to achieve goals. The findings of his recent empirical study on wisdom in the business world's decision-making process are integrated into an approach for sustainability. In order for knowledge to result in consistently wise leadership, businesses must consider societal goals, values and interests. The successful implementation of sustainability initiatives requires a commitment to various multi-dimensional leadership approaches that include the engagement of ethics, emotion, analytics, reason, intuition and practical skill sets. In other words, sustainability leadership should support an integrative approach to the business's ability to strategize, formulate and implement CSR and sustainability initiatives.

This insight is followed by Robyn Heckenberg's discussion of Australian indigenous knowledge and the long awaited movement of local governments to include indigenous knowledge in the policy making process. By reflecting upon the case of the *Wiradjuri* (*Aboriginal*) community, the author explains the need for innovative and sustainable solutions to produce organizational change and the inclusion of aboriginal wisdom. Community prospects and the viability of sustainable development in both the public and private sector can be enhanced by strategically incorporating cultural heritage, history and traditional practices into management approaches. Communities are more likely to overcome social disadvantage and develop a sense of communal worth as well as individual-identity if there is a focus on the maintenance of cultural values through youth mentoring programs and social activities. This can be seen as a win-win situation as it also allows for the development and inclusion of spiritual capital in local government.

Following the discussion of how aboriginal knowledge from New Zealand and Australia can enhance the long-term viability of local communities and businesses,

we move to Asia and the Middle East where a glimpse into ancient cultures helps us to better understand the potential of CSR for modern entrepreneurship. Through globalization, increased ease of travel and cross-boarder endeavours, modern leaders may increasingly feel like citizens of the world. Therefore, it is not only important to retain an understanding of teachings from ones own background, but also to learn about how other cultures view sustainability and its practical application.

Firstly, Po-Kwung Ip, from Taiwan, offers a critical analysis of leadership in Chinese philosophical tradition. The conceptions of leadership in Confucianism and Legalism in early China are critically examined as two dominant schools of thought. After pinpointing specific strengths and weaknesses of the two perspectives, the author designs a third concept that combines aspects of both into a modern outlook on ancient guidance. This leads to Liangrong Zu's examination of various risk management approaches from the ancient Chinese philosophical tradition of Taoism. The author reflects upon their relevance in dealing with current social and environmental crisis and risk aversion. The consistent reduction of global environmental resources will consequently result in the loss of the ecological systems upon which the economic viability of business establishments ultimately rely. The coupling of rigid western academic and management science with eastern wisdom and philosophical thinking provides a unique approach to sustainability risk management for business leaders worldwide. Businesses can utilize key traditional virtues to foster the long-term economic viability of their enterprise by consistently working towards organizational objectives that increase resource use efficiency and productivity, while simultaneously protecting the natural environment and its diverse ecosystems.

Next, Benoît Vermander investigates the interplay between Chinese, Greek and Biblical traditions. His chapter demonstrates how the meaning of traditional wisdom continuously evolves through a process of exchange and reinterpretation. Likewise, by responding to ever-changing situations personal wisdom becomes both the base for, and product of, decision-making abilities. The link between maturation in both the context of traditional texts and personal development can help us to better reflect upon and respond to complex and ever-evolving ecological systems. Thus, enabling the development of solutions for today's local and global sustainability challenges.

Granit Almog-Bareket, from the Mandel Foundation in Israel, provides this book with valuable insights as to how reflection upon biblical text can offer relevant leadership approaches to contemporary management issues. This article draws upon Moses's life story to provide a better understanding of the development of modern social entrepreneurship. The Bible presents leadership and entrepreneurial wisdom as a strategic developmental process that requires meaningful education, training and continuous reinforcement. Successful leaders are not born as such. Entrepreneurial wisdom is a developed skill that requires consistent nurturing, reflection and a clear vision for the advancement of, not ones self, but rather solutions to an identified challenge. Almog-Bareket's reflections upon biblical

text serve to deepen our understanding of the relationship between traditional religious perspectives and modern entrepreneurial drive.

Subsequently, Mouna Izelmaden's article draws upon Islamic values and wisdom lessons relevant to key CSR areas such as workplace diversity and equality. In the context of Islamic teachings, this chapter offers a humanistic perspective on diversity management that emphasises human development and spiritual achievement and the significance of traditional work and management concepts on material and nonmaterial life. This approach serves to supplement the deficiencies of the widely discussed *economic case* for diversity management.

The next chapter, by Duygu Turker of Turkey, aims to systematically analyse the Islamic contribution to CSR within a four component conceptual framework that includes economic, ethical, legal and philanthropic business responsibilities. It provides the reader with a deeper understanding of core Islamic texts in relation to the stakeholder conception model and its adoption by practitioners. Jochen Lobah supplements this insight, with a reflection upon how, despite many people having lost sight of such teachings, Islamic virtues are consistent with sustainable development. For example, how the unnecessary removal of flora and fauna and wasteful use of natural resources (both living and non-living) is disapproved in Islamic texts. The author emphasises the urgency of Muslim populations to rediscover their historical values to reflect the culture's once deeply ethical concerns for sustainable social and environmental development.

Following Eastern and Oceanic perspectives of cultural wisdom and sustainable development, this book takes a look at western opinions on the integration of cultural knowledge in CSR. It is interesting to note that the approach taken on European and American perspectives focuses more on recent developments in business culture and current forms of practical knowledge and less on traditional value systems. Perhaps this reflects a trend of western disconnect from cultural roots in modern practice. There are many leadership values to be learnt from early western civilisation and aboriginal knowledge and therefore, this gap should be duly noted. However, a current perspective on the implication of practical knowledge in western economics provides fundamental evidence on how wisdom and leadership for sustainability has developed over time.

Richard Ennals, Bo Göranzon, Björn Nelson and Daniel Alvunger offer a current perspective from Sweden with their article on the importance of dialogue, skill and tacit knowledge in sustainable business. The authors explain that tacit knowledge should be appreciated as the most important resource for individual and business development. The article also discusses the limits of explicit knowledge and Sweden's long intellectual tradition of work and learning with skill and technology in a distinctive way.

Thomas Walker follows this line of argument with an entrepreneurial perspective on the decision making process and the importance of empowering employees and managers to make choices, not only based on hard facts and management skills, but through life experience and intuition. Intuitive decision-making is founded on subconscious wisdom rooted in integrity, heart and a positive vision of the future. If presented with the right framework, entrepreneurial wisdom can develop within

people who are not assumed to inherently possess this quality. Space for practical wisdom combined with smart management structures leads to an integrative management approach that can foster corporate resilience and adaptive sustainable management practices.

Finally, Nicholas Capaldi's chapter entitled Spiritual Capital and Leadership in the World of Modern Commerce offers a discussion of spiritual capital as a fundamental component of social, environmental and economic wealth production from an American perspective. Along with the primary goal of not only managing but taking care of subordinates, the author outlines additional leadership virtues for modern business such as creative improvisation, seeking and being able to identify quality employees, sacrificing more than expected of others, and participating in routine workplace tasks. Successful spiritual leaders of today possess unique and innovative visions of the future.

Business is at a cross roads in which previous models of unlimited growth are no longer realistic. In order to sustain a long-term business model that supports a healthy environment and global society, business leaders must open their minds to the big picture and support the integration of all forms of knowledge into corporate decisions. Progressive organizations worldwide are discovering that a holistic approach to CSR and sustainability is a fundamental part of long-term business success. This editorial demonstrates that regardless of religion, race, region or generation, many key lessons can be learned from cultural practices and intuitive knowledge. We hope to offer you a unique perspective on how practical wisdom can be integrated into leadership practices thus, allowing for more ethical and resilient corporate decisions.

Part I
Theoretical Foundations

Empowering Practical Wisdom: Spiritual Traditions and Their Role in the Global Business World of the Twenty-First Century

Andre Habisch and Claudius Bachmann

1 Introduction: The Lack of Normative Orientation and Professional Ethos in the Global Business World

Over the last three decades, a spate of far-reaching scandals in the business world climaxing in the financial crises 07/08 have triggered a self-critical discussion within the management community about their basic way of arguing, the normative orientation, and the guiding principles, which influence and determine—implicit or explicit, open or hidden—today's business decisions (Ghoshal 2005). Accordingly, a fair number of management scholars are diagnosing a striking lack of normative orientation and professional ethos within the global business world (Crossan et al. 2013; Khurana 2007; Pfeffer and Fong 2004). While shifting the guiding questions from the rather moral concerns about 'better' versus 'worse' into the mere technical calculus of 'more' over 'less' (Dierksmeier 2011), today's management theories have no higher order ideals but a simple pay-off matrix that is assessed in quantitative and financial terms (Giacalone 2004).

In order to fill the aforementioned normative gap within economic theory and practice, several concepts like Business Ethics, Corporate Social Responsibility, Good Corporate Governance, Corporate Citizenship and, more recently, Personal Social Responsibility etc. have emerged on the surface of business practice and recently conquered their territory in academia. However, in many cases these attempts still remain rather intellectual endeavors and artificial constructs that are focusing, in the main, on extrinsic motivation and external surveillance while leaving aside cultural roots, spiritual beliefs, and intrinsic motivation. Due to this mere rationalist normative perspective these concepts are more easily accessible to the economic way of thinking; on the other side, however, it seems to be doubtable

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_2

that mere rationalist normative perspectives with no deep roots in the cultural traditions of most parts of the world will develop any profound impact neither on the guiding principles of economic theory nor on the behavior of decision makers of business practice. As far as we know, it was only Baron Munchausen who was capable to tear himself out of the morass at his own hair tuft. Therefore, if we seek to bring normative aspects back on the stage of today's global business world, the basic conceptual question remains unaddressed: Where should those normative traditions and orientations be originated which are able to serve as a means for a basic re-orientation?

2 Spiritual Traditions as a Source of Practical Wisdom for Value-Based Leadership

In view of this question, over the course of the last years the ancient concept of *Practical Wisdom* has begun to enjoy renewed attention within the economic discourse [for an overview cf. Bachmann et al. (2014), McKenna et al. (2013)]. In particular by reviving the Aristotelian distinction between theoretical knowledge (*epistêmê*) and practical wisdom (*phronêsis*), specifically developed in book VI of his *Nichomachean Ethics* (Aristotle 2009), these scholars are striving to re-establish the managerial capability to make *prudential* judgments, i.e. to integrate moral, social and technical aspects into economic decision making. As one of the key components of practically wise management processes, the basal need of the normative perspective could be re-emphasized in this way.

In contrast to the relatively homogenous views of the world at the times of Aristotle, however, nowadays we are faced with the highly diverse, frequently even controversial cultures, religions, beliefs, or attitudes of modern and globalized societies. Therefore, a contemporary adaption of the concept of practical wisdom has to take into consideration the multilayered diversity of modern societies regarding, for instance, spiritual traditions, cultural values, and perceptions of the ultimate ends. In this sense, while the adaption of the Aristotelian *phronêsis* may provide the *formal* framework for the attempt to re-integrate the normative perspective into the global business world of the twenty-first century, it is the role of the spiritual traditions of humankind to contribute to the *material* side.

Interestingly, for many generations in human history it has been spiritual and religious education in which corresponding formative aspects of a value based leadership practice have been ingrained. Albeit in very different cultural contexts and local modifications, religious traditions have played an important role in handing over personal values to a new generation of political and economic leaders. To better understand the close connection between leadership values and religion, it has to be recalled, that in the context of pre-modern living conditions, there has been only a very loose control of leadership practice by legal rules and institutions or sophisticated political or economic governance systems. On the contrary, the

individual morality of leader's on every level of society played an important role also for the stability of a social order, for establishing trust and mutual cooperation in order to guarantee a stable path of socio-economic development. In this constellation, religious values—albeit already in their plurality of different confessional and religious beliefs and traditions—played a crucial role as a 'cultural capital' to establish stabile mutual expectations. Even if with the Baroque Philosophy of the School of Salamanca and later with enlightenment in the Western world, Humanistic moral traditions gradually emerged as a 'secular' alternative to a genuine religious education, the role of religious traditions for the character formation of leaders is still unchallenged among the majority of leaders globally. In this sense, recent developments in science and management education focus in a very precise way on those aspects of personal meaning, purpose and values-based practice, for which spiritualities even in the complex world of the twenty-first century can play an important role. For example, confronted with the obvious limitations of bonus-schemes and corresponding means of extrinsic motivation in the financial sector, the role of intrinsic motivation, meaningfulness and ethos for successful management practice is re-emphasized. In the literature on organizational development, the role of value-based management, long term orientation and guiding principles stemming from a corresponding concept of man is emphasized. In that sense, Practical Wisdom favors a continuous personal development of the leader during his/her professional career without succumbing to purely individualistic virtue ethics. On the contrary, it explicitly includes the careful design of spaces for interaction with employees, suppliers, customers and the social environment, without falling pray to a widespread social engineering and short-term-incentive approach. Practical wisdom as a leitmotif exceeds mere cleverness and an instrumentalization of values for the sake of organizational politics. At the same time, however, it can neither be reduced to an abstract moralism. Rather it is based on successful social practice and unfolds itself in the context of professional ethics. As such, it is able to tie into the logic of the vast majority of medium-seized companies. As a principal topic of university education Practical Wisdom promotes leadership skills not only for future business leaders but also for the education of responsible persons in schools, churches, media, etc.

In that context, spiritual texts as sources of Practical Wisdom may also be approached and understood separately from the hierarchical context of organized religious traditions.

2.1 Objections Against a Spiritual Traditions-Based Approach to Practical Wisdom in Management

Despite of the described attractiveness of a concept of Practical Wisdom rooted in existing spiritual traditions, nevertheless three basal objections against a corresponding approach of business education have to be carefully considered:

Objection 1: *Spiritual traditions cannot serve as a suitable basis for Practical Wisdom in management, because they have regularly nurtured intolerance, controversy and violation of Human rights during the course of Human history*.

During the centuries of human history the dark sides of religious traditions have become obvious: Religious believes have served (and still serve today) as an excuse for intolerance and prejudices, for severe violations of Human rights (f.e. by refusing to extend them to the non-believer), for prosecution of minorities etc. Moreover, religious and confessional differences have been and still are sources of especially destructive wars between nations and groups. Spectacular examples include the genocide against indigenous cultures in Middle and Southern America, the 30 Years' War in Central Europe, the century-long bloody conflicts between Christians and Muslims on the Iberian Peninsula as well as South-Eastern Europe etc. More recently, conflicts between Catholic and Protestant Christians in Ireland, between Muslims and Hindus in India and Pakistan, between Christians and Muslim in Sub-Saharian Africa, between Sunni and Schia Muslims in Iraque etc. have to be mentioned. Moreover, terrorists invoking religious beliefs are clearly on the rise in recent years—for example the Lord's Resistance Army in Central Africa, the Al-Shabab in Somalia or Boto Haram in Nigeria.

In this sense, any attempt to employ spiritual heritage and religious values for the orientation of business practice have to clearly dissociate itself from any form of fundamentalist mishandling or dogmatic instrumentalization.

Objection 2: *Spiritual traditions are contradicting with the secured realizations of modern scientific analysis*.

Another development in the Western society of the nineteenth century discredited the influence and the intellectual credibility of religious and spiritual traditions: the philosophical and scientific critique of religious explanations as mere extrapolations of naïve anthropocentrism. This process already started with Galilei and Copernicus, who in astronomy denounced the Ptolemaic worldview; Charles Darwin did so in biology developing a mere secular evolutionary theory of the Human species against a literal concept of Divine Creation; finally, Sigmund Freud even attacked traditional religious teachings in their 'core discipline' of virtue ethics and personal morality, i.e. with his psychoanalytic critique of a naïve concept of the human mind as a self-aware and therefore self-possessing control unit. Since then, at least in Western societies, prevailing religious concepts were perceived as being gradually on the retreat. This tendency was described by the sociological theory of secularization, which affirms that with the spread of modernity (including its elements of individualism, enlightened rationality, pluralism etc.), religiosity is losing ground. Consequently, scholars like Stephen Prothero (2008) note a growing 'religious illiteracy' in modern societies. Analogously, during the first half of the twentieth century, the zeitgeist to detach modern sciences from any spiritual or religious moorings was taken over by the economic community as well. Consequently, the employment of methods beyond the scope of empirical observation and positivistic thinking was discredited and—due to its limited scientific validity—the

non-empirical dimension of spirituality and values was systematically excluded from the analysis of business decisions.

Therefore, any attempt to bring a spirituality-based perspective back into a normative discourse in business has to prove its scientific reliability and transdisciplinary accessibility in modern commercial contexts.

Objection 3: *Spiritual traditions are rooted in pre-modern social order and are therefore of little value in a contemporary complex world.*

Nearly all the major spiritual traditions emerged hundreds and thousands of years ago. The Hindu scriptures from the Vedic tradition have gradually emerged literally thousands of years ago, the oldest of them—the Samhitas—emerged as early as 1700–1100 BCE. The oldest monotheist tradition, the Zoroastrian religion (which is today still represented in the Parsi culture and spirituality in India) dates back to no later than 1200 BCE. In what the German philosopher Karl Jaspers called the Axial times (i. e. the sixth century BCE) the Jewish tradition in the Middle East and Buddhism in India emerged more or less simultaneously. The Christian and the Islam tradition (emerging during the first and the sixth century CE in the Middle East as well) as the most recent ones nevertheless still share important characteristics with the above mentioned spiritualities. From a socio-economic perspective, all of them are deeply rooted in their social context, which is the world of agrarian and static economies. This world was by far less complex and natural living conditions played a much more important role compared with the 'second nature' of the modern industrial civilization or even the 'third nature' of today's digital world. Recent studies convincingly elaborated the radical abyss between those traditional contexts and the modern business society. For instance, Clark (2008) has shown, that the emergence of industrial society triggered virtually an explosion of the per capita income of a (simultaneously) quickly rising population. Never before in Human history so many people lived together on our planet and have they been endowed with such an amount of goods and services available to them (even if those are still very unevenly distributed and there still remains the scandal of thousands starving to death in the context of an affluent Global society). Moreover, as Acemoglu and Robinsons (2012) have shown, the structure of most developed countries today substantially differs from the exploitative context in which mankind used to live in pre-modern times. Integrative societies allow for upwards social mobility and link economic and social status with continuous value to be created on competitive markets. Complementary, from the perspective of a management scholar, Peter Drucker (1999) emphasized the rise of the knowledge worker as one of the most important developments of the modern society. What characterizes the knowledge worker is that he defines his own work program and can no longer be directed top-down; rather he has to be integrated into planning and management as a co-responsible subject of the value creation process. According to Drucker, together with technological developments like the ICT revolution, the rise of the knowledge worker has dramatically transformed the relationship between leaders and their collaborators—compared with a context, in which physical effort of sowing and harvesting soils, mowing loans or planting vegetables prevailed.

In this sense, a central challenge of empowering Practical Wisdom from the spiritual traditions is to demonstrate the way of how to bridge the fundamental hiatus between the context, in which the spiritual traditions of humankind emerged, and today's totally different modern business experience.

3 Practical Wisdom from Spiritual Traditions: Paul Ricoeur's Approach to Symbolic Language

One contemporary theorist, whose multifaceted oeuvre has carefully argued in the context of those three challenges, is the French hermeneutical philosopher Paul Ricoeur (Ricoeur 1970, 1978, 1980). Ricoeur was in no way concerned with Practical Wisdom or business values. Rather he more basically questioned the role of any religious 'text' in the totally different 'con-text' of the contemporary secular World, which is in large parts increasingly skeptical against religions.

According to Ricoeur, texts are a form of language and therefore represent a basic communication between a sender (the author or scripter) and a receiver (the reader). Even the oldest texts we know—which are temple lists from antique cities in Mesopotamia—can be characterized by a certain 'significance', i.e. an aim of demonstration. To analyze its specific structure one has to reflect on the relationship between speech and text. As a form of communication, the text presupposes a speech. However, when a speech is written down and becomes a text, it basically changes its character. The speech is an act of communication between a speaker and her addressee; this communication is taking place in the context of a shared context of meaning. As such, the speech has a relationship to the reality, which can be characterized by a dialectic structure between sense (content) and significance (presumption of truthfulness) (see Ricoeur 1974: 28). With the transformation from speech to text, however, the communication becomes independent from the intention of the communicator. The significance of the communication (i.e. of the text) is no longer identical with the intended significance of the communicator, i.e. with what author wanted to say. The resulting autonomy of the text constitutes what Ricoeur qualifies as the "cosmos" of the text, the text-world. Thus, every text transcends the socio-economic context of its genesis. This transcendence represents a substantial prerequisite of the specific function of the text as form of communication: Due to the independency of the text from the context of its historical speech act (its genesis), the text can be re-read in the totally different context of a later reader. Here, the text again differs from the speech act as such: the oral speech is limited to the addressees, which are present at that very moment. In contrast, the written text creates its own audience, which is virtually including everybody who is capable to read. Thus, the transformation of the speech into a text brings about a specific 'alienation' of the original communication act between speaker and addressee. This alienation, however, is not a depreciation of the text but rather the prerequisite for its ongoing re-interpretation throughout the history. The

mentioned alienation especially transforms the significance of the text, more precisely: it destroys the primary significance. In the oral communication the primary significance of the speech assumes to demonstrate a common reality to the addressees, which is embedded in a common universe of meaning. By transforming speech into a written text, however, this primary significance is being destroyed. The destruction becomes especially manifest in fictive literature, which explicitly intends to destroy any primary significance of the communication. This process of the alienation is not considered as a sort of depreciation, but rather becomes a prerequisite of a 'secondary' significance, which transcends the area of existing objects and creates its own reality. Referring to this hermeneutical observation, Ricoeur talks about the *world of the text* ("le monde du texte") that is independent from the author as well as from the reader.

According to Ricoeur, this process of interpreting the specific *world of the text* has a twofold meaning: It is not only the reader who understands the text but it is also the text itself that induces a process of self-reflection and influences the self-understanding of the reader. In this sense, by entering into a text, the reader modifies his/her own perception of the world and potentially develops new ways of his/her being-in-the-world. The text may become the medium, by which we understand our own being-in-the-world.

Summing up, according to Riceour, a written text cannot be perceived as an instrument of communication between the author and the reader. Rather the *world of the text*, which historically emerged with the speech becoming text, serves as prerequisite for the perpetually ongoing re-interpretation of the text as an autonomous subject. On the other side, by interpreting the text the reader himself may disclose his own contemporary world and re-interpret himself in the context of his contemporary world.

This twofold meaning of the reading of a text is especially relevant for metaphorical texts employed in religious and spiritual traditions. In order to understand the character of religious and spiritual traditions, the reflection about the specific nature of metaphorical texts is of crucial importance. In the context of spiritual traditions—especially of those, which are grounded on textual traditions like Holy Scriptures—the metaphorical text is a symbol for the Divine or Inspired. According to the hermeneutic philosophy of Paul Ricoeur these text-world based symbols are multidimensional by nature. They can never be expressed exhaustively by rational scientific language. Rather, compared with the descriptive code of reports, articles or communication, they always retain a substantial 'plus', which leaves open space for their renewed interpretation from the different perspective of a (future) reader. As Ricoeur entitles one of his essays: "Le symbole donne à penser—the symbol provides food for thought".

Thus, the spiritual text (as symbolic text) cannot be understood as an immediate communication act between the (historical) author (of the second, third or seventh century) and the contemporary reader. Rather it is a text whose primary significance is destroyed—opening-up the space for on-going re-interpretation and appropriation. Therefore, during the course of Human history, spiritual texts and religious motives ('symbols') are no longer tied to their original communication context.

They are no longer bound to the historical concept of Human history or contingent, era-specific concepts of the World, which prevailed during time and place of their origin. Rather the autonomy of their text-world enables a culturally 'updated' interpretation and appropriation.

Ricoeur elaborates his hermeneutical concept by exemplarily referring to the narratives of Jesus in the Synoptic Gospels. The Jesus of the Synoptic Gospels makes extensive use of metaphoric language, here. Instead of formulating certain plain statements about God, the world, or the duties of the Faithful, the synoptic Jesus is rather telling parables, e.g. about God as the merciful father, the Kingdom of God as a winery, whose owner compensates his workers graciously, the prodigal son etc. Similar narrative traditions can be found in many other religious and spiritual traditions globally. For the contemporary rationalist scientific tradition, this narrative character proves a fundamental lack of precision of many spiritual texts, which represents a counter-argument against spiritual traditions in management theory. On the contrary, according to Ricoeur the specific openness of metaphorical texts must not be interpreted as expression of a lack of clarity or substance: the metaphoric character of narratives does not demonstrate their inferiority or the logical ambiguity of spiritual traditions compared for example with the language of modern empirical scientific research. Rather—as Ricoeur's hermeneutical essays clearly have demonstrated—the narratives possess their own persuasive power, which differs substantially from mere descriptive statements. They disclose potentials for a renewed interpretation and appropriation of the situation of the reader—similar to a poem, a short story or a witty joke. For example, the parables of the Gospel express a meaning, which can always become a source of inspiration for a renewed and emancipative practice.

Using another example from the Islam tradition, Qu'ran texts report, that the wife of the Prophet Muhammed was in her time a successful trader and entrepreneur and even considerable older than the Prophet himself; she initially even employed him as a sales representative for a certain region. Again, this text is much more than historical information about the seventh century CE. On the contrary, interpreted in the social context of the Arab Spring in Northern African societies at the beginning of the twenty-first century, this symbolic text can become an important source of empowerment and emancipative inspiration for young female business students and entrepreneurs. The symbolic texts of Qu'ran and Haddith may empower young female entrepreneurs to liberate themselves from the prevailing formal or informal limitations based in certain tribal cultural traditions of their business context.

4 Discussion

Based on these fundamental considerations inspired by Ricoeur's hermeneutical theory, we now attempt to face the threefold objections against a spiritual traditions-based approach to Practical Wisdom in management. For that purpose, we start in a reverse order with the last objection:

c) It is true that all major spiritual traditions emerged during the times of pre-modern agrarian societies and therefore have no relationship whatsoever with modern business environment and business challenges. However, spiritual texts have to be interpreted and applied according to their genuine metaphorical and 'symbolic' character. Thus, they cannot be understood as a plain recommendation for any individual strategy, organizational policy or even governance structure in the highly complex business world of the twenty-first century. Interpreting traditional texts in this one-dimensional way would indeed result in a (fundamentalist) misunderstanding. Rather, instead of representing plain recipes for a better world, those metaphorical texts necessarily have to become applied by the individual reader. It is up to her or him to read, understand and interpret the text in the light of his experience and professional knowledge and to translate it into the design of the above mentioned business actions and/or structures. Moreover, this process takes place in an institutional context—for example the context of the community of the faithful, the Umma of the Islamic communities etc. General rules for a proper interpretation of a text (i.e. integrating it in a hierarchical complex of multiple texts) may serve as a moderating element here, which is supposed to prevent extreme and potentially dangerous misinterpretations of a single text. However, this context does not imply that the essential receptive structure of reading and interpreting a metaphorical text is changed. Rather the above described reception process causes the central role of the individual person as a subject of interpretation and application. It is always the individual person herself, endowed with all her experience and professional knowledge, who interprets the text or at least who decides which interpretation offered by others she wants to follow. Due to this indispensable structure of the hermeneutical process, a spiritual text can well enfold its dynamics in the contemporary world, even if the historical authors themselves had necessarily lacked any experience and even the imagination of contemporary problems.

b) As reflected above spiritual texts are conveying a multidimensional significance that goes beyond empirical definiteness and leaves room for an ever new adaptation from a contemporary reader's perspective and context. This openness for subjective adaptation, however, does not necessarily expulse them from the business school. On the contrary, it opposes the methodological reductionism of a management education practice, which is emulating natural sciences and their research methods as closely as possible and is therefore blinding itself for the complexity of Human business practice. Hence, the narrative character of spiritual communication does not impede but rather stimulate its application

into contemporary business situations. Even if the historical authors have formulated the texts based on a different world-view and a set of assumptions, which do no longer correspond with our rational technological worldview, this does not impact its applicability to the contemporary environment. The reason lies again in the fact, that the spiritual text does reduce the faithful to a mere executer of its timeless commands. Rather the spiritual text addresses the reader as a responsible person and proposes a renewed self-concept. Consequently, it is the reader herself, who accepts this spiritual invitation and autonomously derives certain choices, organizational features or governance policies. Therefore, even a careful spiritual analysis is required in order to avoid e.g. subjective arbitrariness, eclectic reductionism, or materialistic instrumentalism. Finally, in order to convert spiritual wisdom into concrete business strategies, organizational features or governance policies, professional knowledge and experience is necessary. For example, if the spiritual inspiration to work for the integrity of the Divine creation results in the decision of a business women to implement a sustainable production strategy, this decision does not substitute but rather calls for her rigorous professional analysis. For that purpose, she will well draw on her professional experience including the underlying scientific knowledge—thereby intuitively closing the hermeneutical gap between pre-modern spiritual text and contemporary concepts.

a) The final and probably most influential objection against spiritual traditions is their seemingly intolerant and illiberal character. As mentioned above, conflicting believe systems have regularly nurtured violations of Human rights and explosions of aggressiveness against different groups people. However, if we profoundly analyze existing conflicts it becomes clear that religious reasons in many cases are not really at the heart of them. Rather, the hatred exemplarily resulting from economic discrimination and injustice, from political imperiousness and economic greed, or from distrust and suspicion is religiously legitimized even if it finds itself in contrast with the religious instructions and the concept of man, on which the most important religious concepts are based. Therefore, 'political entrepreneurs' or power holders invoke religion, because it is of high importance for many of their contemporaries and this dedication allows them to secure relatively 'cheap' support by legitimizing their political or economic strategies with religious arguments. Most of the same political entrepreneurs or power holders do not care at all about religious teachings as soon as their personal living standard and a dignified treatment of other people in their immediate surrounding is concerned. A logic of instrumentalisation becomes obvious, here, which regularly discredits religious believes in the public perception. It simply overshadows the obvious truth that for many believers living a religious life is an important motivation to civilize their life—including their economic practice—and humanize their attitudes against their fellow-beings.

5 Conclusions

As Paul Recoeur's hermeneutical approach makes clear, symbolic texts—beyond their potential 'contextual' possession (and sometimes even instrumentalization) by religious hierarchies or even abuse by (totalitarian) pseudo-religious groups—may rather serve as a source of inspiration for individual actors and business leaders in their potentially very heterogeneous business context. They may serve as 'food for thought' ('donne a penser', P. Ricoeur) and in that sense serve as ongoing 'cultural capital' of individuals as well as organizations.

The title of our essay is therefore purposefully ambiguous and can be understood in a threefold way:

a) If they are read and interpreted in the right way, symbolic texts can themselves become 'empowering'—in the sense that they encourage a renewed and emancipative practice of business leadership, of crafting Corporate Governance structures etc.;
b) However, in order to play that role, those texts also need empowerment themselves—in the sense that academic management teachers appropriate and integrate them in a reflected way into organized management education. Therefore, they have to overcome the widespread distrust against symbolic and metaphorical language in general and spiritual traditions in particular, which often results in a limitation of business education to allegedly 'value-free' formal modeling and education.
c) Finally, symbolic texts have to be empowered against their monopolization, possession, and instrumentalisation by religious systems. The later might in fact tend to prevent their appropriation by a self-confident community of non-theologian practitioners, who do no longer submit themselves to certain authoritative interpretations.

Which role does Practical Wisdom play within today's global management context? We believe that metaphorical texts from spiritual traditions can empower renewed and emancipative business practices in very different areas of management. In particular, words of wisdom can make a difference, here:

- On a personal level, they can strengthen sense-making and purpose in a truly 'professional' (Khurana) self-conscience of a business student and future manager.
- On an organizational level, they contribute to transform the organizational culture in a department or organizational unit and unleash a spirit of innovation and courage.
- On a strategic or Corporate Governance level, they recreate a collective sense of the organization's role in society and promote a spirit of Social innovation and service.

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Part II
Global Case Studies

Practical Wisdom Through Sustainability: A Meta-approach

Ali Intezari

1 Introduction

In many organizations and enterprises top management finds it very difficult to reinvent their organizations and practices rapidly enough to deal with technological and demographical shifts (Nonaka and Takeuchi 2011). In their book, *Wisdom and Management in the Knowledge Economy*, Rooney et al. (2010) bring to the fore a critical point as to the turbulent and volatile twenty-first century business world. They argue that relying completely on limited cognition and relative knowledge will not necessarily lead us to a better world, if we do not look beyond the accumulative assumptions about knowledge, information, and technology to wisdom (Rooney et al. 2010). The interconnected and multi-dimensional nature of social, economic, environmental, technological, and political aspects of today's work and life urges us to re-think more deeply and thoroughly the way we observe, interact and rely on self, business, and the wider society including diverse stakeholders.

The remarkable advances in technology, the rapidly growing volumes of information, and the unprecedented expansion of knowledge have not met the promise assigned to them over the last three decades as to predicting and in turn preventing the occurrence of the recent social, environmental and financial disasters and crises. The emergence and the substantial growth of sustainability as a critical field in both academia and industry is an indication of how dealing with today's multi-dimensional, and in most cases value-laden, challenges requires a holistic approach that goes beyond accumulated knowledge and information, and technology resolutionism. Having the capacity to make effective decisions and take appropriate actions to deal with the external changes and complex social problems is critical

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_3

(Mumford et al. 2000). Central to this capacity is judgement, insightfulness and character, in a word, wisdom.

Sustainability has been and is increasingly being regarded as an important factor in gaining long-term competitive advantage. Likewise, wisdom as a scrupulously critical capacity for dealing with the complexity of the current business world has attracted a lot of attention from numerous study fields. Despite the shared assumptions that the two fields rely on, little has been written as to how sustainability initiatives can be enhanced by taking the approach of wisdom. This chapter takes an interdisciplinary stance and argues that wisdom enhances the underpinning assumptions of and finds expression in practice through sustainability. The chapter introduces five wisdom-related qualities (henceforth, wisdom qualities) that play critical roles in hindering or supporting sustainability initiatives. The wisdom qualities include Multi-Perspective Consideration, Self-Other Awareness, Cognitive-Emotional Mastery, Reflexivity, and Praxis. The qualities work in an interactively unified fashion.

Although the number of studies of and practicing wisdom is rapidly spreading across the academic and business world, less is known about how wisdom can be incorporated into enterprises' practices. This chapter discusses how wisdom can serve as a meta-approach to sustainability. The argument draws on the findings of an empirical study of wisdom and decision-making, conducted by the author in New Zealand between 2010 and 2014 (Intezari 2014). The study investigated the relationship between wisdom and decision-making in the business world. CEOs, top managers, and senior executives from both the public and private sectors were interviewed, and asked how practitioners can improve their decision-making by implementing wisdom in their decisions. The findings of the study are incorporated into a sustainability approach. In the first part of the chapter, the findings of the study are presented. Then, the chapter provides an introduction to the shared assumptions of wisdom and sustainability. This will be followed by outlining the contribution of wisdom to sustainability, and how wisdom supports and is fostered by sustainability strategies and initiatives. The chapter concludes by suggesting specific implications for academic and practitioners.

2 Wisdom, an Integrating Approach

Wisdom is multidimensional. It engages various qualities from contemplation to practice. There is no consensus among scholars about what qualities and how each of the qualities contribute to the development of wisdom in individuals or groups. Less is known about whether wisdom is a process, a set of abilities, personality traits or just a state of mind. A wide range of approaches is identifiable across the ancient and modern studies of wisdom. The diversity strongly indicates that wisdom is an elusive concept. Baltes and his colleagues (Baltes and Freund 2003; Baltes and Staudinger 2000) articulate wisdom as an expert knowledge that is attainable by anyone, while others such as Ardelt (2004) would strongly argue

that wisdom is an integration of cognitive and reflective characteristics, and therefore is not something out there independent of the person who is characterized as being wise. In contrast to, yet aligned with, Baltes (Baltes and Freund 2003; Baltes and Staudinger 2000) and Ardelt (2004), Sternberg (2004) argues that wisdom is the use of intelligence toward the achievement of a common good through a balance among "(1) intrapersonal, (2) interpersonal, and (3) extra personal interests, over the (1) short and (2) long terms, to achieve a balance among (1) adaptation to existing environments, (2) shaping of existing environments, and (3) selection of new environment" (p. 164). Either as a specific type of knowledge, a way of knowing, a set of abilities, or personality traits, wisdom was classically defined as a quality concerned with making good judgements and living a good life (Small 2004; Tredget 2010).

In the business context, wisdom is articulated as a form of experience-driven knowledge and advanced cognitive and emotional development that helps people make ethically sound judgements (Jeste et al. 2010; Nonaka and Takeuchi 2011). Küpers (2007) argues that wisdom is an embodied form of decentred knowing and judging that guides meaningful actions in uncertain or ambiguous circumstances. As such, wisdom enables practitioners to be able to put theoretical knowledge into practice in decision-making situations, while being aware of the contextual settings, harmonizing individual and communal interests and values, and well as balancing certainty and doubt (Intezari and Pauleen 2014). Wisdom, therefore, not only deals with the ability to best use knowledge for achieving desired goals (Bierly et al. 2000), but also derives from the highest level of abstraction, with vision, foresight, and the ability to see beyond the horizon (Awad and Ghaziri 2004). In both conventional and historical models of wisdom, wisdom is associated with such conceptions as judgement about important matters, knowledge and the implementation of knowledge, achieving well-being of all, and awareness of the social consequences of one's actions (Etheredge 2005; Rowley 2006; Small 2004; Sternberg 1990; Tredget 2010). Given the cross-disciplinary nature of wisdom, and given the limited length of the chapter, I would, instead of delving deeply into conceptualizing wisdom, rather discuss how a wise decision or a wise action is characterized in the business context and what qualities are involved in such decisions and actions.

In the business context, wise decisions or actions may be characterized as the decisions and actions that lead to the consequences that not only achieve short- and long-term financial success for the organization, but also lead to the well-being of others including the wider society and stakeholders. According to the findings of the empirical study of the relationship between wisdom and decision-making in the business context (Intezari 2014), there are five qualities that business practitioners including CEOs and senior managers regard as the critical components that form wise decisions. These qualities include multi-perspective consideration, self-other awareness, cognitive-emotional mastery, reflexivity, and praxis. The study indicates that in order to make a wise decision in the business context, the five qualities must be incorporated into the decision-making process in an integrated fashion. That is, the qualities are closely interlinked with no distinct borders in between.

Enhancement in one quality requires and leads to the enhancement of the other qualities.

Multi-perspective Consideration At the heart of wisdom is Multi-Perspective Consideration (MPC), the extent to which a management decision is based on the consideration of various aspects, e.g. short- and long-term consequences, alternative points of view, and ethical codes. The different aspects are brought into consideration in a wise management decision through three qualities: 'consequence-anticipating', 'perspective-taking', and 'ethics-considering' (Intezari 2014). In this sense, wisdom engages a "holistic and integrative understanding of the world around us" (Lombardo 2010, p. 34), and serves as a "means to choose one's behaviour based on knowledge and shared values, in order to enhance the well-being of all and awareness that personal actions have social consequences" (Blasi 2006, p. 407).

Self-Other Awareness Self-Other Awareness (SOA) refers to an integration of the practitioner's and organization's awareness of what is going on inside the organization and outside the organization's boundaries. SOA is concerned with a continual (re)evaluation of the decision-maker's position, knowledge, beliefs, values system, and attributes against both their internal world and the external world. Hays (2010), Ardelt (2004), Sternberg (1998), Bigelow (1992), Clayton and Birren (1980), and Meacham (1983) argue that the essence of wisdom is rooted in recognition of one's limitations and fallibility of knowledge. Self-awareness helps business leaders and organizations to be able to attract any ideas that might be useful in addressing a problem at hand. In a complex business world, developing long-term relationships between businesses and society requires business leaders, firms, and organizations to have an accurate understanding of their own capacities, characteristics, interests, values and beliefs, and practices, as well as perception of the external environment including stakeholders' interests.

Cognitive-Emotional Mastery Wisdom underlines the role of cognition and emotion in making appropriate decisions, and provides an integrative approach to both rationality and non-rationality in order to deal with complex problems. Cognitive-Emotional Mastery (CEM) refers to the extent to which decisions and actions are made and taken based on a harmonization between reason and emotion (Intezari 2014). Wisdom provides a continual learning process through which cognition and emotion are harmonized depending on the decision-making context at a given time. According to Meacham (1990), wisdom is not knowing specific facts (cognition); rather it means knowing while balancing excessive confidence and excessive caution (emotions). As Boyatzis et al. (2002) argues, effective leaders and managers are able to implement their knowledge and make things happen. Wisdom emphasizes the role of logic and reasoning in successful decisions and actions. However, wisdom is not a mere cognitive phenomenon, as it also involves emotional and motivational characteristics (Baltes and Kunzmann 2003; Marker 2013; Webster 2007). Birren and Fisher (1990) argue that wisdom is an amalgamation of

cognition, affect, and conation (volition), which results in wise decisions as a wise product of the balance.

Reflexivity Interrelated to the aforementioned qualities, reflexivity refers to and goes beyond the amalgamation of internal and external reflection (Intezari 2014). Internal reflection is the reflection through which the decision-maker considers her own attributes, beliefs, values, and capacities, as well as previous mistakes and experiences in light of decisions to be made. External reflection deals with the surrounding environment including all social, environmental, and economic concerns. In external reflection the wise manager reflects on stakeholders' positions and society's values and beliefs that relate to a particular decision at a particular time. While internal and external reflection represent a more traditional understanding of a linear process of action followed by reflection (Kolb and Kolb 2005; Kolb and Fry 1975), reflexivity is "a *stance* of being able to locate oneself in the picture, to appreciate how one's own self influences [actions]" (Fook 2002, p. 43), and how those actions affect others (Bolton 2010). Reflexivity questions one's interrelationship with the social world and the ways one accounts for one's experience (Cunliffe 2003), presence and perspectives (Fook 2002).

Praxis Wisdom is more than accumulated knowledge, and is concerned with the capacity to apply right knowledge towards right ends (Intezari and Pauleen 2013). Effective decisions will be regarded as being practically wise when they lead to morally committed actions, *praxis*. Praxis refers to a particular kind of action in which people are engaged when they look at the possible consequences of their actions in the world: "praxis is what people do when they take into account all the circumstances and exigencies that confront them at a particular moment and then, taking the broadest view they can of what it is best to do, they act" (Kemmis and Smith 2008, p. 4).

These five qualities (i.e. multi-perspective consideration, self-other awareness, cognitive-emotional mastery, reflexivity, and praxis) provide an integrating meta-approach that is critical in making more effective decisions and taking more appropriate courses of action (Intezari 2014). Sustainability as a systematic process that engages strategic planning, policies, plans, programs, and operations also engages decision-making and practice to a great degree. Accordingly, integrating wisdom into sustainability initiatives can further enhance organizations' capacity to address their competiveness, legitimacy and ecological responsibilities. This argument is developed further in this chapter following a discussion of the working assumptions that wisdom and sustainability share.

3 Wisdom Qualities and Sustainability Initiatives

Sustainable initiatives and practically wise decisions and actions draw on arguably the same underlying assumptions about the relationship between humans and the environment. These assumptions can be summarized as (a) the world's problems are systematically and intimately interdependent (Gladwin et al. 1995), and therefore, (b) proper decisions and actions require an integrated and holistic approach to people management and environmental concerns (Wilkinson and Hill 2001). Obtaining a true understanding of the dynamic interaction between enterprises and their surrounding environment, looking at the bigger picture, critically evaluating the subsequent impacts of the decisions and actions both short- and long-term, thoughtfully considering the alternative points of view, and taking into account individual and communal respected values and beliefs are central to what sustainability and wisdom offer.

Given the shared assumptions of sustainability and wisdom, the practical frameworks, standards and global benchmarks that sustainability provides to enterprises and organizations [such as the Dow Jones Sustainability Group Index (DJSGI), and Global Reporting Initiatives (GRI)] allow wisdom to manifest in practice. On the other hand, wisdom as a meta-approach brings a set of qualities that can enhance the implementation of sustainability. These qualities, which have already been introduced earlier in this chapter, are further integrated into sustainability as discussed in the following section.

Sustainability is an approach to decision-making and practices, and so is wisdom. As a meta-approach, wisdom is concerned with the decision-making and practices as they are dealt with through a sustainability lens and initiatives. Wisdom provides a basis for enhancement of sustainability. Wisdom provides an overarching approach towards a critical and fundamental (re-)assessment of the theoretical basis of a sustainability initiative which may be taken for granted during the implementation of the initiative. The theoretical basis is represented in five principal questions that wisdom raises:

1. From whose point of view is our sustainability initiative sustainable?
2. Does the sustainability initiative represent the internal and external realities?
3. To what extent is the sustainability initiative justifiable both cognitively and affectively?
4. To what extent do the senior management and leadership's presumptions towards the business and society reflect the sustainability approach?
5. Is the sustainability initiative sustainable in practice?

Although the questions may stand out as obvious and inherent in any sustainability initiatives, they might be taken for granted, underestimated, and eventually omitted, due to the passage of time as the sustainability initiative progresses in an organization. The wisdom meta-approach provides a critical (re-)evaluation framework to ensure that the initiatives will meet their pre-set goals both theoretically and practically.

3.1 MPC: From Whose Point of View Is Our Sustainability Initiative Sustainable?

The first principal question forms the recognition of the perspectives that might have been neglected, as well as that of the power relationship that has led the company to for example initiate a sustainability initiative. The wisdom meta-approach enables the company to acquire a meta-systemic awareness of diversity of perspectives. Csikszentmihalyi and Rathunde (1990) argue that wisdom from both traditional and contemporary discussions of wisdom is associated with "holistic cognitive processes that move beyond a fragmented and impassive relativity, toward a more 'universal' or meta-systemic awareness of interrelated systems" (p. 31).

As with wisdom, sustainability, by definition, is driven by multi-perspective consideration. However, when wisdom is applied as a meta-approach to sustainability, MPC is concerned with whether or not multiple perspectives have really been considered, and that short-term and long-term interests are not overlooked unreasonably. This principal question ensures that individual and communal short- and long-term interests are harmonized in practice (Intezari and Pauleen 2014). As argued by Sternberg (1998), wisdom is a consideration of both individual and communal interests over the short and long terms.

Accumulation of knowledge and information does not necessarily enable companies to establish successful sustainability initiatives. According to Nonaka and Takeuchi (2011), knowledge alone does not result in wise leadership, and therefore businesses, as social phenomena, need to consider people's goals, values and interests. Given the engagement of a diverse range of social, economic, and environmental aspects in sustainability, a consideration of the objective aspects (such as level of financial achievement, or level of emissions resulting from a new manufacturing production technology or system) must be complemented by the integration of the subjective aspects (such as values and beliefs prominent in the society) into the decisions and practices.

MPC breaks down the first principal question into more focused and detailed sub-questions that must be regularly and comprehensively addressed. What perspectives have been ignored in the sustainability practice? Is it only the company itself that considers its decisions and actions as being sustainable? Or, do other stakeholders refer to the company's practices as sustainable? Who would consider the company sustainability initiative as sustainable? And, more importantly, why?

3.2 SOA: Sustainability, an Informed Practice—Does Our Sustainability Initiative Represent the Internal and External Reality?

The second principal question is concerned with whether and to what extent a sustainability strategy and initiative is based on a true understanding and recognition of the internal aspects of the company and the external reality. The internal aspects include organizational culture and missions, management and operational expectations, weaknesses and strengths, and availability and reliability of the information and knowledge. The external reality refers to phenomena and events that are going on outside the organization such as stakeholders' expectations, and society's values and beliefs. Accordingly, two crucial questions must be addressed: (1) have the sustainability decisions/strategies/actions been made based on a correct and comprehensive awareness of what is going on both inside and outside the company? (2) To what extent and how often does the company check out events/phenomena/stakeholders' expectations once the company has started or completed its sustainability initiatives?

The awareness of the values and beliefs that are respected by the wider community is central to the success or failure of sustainability initiatives. This is because, in addition to the measures and parameters that sustainability standards provide, society's perception of the performance of, for example, a local manufacturer in terms of sustainability has more influential impact on the short- and long-term survival of the manufacturer. If the company exhibits its sustainability mission in practice in such a way that is valued and described as sustainable by the society, the company's achievement of meeting the local and international sustainability standards would be further strengthened by the social advocates. As Sharp (2007) put it, "it is a serious mistake—a very poor judgment—to think that one can think in terms of what is good for others who are different from oneself, without knowing what they think and believe is good for them" (p. 301).

To what extent is the company aware of their own abilities and knowledge, as well as of what is required to achieve sustainability in their industry? Is the company aware that, for example, a new technology has already been developed which helps the company to be sustainable without or with minimum financial effect? Organizations must admit what they do not know and improve their knowledge and capabilities when it comes to running a sustainability initiative, although it might be challenging. Wise companies admit they are wrong when they are wrong. To this end, as will be discussed later on in this chapter, SOA assessment of sustainability initiatives relies on a constant reflection on the internal and the external world.

3.3 CEM: To What Extent Is Our Sustainability Practice Justifiable Both Cognitively and Emotionally?

Cognition and emotions are integrated and interdependently involved in wisdom (Kramer 1990). A wise decision-making process incorporates both cognition and affect (emotion) into the decision and actions in an integrated fashion. Wise organizations benefit from having CEM, in that strategies and decisions in the organization are formulated and made based on an integrally cognitive and affective approach to the problem at hand, and the possible consequences of the actions. In this sense, organizations are required to not only have knowledge and knowledge related qualities to be able to conduct a successful sustainability initiative, but also to be able to integrate emotional and epithetical considerations into the decision-making processes.

Moreover, as Intezari and Pauleen (2013) argue, in order for an organization to be able to make wise decisions and take wise actions in the business world, they need to have an appropriate balance between certainty and doubt. While certainty assures the company that their knowledge is perfect, valid to the highest degree of precision, and secure from error, doubt involves distrust of knowledge infallibility. This argument concurs with Aristotle's notion of the doctrine of the mean (*the Nicomachean Ethics 1107a, 1–10*): "excess and deficiency destroy perfection" (*the Nicomachean Ethics 1106b, 12*). The mean refers to an appropriate middle between two vices (Kleimann 2013), which regarding the association between CEM and sustainability implies a balance between belief and disbelief on the perfection of the knowledge underlying the sustainability initiative.

When CEM is applied to sustainability initiatives, it assesses the factual and emotional bases of the decisions and actions involved. The success of a sustainability initiative relies heavily on the high level of integration of cognition and emotions into the decisions that guide the initiative. CEM may arguably be exemplified through a combination of analytic and empathetic decisions, where analytics correspond to rationality, cognition and reasoning, while empathy represents non-rationality, emotions, and feelings. Cognitive mastery in association with sustainability connotes the extent to which a sustainable decision or action is justifiable by providing relevant and reliable facts. For example, does the available scientific evidence support a particular sustainable initiative and its success? Emotional mastery, on the other hand, indicates the degree to which a sustainable initiative is undertaken based on just its empathetic contribution to society, regardless of its financial costs.

CEM raises further questions about sustainability initiatives in order to enhance the chance of their success. To what extent is an emotion-based sustainability decision supported by facts and evidence? Or, to what extent are analytical decisions moderated by the recognition and integration of empathy and emotions throughout the decision-making process and the consequences of the decision? Is the information that is used to design, conduct, and assess a particular sustainability initiative and its effectiveness reliable?

Addressing the first three principal questions that wisdom offers sustainability, i.e. 'From whose point of view is our sustainability initiative sustainable?', 'Does the sustainability initiative represent the internal and external realities?', and 'To what extent is the sustainability initiative justifiable both cognitively and affectively?', requires a fundamental (re-)evaluation of the organization's underlying assumptions through reflexivity, which involves internal and external reflection.

3.4 A Reflexive Sustainability: Does Our Sustainability Practice Stand on Wise Assumptions?

Successful sustainability initiatives rely on wise assumptions. Assumptions such as those relating to society, economy, the environment, and politics are intimately interconnected and short- and long-term business success and societal growth greatly depend on mutual and practical respect between companies and society. To ensure that enterprise sustainability initiatives are developed based on appropriate posits, the core assumptions must be constantly assessed and re-thought if necessary. Such a fundamental assessment of the underlying assumptions requires a high level of reflexivity engagement. The decisions and actions that are made and taken through a process of constant reflection on what has been, is being, and will be done are more likely to lead to consequences that are more consistent with realities that surround and affect the decision and actions.

Wisdom engages reflexivity. Accordingly, sustainability as a strategic decision and action must stand on more than just a simple combination of internal and external reflection in order to be effective and wise. While sustainability deals with company strategies and operations towards achieving local and global sustainability standards and green requirements, wisdom is concerned with the sustainability strategies itself. Wisdom as a reflexive practice underlines the necessity for the sustainability strategies themselves to be regularly and substantially assessed over time. This is critically important for developing sustainable initiatives. Through reflexivity, the company is able to 'locate' itself in relation to its strategies and operations, the wider environment, and the social, environmental, financial, and political problems in light of the beliefs, values, interests, and goals of all concerned (Intezari 2014). As Edwards and Küpers (2014) argue, reflexivity "exposes and enables the questioning of ways of being and doing as well as its underlying structures. In so doing, reflexivity enables us to engage with core assumptions and interpretative frames. Through this reflexive and critical re-turning the generation of alternatives and the emergence of deep change is made possible" (p. 3).

The issues that the fourth principal question is concerned with include: How often and to what degree does the company question its own underlying assumptions about their sustainability strategies and operations? Does the enterprise (re) assess the feasibility, reliability, and success of its sustainability strategies that they have developed in the past? Are the sustainability assumptions living up to the

continually changing social, economic, and environmental expectations in the business community and society? Are any changes needed to the previously made sustainability strategies? How would the enterprise's approach to sustainability be improved in future sustainability initiatives?

Despite the crucial role played by appropriate and reliable assumptions in carrying out any initiatives successfully, assumptions by and of themselves by no means guarantee appropriate actions. A sustainable approach to the company's operations may or may not find expression in practice if the sustainable initiatives are not appropriately put into action. Aligned with the assumptions, sustainability initiatives must also be wise in *practice*, to be truly and positively contributing to society and the environment. Sustainability as a praxis deals with the implementation of strategies through wise actions.

3.5 The Praxis of Sustainability: Is Our Sustainability Practice Practically Wise?

Praxis refers to the right conduct, socially responsible, morally committed, embodied experiences and actions (Kemmis 2012; Küpers and Pauleen 2013; Russell and Grootenboer 2008). It means *acting* based on prudent decisions and taking an active role in improving the world, through "an open, inquisitive, and creative stance, and orientation toward learning, reflecting, and a deeper understanding of the world" (Kodish 2006, p. 461). In this sense, praxis is inherent in sustainability initiatives. However, unless sustainability strategies are operationalized and put into action, there will be no sustainability at all. Wisdom engages praxis and provides the approach that sustainability must be considered as an integration of appropriate strategies and appropriate operations. Praxis emphasizes that the way that the sustainability strategies are implemented is as important as the strategies itself.

Sustainability plays the role of a guideline for making socially, economically and environmentally right decisions and taking right actions. However, when it comes to practicing sustainability decisions, the initiative practices themselves must also be practically sustainable. The enterprise must ensure that undertaking a new sustainability initiative does not lead to any obvious or latent negative impact on the company, environment, and society. It might be sometimes devastating or even impossible for a company to carry out its daily operations, when the company is under pressure from society, government, or environmentalists. The pressure could lead the enterprise to inevitably take actions to decrease or minimize the external pressure by achieving the minimum requirements of the local and global standards in the short term, by compromising whether or not the long-term consequences of the action and the implementation process are necessarily sustainable. The initiative will not be considered as a wise one, because it gave been just an effort to survive, not to be truly sustainable.

The integration of praxis into sustainability bridges the process to the consequences. Praxis brings to the fore the need for the consideration of the sustainability initiative's impacts that might be latent in its implementation process. Given that sustainability is a process and that the implementation of the initiative is a practice with its own consequences, praxis enhances a sustainability initiative by incorporating a self-evaluation responsibility into the initiative. The fifth principal question can be broken down into two critical questions: Is the sustainability initiative put into practice in a sustainable way? In this sense, it is not just about whether and to what extent the company meets the local and global sustainability standards, rather it is concerned with how a particular level of sustainability has been achieved, if at all?

To sum up, the five principal questions that wisdom suggests are interrelated. To conduct a wisely sustainable initiative, a company cannot address one or some of the questions, while neglecting the others. Comprehensive and appropriate answers to any of the questions entails fully addressing the other questions. A wisdom meta-approach regards sustainability as an integrated whole. The principal questions deal with both the core assumptions and practices. These questions must be addressed prior to, during, and after any sustainability initiative.

4 Conclusion

The chapter argues that wisdom and sustainability share the same assumptions around the interrelationship between and among various aspects of work and life, as well as humans and the environment. The disciplines posit that since the world's problems and issues are systematically intermingled, they require an integrated and holistic approach to the interconnectedness of people and the environment to solve. The chapter argues that while wisdom can enhance sustainability by providing a meta-approach to sustainability initiatives as a whole, sustainability operations allow for wisdom to find expression in practice. Wisdom offers an overarching understanding of the interconnectedness of individuals, organizations and the wider society by engaging five interconnected qualities including multiple-perspective consideration, self-other awareness, cognitive-emotional mastery, reflexivity, and praxis. The integration of the qualities in the decision-making process leads the consequences of the decision and its subsequent actions to be most likely considered as wise.

As a meta-approach to sustainability, five wisdom-based questions (principal questions) that are derived from the wisdom qualities were suggested. The chapter argues that addressing these five principal questions is critical to enhance the effectiveness of a particular sustainability initiative. Aimed at a substantial (re-)evaluation of the initiative's underlying assumptions and strategies as well as the implication process (e.g. through reflexivity and praxis) of sustainability initiatives, the principal questions enable the enterprise to plan, develop, lead and assess its sustainability initiatives as a whole. The chapter argues that when the

principal questions are fully addressed, the outcome of the sustainability initiative will be wise. That is, the sustainability operations and consequences are the manifestations of wisdom.

The principal questions provide a conceptual basis for developing a practical guideline for designing, implementing and evaluating sustainability initiatives in enterprises. The companies who are willing to carry out successful sustainability initiatives are advised to address the questions comprehensively, not only prior to launching the initiative, but also throughout the implementation process on a regular basis.

Wisdom as a meta-approach toward decisions and actions has much to contribute in enhancing sustainable practices. It is crucial for sustainability managers to undertake regular (re)evaluation of the underlying assumptions of the enterprise's sustainability approach. The meta-approach provides a framework for the enterprise to ensure that their sustainability perspective is based on a true understanding of the company and the surrounding environment (reflexivity), which requires a high level of awareness of both the internal and external environment of the company (SOA). To this end, developing mechanisms that facilitate regular information collection from both inside and outside the company is critical. Information and knowledge management systems are examples of such mechanisms.

Given the emphasis that wisdom puts on the integration of multi-perspective consideration, cognition and emotion in the decision-making process, corporate strategies need to be developed based upon an amalgamation of rationality and non-rationality. Such a multi-dimensional decision-making process requires the enterprise to assign wise managers and leaders to sustainability initiatives, as the wise leaders not only do not preclude, but also allow for and greatly encourage the engagement of ethics, intuition, emotion, sense making, data analytics, cognition, and reason, as well as experience-based practical skills: a leadership that supports and fosters an integrative overarching approach to the company's sustainability strategy formulation, and implementation.

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Practical Indigenous Wisdom: A Track in the Conference "Sustainability Rhetoric: Facts and Fictions"

Indigenous Knowledge and Educating Managers for Sustainable Organisations

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Above: Millewa Billa, the Murray River

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_4

1 Global Vision and Indigenous Knowledge; not the Repetition of the Earlier Draft

This paper is written from the point of view of a Wiradjuri academic, community worker and researcher in the field of primary research. As a researcher I have learnt a great deal from my Elders and the communities in which I seek to support the Indigenous voice. The Wiradjuri people mentioned in this article is a tribal-language group in New South Wales, with connections to several inland rivers. The project I am discussing concerns the Southern Wiradjuri whose main water source is the Murray River, which rises in the Australian Alps. The term Indigenous and Aboriginal are interchangeable for the reader.

Consultation with Aboriginal community by an Indigenous Australian about Indigenous issues sounds like common sense, "phronesis" or practical wisdom in action; but it is a model that is still fairly new. Once the governance climate in Australia was only about white middle class petty-bureaucrats with their leadership styles, Anglo centric and unpliable. The prognosis and diagnosis for community development issues were based on western value systems which challenged Aboriginal value systems and ways of doing, more than providing workable solutions for the community it was intending to support. The model was a deficit one, and Aboriginal people were seen as a problem. Once you bring Aboriginal people themselves into the conversation, not only the decision-making structure changes, but also the way those decisions are supported by the community people themselves. Tradition, connection to Country and cultural maintenance are all of prime concern to Aboriginal people. "White fellas" could never really have articulated this for themselves, without either white-washing or romanticising the "noble savage". Global vision has shifted, followed by local government expectations as well.

> Convinced that control by Indigenous peoples over developments affecting them and their lands, territories and resources will enable them to maintain and strengthen their institutions, cultures and traditions, and to promote their development in accordance with their aspirations and needs,
>
> Recognizing that respect for Indigenous knowledge, cultures and traditional practices contributes to sustainable and equitable development and proper management of the environment
>
> —UN Declaration on the Rights of Indigenous People (2007)

2 Cultural Sustainability

Indigenous wisdom is practical by nature, cerebral by conception and spiritual by way of protection and connection. Indigenous wisdom is tied to the land, bush and rivers (Heckenberg 2010a, b). The philosophies that underpin the mode of enquiry my research works with, chooses these paradigms of understanding. For over a decade this way of looking at my community work has created some fascinating

results and useful outcomes. Here I discuss my experiences working with an organisation that endorses inclusion of these Aboriginal perspectives. In cultural planning this lends a mode of community feedback through the process of using explicitly Aboriginal research, and as such, is a positive move forward for our communities in terms of cultural sustainability.

The view of this paper is optimistic; besides, whilst cynicism creeps so easily into daily life, it is fundamental, I think in primary research to project optimism; cheerfulness and optimism are just as much tools for success as an investigative mind, or analytical thinking when it comes to interviewing people, or, "talking to the mob". As part of research methods, a body of primary research has been completed which reflects the voice of the community with practical outcomes. In this way the community consultations and the reporting back to the community through a feedback process from council can stimulate the use of topical Indigenous notions of community development which advise local government policy. This example gives me an opportunity to discuss how Indigenous knowledge and Indigenous "ways of doing" and "ways of being" inform research methodology where there is a synergy of Indigenous wisdom and culturally useful-cultural planning.

There is a basic premise in Indigenous research, and that has to do with *protocols and beneficence*. The people of the Indigenous community with whom we communicate are to be given respect, and the outcomes of any research with this philosophy needs to be of value to that community. Otherwise the research is traction-less and has no use what-so-ever. A major outcome of this study is to find out what the desires and aspirations *are* of the Aboriginal communities within the footprint of local government for whom I am doing this study. This informs future direction. This context contains the environmental vantage point of association to the river, in terms of way of life and known histories. The community consultations I did recently along the Murray River in New South Wales with contributions from people from Hume Weir to Wonga Wetlands, identify the desires of the local Aboriginal community around contexts which relate to opportunity and positive futures in cultural practice; and the particular connection to places in country (Tilley 1994). The other aspect of the research narrative concentrated on determining the histories, both community and individual, around the river story.

3 Community

The Murray River is an "artery" (interview 2013) which runs through three states of Australia and rises in the high country of the Great Dividing Range. It is ancient country shared by many Aboriginal language groups (Weir 2009). The upper Murray through Albury and until Corowa is Wiradjuri Country. Wiradjuri Country itself is extensive, and the Old People talked about Wiradjuri territory going many miles south of the river in Traditional times. However, the river is a contemporary state border and, as well, has become a contentious focus for some Aboriginal river

communities. The tensions between the Indigenous community, and the mainstream dominant society, however, have at times caused an implosion of emotions within our communities and then lateral violence can be an outcome. This means that the Aboriginal community turns in on itself. The local city council, with the best of intentions, has some very agreeable and respected workers who want to see positive community change and the development of initiatives that source the talents and knowledge of the community and that have the power to break the cycle of negativity.

Walking into the local city council chambers of the local government body of this study, you cannot but be overwhelmed by the "city fathers" gallery. There are a score of men with beards and stern expressions representing the leaders gone and still coming, the occasional female face, but no one even vaguely representing diversity or otherness. Here there is nothing unusual; perhaps this is one reason why, however, there is room for optimism. Our Elders' persistent labours historically, worked within these kinds of dominant paradigms.

4 History

Left: Wongamar Wiradjuri Senior Elder who forged early relationships with local government and mentored leaders

The quest which they sought was about racial harmony and forging pathways for those who would come after them. They portrayed the practical wisdom which they themselves had learnt from their Old Ones. The history of the growing engagement and communication between community and local government was initiated by our senior Elders, one Elder in particular mentored younger ones by bringing us along to meetings with our civic leaders; one time I went with him to talk to the Mayor about some of the Elders' ideas on recognition. Not long after, highly visible *Welcome to Wiradjuri Country* signage greeted visitors to Wiradjuri Country as they entered the city, which informed them that Aboriginal people belonged to this part of the land. At the same time there were staunch "whitefellas" for ever advocates for social change and equity.

The Reconciliation process became a concentration of Black and white efforts and created a formula by which all could meet together and discuss ways of creating this better world. This is still optimistic, as most of this generation of Aboriginal leaders were Godly people, missioned by God (Biaimee) rather than just themselves. Later Wiradjuri Elder Yalmambirra and myself, completed the delivery of cross-cultural awareness training to all local government employees and aldermen. The training was very gendered, because the men warmed more to Yalmambirra, than they did to me, as a woman. However, this was not a negative as they identified and related well as males together and barriers were broken down. An Aboriginal Liaison Officer was employed to identify and participate in local community development. Along with this was an improved strategy for Indigenous employment within the organisation generally, and within supportive and sustainable structures. One vision that Elders and community, who were sensitive to the importance of cultural learning, wished to have realized, was a focus for employment and cultural practice that could be created around young fellas being able to work in the environment, working in Country, Wiradjuri Country. The vision would be the creation of a trail along *Milewa Billa*, The Wagirra Trail. The making of the trail has provided training, employment and creative endeavour all while working in Country in the riparian environment of the Murray River.

In an earlier series of consultations, with my report called *Indigenous Cultural Sustainability* (Heckenberg 2010c), this river community identified the importance of work around "caring for Country" as one of their priorities. The Wagirra Trail has created a reliable place pedagogy encompassing concepts of cultural sustainability, caring for country, stories of individual and community history along the river, and a conduit for cultural activity. The actual scope of community vision, including what kind of cultural activity was perceived to be most feasible by the community is the bones of my most recent study which determines the river as a creative place; an artscape. As Public art design this has created a peer and mentor supported sculptural project that highlights communality and cultural values incorporating kinship, connectedness to the land and river, and Aboriginal community artists' keenness to maintain cultural values and ways of doing. At the same time the continuation of projects around growing the trail as a tourist destination and area of ecological interest, invests in community vision and hard work. All the while, the team of Aboriginal workers on the trail and the artists of the trail are occupied in a cultural learning experience, as well as practical knowledge. Experiences such as making a canoe are part of the work life of the trail, for example.

5 Cultural Relevance

Terri Janke (2009) is an Aboriginal lawyer who works in the Intellectual Property Rights area of Australian law, and in *Writing up Indigenous Research: authorship, copyright and Indigenous knowledge systems* she asserts: "Researchers of Indigenous knowledge should consider the cultural legacy that they will leave to future

Indigenous generations" (Janke 2009, p. 18). This is a pertinent issue for everyone in this recent study. Cultural knowledge being handed on to the next generation of young ones is a motivator for Elders determined to do what they can to make sure this happens. Further to this Janke affirms:

> This is not just a practice for remote areas where traditional structures are intact but it also includes 'linking traditional connections that have been severely disrupted by colonial intervention and government policies and what are now literally overlaid by the urban and regional sprawl of the modern nation (Janke 2009, p. 18).

During the organisation's own documentation on strategic planning, the section called 'Our Issues' (no date, p. 38), identified that the needs of local Aboriginal and Torres Strait Islander community to be substantial. The kinds of social issues that Indigenous Australians face are considerably connected to feelings of marginalisation and disaffection from the still ongoing effects of colonisation (remember the civic father's gallery). In a sense this is why cultural activities—and the significant healing outcomes and positive self-identity that come through cultural work—are even more important than you might think. Major issues for greater support of community aspirations are around unemployment, developing and maintaining positive mental attitude, racism, mental health issues-depression, suicide and schizophrenia. The council considered however the need for "improved awareness and appreciation of Indigenous culture by the local community" (p. 38) as one way to improve outcomes. Inspirational cultural practices in the form of public art are seen by the Aboriginal community to be a way to instil a more positive aspect of Aboriginal-and Wiradjuri identity and achievement-within the mainstream community. The kind of Public Art which is going along the Wagirra Trail, for example, can educate the larger general community to gain greater awareness of Aboriginal people's rich heritage, which deserves positive interest and respect. More importantly, however, as identified by the community, is the fact that the maintenance of cultural values; the ability to be part of cultural activities and dialogues in country; and the mentoring of the youth, all contribute to overcoming social disadvantage by improving self-identity and community worth.

6 United Nations Support

As well as this, there are a number of UN documents that support the ideals of Indigenous peoples' participation in their cultural maintenance and economic development. These link to cultural activities, and just as importantly the continuing association with the land (Country). These UN Covenants are significant in terms of dialogues between community and organisation policy. It is important that bureaucrats working in local government, as well as elected government representatives such as aldermen, have an awareness of the instruments that encourage Aboriginal cultural values being supported in policy for positive social change. For example The *International Covenant on Civic and Political Rights* states:

Part 1, Article 1.1: All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development.

Part 111, Article 27: In those States in which ethnic, religious or linguistic minorities exist, persons belonging to such minorities shall not be denied the right, in community with the other members of their group, to enjoy their own culture, to profess and practice their own religion, or to use their own language. *UNESCO Universal Declaration on Cultural Diversity* (2001):

From Article 2: Policies for the inclusion and participation of all citizens are guarantees of social cohesion, the vitality of civil society and peace. Thus defined, cultural pluralism gives policy expression to the reality of cultural diversity. *Indissociable* from a democratic framework, cultural pluralism is conducive to cultural exchange and to the flourishing of creative capacities that sustain public life.

From Article 3: Cultural diversity widens the range of options open to everyone; it is one of the roots of development, understood not simply in terms of economic growth, but also as a means to achieve a more satisfactory intellectual, emotional, moral and spiritual existence.

From Article 7... .heritage in all its forms must be preserved, enhanced and handed on to future generations as a record of human experience and aspirations. From the *United Nations Declaration on the Rights of Indigenous Peoples* there are very clear statements which indicate the profundity of looking after the land the bush and the rivers and what that means.

In Article 29 this is stated as: Indigenous peoples have the right to the conservation and protection of the environment and the productive capacity of their lands or territories and resources. States shall establish and implement assistance programmes for Indigenous peoples for such conservation and protection, without discrimination.

Further the document states (mentioned here in the introduction), *Convinced* that control by Indigenous peoples over developments affecting them and their lands, territories and resources will enable them to maintain and strengthen their institutions, cultures and traditions, and to promote their development in accordance with their aspirations and needs, *recognizing* that respect for Indigenous knowledge, cultures and traditional practices contributes to sustainable and equitable development and proper management of the environment.

Article 8 determines that:

1. Indigenous peoples and individuals have the right not to be subjected to forced assimilation or destruction of their culture.
2. States shall provide effective mechanisms for prevention of, and redress forms of dispossession, undermining rights, discrimination (abbreviated).

An important element for this study, which backs up the future initiatives of council is:

Article 31.1. Indigenous peoples have the right to maintain, control, protect and develop their cultural heritage, traditional knowledge and traditional cultural expressions, as well as the manifestations of their sciences, technologies and cultures, including human and genetic resources, seeds, medicines, knowledge of the properties of fauna and flora, oral traditions, literatures, designs, sports and traditional games and visual and performing arts. Indigenous people also have the right to maintain, control, protect and develop their intellectual property over such cultural heritage, traditional knowledge, and traditional cultural expressions.

Article 31.2. In conjunction with Indigenous peoples, States shall take effective measures to recognize and protect the exercise of these rights. The whole of the document concerning the United Nations Declaration on the Rights of Indigenous Peoples is a good guide on what kind of elements can be brought into local government policy in fair dealings with Indigenous Australians. Article 21, for example, draws special attention to nations regarding the specific needs of elders, women, youth, children and persons with disabilities. Fauna and flora, oral traditions, literatures, designs, sports and traditional games and visual and performing arts are also listed in this Article. Probably one more Article should be mentioned in this discussion, Article 21.2 indicates the usefulness of government to recognise the special needs of Indigenous persons, but also to take effective measures for social and economic improvement.

Article 21.2. recommends that "States" (as in government) shall take effective measures and, where appropriate, special measures to ensure continuing improvement of their economic and social conditions. Particular attention shall be paid to the rights and special needs of Indigenous elders, women, youth, children and persons with disabilities.

The council has its own Reconciliation Statement (2005) which effectively captures many of these United Nations goals. Most explicitly though, is the active moves this particular local government has made regarding gaining culturally appropriate community consultations to find out what it is the "special needs group" wants.

As the level of commitment to social change expands by incorporating Indigenous aspirations in strategic planning and projects that reflect this impetus, Indigenous knowledge has been incorporated into the way that local councils "do business" and the way they consult with Aboriginal and Torres Strait Islander communities. This is not necessarily only based on an egalitarian impetus or indeed the positive non-Indigenous Australians that work in the sector, but also because government is tied to these outcomes in line with United Nations agendas, and the substantial lobbying that community and Traditional Owner Elders are willing to put into improving social impacts.

This research project reflects an Indigenous knowledge base and "way of doing", including Indigenous history, cultural heritage, sense of place and connection to Country. Incorporating Indigenous knowledge not only enhances community prospects and viability but also enhances more sustainable management styles for local

government in communicating effectively with the community and managing improvements for our Aboriginal communities' futures.

7 Research Methodology and Respect, Reciprocity, and Responsibility

The mode of this research essentially works on a best Practice model, as determined, not only by my training through Elders, but also from frameworks that have been determined by academics and people "working on the ground" with Aboriginal Communities. The research guidelines of the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) and the National Health and Medical Research Council (NHMRC 2006) have become fundamental as frameworks within which to research. Locally every state of Australia has an Aboriginal Education Consultative Group (AECG) which have been working since the 1970s alongside government, and their research guidelines are probably the most familiar with mums and dads, as the AECG is made up of local parents, teachers and community members. The Reconciliation Action Plan informs decisions, and all inform a respectful methodology regarding this project. Since this research has a distinct regard for cultural histories and community narrative, the work of Linda Tuhwai Smith (1999) informs the research by way of her critique of the place of Indigenous histories and identities. This all ties back to cultural knowledge and cultural intellectual property as well. In 'Twenty-Five Indigenous Projects' Smith (1999) frames project outcomes in themes such as Claiming, Returning, Indigenizing, Revitalising and active themes like Writing and Restoring. This eventful framing certainly allows a conceptual context for the Methodology of this present project and its outcomes.

Karen Martin (2008) coined the term "relatedness" to express the integrated nature of the Aboriginal worldview. When inside this Aboriginal world view a researcher is awake to a way of looking at the world where kinship and law are the basis of everything within the physical and metaphysical world being related to each other. This means that research is holistic in approach and all things relate to each other in conversation as well as world view. Reciprocity or giving back is part of this value system, community people are suspicious of those who do not understand this cultural practice: research needs to be of benefit and have outcomes that the community can see equate to responsible use of dialogue. All things are connected.

8 Community Personality and Methods

Some of the main points which I have had to regard in this research, which is very much designed around the local personality of this community, is that each community may have different priorities and aspirations to another. All communities however, as stated earlier expect Respect, Responsibility and Reciprocity. The research needs also to have a benefit (AIATSIS 2012).

Consider that Aboriginal people have strong connection to their own tribal territories, the stories and knowledges of their own particular cultural practices, even when they are not located in their own country. Also consider that at the same time there are Traditional Owners whose families have ancient ties to contemporary land marks within the same geographical region of study. Hence one begins to recognise the complexities of successful community engagement and research. Here follows a list of main points for responsible communication with community, there follows an explanation. However reflect on each of these points to think about these concerns at first in your own way. In this particular context with Wiradjuri and non-Wiradjuri persons, the main points for careful and responsible research and community consultation are:

- Responsibility to the creatures of the land and rivers large and small, recognising that the environment is connected to the people through ancestral story and kinship. Wongamar, one of our Senior Elders said: *Look after the land the bush and the rivers and the land the bush and the rivers will look after you*
- Culturally safe behaviour.
- Being Respectful on an individual level.
- Listen to people carefully and ask is it okay to write something down.
- Consult and be advised by Elders of the Community.
- Realize that Aboriginal Australia is diverse.
- Respect of all people.
- Respect the Traditional Owners, the Wiradjuri people and the Elders of Wiradjuri.
- Be conscious of people's cultural traditions and customs.
- Be conscious of people's spiritual and cultural views.
- Respect another person's cultural values.
- This includes respecting other people's totems and inherited beliefs.
- Be mindful that spiritual and cultural beliefs are part of a person's intellectual property.
- Mindful of research being sharing the history of the river.
- Respect the land, the bush and the river.
- Be inclusive of family.
- Everyone is entitled to an opinion.
- Any work will need to be useful for the community's aspirations.
- Reciprocity is part of sharing in research.
- The research project should have respect for cultural heritage.
- Enjoying one's Cultural Heritage is part of Human Rights.

- Outcomes are to maintain and protect culture and be useful for the community engaged in the investigation, whatever the topic.
- The community has a voice in decision-making that effects them.
- That the community can express its own plans for a cultural future (supported by Albury City Community plan).

9 Further Reflection of These Points as Text

The main elements of working with Aboriginal community in terms of listening to the community voice, relies on behaving in culturally safe ways in relating to people. In other words having respect for someone's point of view and life-styles, and behaving in a way that does not threaten or cause discomfort. Aboriginal people have particular and significant ways of expressing not only cultural knowledge, but also spiritual values and beliefs, these need to be respected, as well. Given that Aboriginal Australia is diverse, beliefs and spiritual story is diverse as well. The research worker in community engagement has a specific job to listen and record, not to interpret or put one's own judgement or bias on the ideas of the informant. The same can be said with work chiefly focused on community development or sustainability outcomes: listen to the ideas carefully and maintain as much of the original voice as is possible. This method ensures a more authentic outcome for the community as they have been listened to and acted upon. An assertion made in this paper is also, that the source of an Aboriginal person's ideas need to be valued as Intellectual Property, and therefore should be given that value regarding care and protection. When engaging with the Aboriginal community, the added awareness for the worker/researcher is to acknowledge the significance of Indigenous cultural heritage material, which may be the next generation of knowledge keeping that has been handed down many generations. If there is the time and impetus, therefore, it is best to have the broadest brush possible in seeking opinion and data. In terms of cultural heritage, those who live now have the memory and knowledge of those who came before. As well as having respect and responsibility to community members with whom you may work, the other critical factor is that conversations and events within your practice, necessitate Reciprocity behaviours. Reciprocity means that relationships are two way. The Aboriginal participants and the community will want to see the benefit of their engagement. Respect, Responsibility and Reciprocity are best practice as the shift from Western models to socially inclusive models have taken shape. The overarching aspect of Aboriginal people's character is the significance of the connection to the land, and this is reflected in the Elder's affirmation: *Look after the land the bush and the rivers, and the land the bush and the rivers will look after you*. In this description, the title researcher could be just as easily translated to community liaison, and community development worker, as the role in this study is about finding the best solution to guide the future in community interaction with local government.

10 Practical Wisdom

This paper discusses some of the important kinds of understandings of Indigenous knowledge that organisations, such as local councils and their decision-making arm, need to acquire and understand to keep pace with the needs of Indigenous populations within their footprint. Organisations need to realise there is no one size fits all solution, and that each community has its own value systems, geographically significant places, and set of cultural priorities. The aspects which all communities have in common is the colonial history; dispossession of country; attempted cultural genocide; and lack of opportunity for equal education until the 1970s; along with inherent feelings of marginalisation. I began by talking about optimism, though. This is where our Elders have put us in the present. Our communities talk now about aspirations, cultural reinvigoration, the continuing importance of place, the love for country and the river, good education, how the country can teach us (as it always has done) and opportunity for the future. My research captures this narrative of community: hope and success. The past is our history and the concrete that binds us, the present is our gift to develop constructive ways to heal from the negative and take our sense of history (colonial story, traditional story, story of country) to the future for our next generation; we need to maintain all that has come before and use the wisdom from our Old People to construct solutions of good measure that are sustainable for the future, this is practical wisdom.

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Leadership in the Chinese Philosophical Tradition: A Critical Perspective

Po-Keung Ip

1 Introduction

This chapter critically examines conceptions of leadership drawing on the Chinese philosophical tradition of the two dominant schools of thoughts: Confucianism and Legalism (Fung 1948; Chan 1963; Hsiao 1979; De Bary and Bloom 1999; Yao 2003a, b; Mou 2009). From the time the First Emperor of Chin united China (221 BC) to the demise of the Qing dynasty (1644–1912), both schools had been vital sources for furnishing ideas and sustaining practices of rulership for emperors in imperial China over two millennia. Confucianism and Legalism offered divergent visions about how a state should be ruled, with opposing assumptions about human nature, spawning contrasting conceptions of leadership. Simply put, Confucian advocated a morality-guided government led by moral elite motivated by compassion and moral appropriateness, buttressed with ceremonial rituals and rites. In contrast, Legalists, in contrast, championed a law-governed state which relied on legal punishment and reward as behavioural motivator operated with effective techniques of deploying power. Integral to these two visions of government are two conceptions of leadership which is the focus of this chapter. After examining the key concepts of leadership of Confucianism and Legalism, we identify both their strengths and weaknesses. A third notion is conceived by assimilating the strengths while severing the weaknesses of these two schools. Though the original discourses focused primarily on political rulership, the ideas elaborated could however be generalizable as generic ideas of leadership that go beyond the political domain. We thus presume that it would hopefully serve as a notion of leadership applicable not only in the political realm but in business and other domains as well.

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_5

In what follows, the terms ruler-ship and leadership are used interchangeably, and we assume that the principles and techniques of rulership in government can, given proper adaptations, be translated as principles and techniques of leadership in business or organizations. Rulership is thus conceived as proxy of leadership. There are a host of different conceptions of leadership in the literature: transactional, transformational (Burns 1978; Bass 1998; Bass and Steidlmeier 1999), authentic (Rhode 2006; Price 2003), and ethical (Treviño et al. 2000; Treviño and Brown 2007). We presume that insofar as a notion is consistent with either one school, we could say that such a notion can be derivable from that school. For example, Confucian leadership may contain transformational, authentic or ethical implications, if it has the respective elements. This chapter takes a broad notion of leadership, which is defined here as a process, relationship or state between leaders and followers, as well as the agents and their conducts of leading (Ip 2011). Thus, leadership means more than individual leaders as agents, their attributes and behaviors. Leaders constitute only a part of the complex process, relationships, and system that the concept of leadership covers.

2 The Confucian Conception of Leadership

Confucius (551–479 BC) and his followers Mengzi (372–289 BC), and Xunzi (312–230 BC) founded the Confucian school of thought, popularly known as Confucianism (Ru Jia) that has profoundly shaped and defined Chinese culture (Creel 1953; Schwartz 1985; Ames and Rosemont 1998; Cua 2003; Cua 2005; Li 2007; Tan 2005). It has three core elements: *ren* as compassion, *yi* as moral appropriateness, and *li* as ceremonial rituals upon which a system of virtues are spawned. To understand Confucian leadership, one should understand these elements. As well as defining Confucianism, *ren* confers signature character to Confucian leadership. Thus, it is vital to understand ren to understand leadership. Confucius gave elaborate articulations of the meanings of *ren* in *Lunyu*[1]:

> A man of *ren*/humanity, wishing to establish his own character, also establishes the character of others, and wishing to be prominent himself, also helps others to be prominent. (6:28)
>
> A resolute scholar and a man of *ren* will never seek to live at the expense of injuring humanity. He would rather sacrifice his life in order to realize humanity. (15:8)

Confucius also expressed the multi-layered meanings of *ren* through the acts and manners of *Junzi*, an ideal person with superior morality, and contrasted them with those of a conceived petty person, i.e., common man, who lived and endowed with lesser morality:

[1] All citations are from Chan (1963), with my alternative translations of some key terms. See also De Bary and Bloom (1999), Yao (2003a, b), Mou (2009) for discussions on Confucianism.

Junzi is broadminded but not partisan, the petty person is partisan but not broadminded. (2:14)

Junzi brings the good things of others to completion and does not bring the bad things of others to completion. The petty person does just the opposite. (12:16)

Junzi understands the higher things [moral principles]; the petty person understands the lower things [profits]. (14:24)

Junzi is ashamed that his words exceed his deeds. (14:29)

Ren is the *capacity* of compassion or benevolence for fellow human beings, which is principally expressed in complex web of social relationships. It manifests itself in *ren* acts and thoughts and moral sentiments, which are also collectively and individually referred to as *de*, which means virtues. Of equal importance in the moral core is *yi*, which is both a principle and a *de*. As a principle, it designates moral appropriateness in actions and human matters. As a *de*, it is the capacity or character for moral appropriate acts and relationships. *Li* represents the institutionalized rituals and ceremonial rites that prescribe and guide personal, social and political lives. In its more generalized sense, it refers to norms and rules promulgated and sanctioned by political authorities and society. For Confucians, the legitimacy of *li* is based on *ren* and *yi*, and people are only morally obligated to comply with legitimate *li*. Though *li* is not in itself a virtue, complying with *li* is a cardinal virtue.

As well as personifying the moral core—*ren, yi,* and *li, Junzi* symbolizes the ideal ruler or leader. In addition to those stated earlier, other salient *Junzi* attributes include[2]:

Junzi conducts extensive study (*wen*), and restrains himself with *li*. Thus he does not violate the Way (*dao*). (6:25)

Junzi does not promote (put in office) a man on basis of his words; nor does he reject his words because of the man. (15:22)

The way of *Junzi* is threefold, but I have not been able to attain it. The man of wisdom has no perplexities; the man of *ren* has no worry; the man of courage has no fear. (14:30)

Junzi in dealing with the affairs in the world is without preconceived ways. He complies with *yi*. (4:10)

Junzi understands *yi*, the petty man understands gain. (4:16)

Junzi regards *yi* as the substance of everything. He practices it according to propriety (*li*). (15:17)

By virtue of these attributes, Confucian leadership is primarily moral in nature. Secondly, as *Junzi* stands for a high ideal, few mortals have the capacity of becoming one. Thus, *Junzi* is by and large, a moral elite, and Confucian leadership entails moral elitism. This means that only those who have high moral accomplishment and possess strong moral capacity and disposition are able and entitled to lead or rule. Confucian, with the exception of Xunzi, believed in the innate goodness of human nature that underlies the moral based leadership vision. *Junzi*, is the few who could fully achieve robust moral goodness by relentless moral practice. This view of human nature is, as shown later, in stark contrast to that of the Legalist.

[2] See Chan (1963: 18–48), see also Ames and Rosemont (1998). For Li, see Cua (2003, 2005). All quotes are from Chan (1963: 18–48).

In sum, leaders would lead by morality and by example, with the help of legitimate rituals. Possessing the virtuous character, a leader would be resourceful and wise enough to lead. As a result, this form of moral elitist leadership yielded and sustained a rule-of-man political system, in contrast to a rule-by-law polity, which was championed by Legalist. As said earlier, though Confucius primarily conceived leadership attributes in the political context, it may as well as be adapted to other contexts.

3 The Legalist Conception of Leadership

Unlike the Confucian moral elitism, Legalist (Fa Jia) advocated a vision of leadership which is basically rule-based. The rule is in effect coercive law and legal decrees. Leading Legalist thinkers like Guan Zhong (720–645 BC), Shen Dao (c. 350–275 BC), Li Kui (455–395 BC) and Shang Yang (390–338 BC) championed the importance and efficacy of law (Hsiao 1959, 1979; Creel 1953; Duyvendak 1928; Schwartz 1985; Watson 1964; Hwang 2008; Goldin 2011). Hanfeizi (281–233 BC), who inherited much of the Legalist thinking, offered an integrative articulation of legalism that had deeply influenced the thinking and practice of dynastic Chinese politics, *albeit* often in implicit ways. In fact, Confucianism as state ideology had been officially endorsed and followed while Legalism covertly dominated much of actual political practice, thus forming the famed "Confucian-outside, Legalism inside" (*ru biao fa li*) two-tiered politics characteristics of dynastic China.

Hanfeizi contended that statecraft, the way to rule a state, depends on three core elements—*fa*, *shu* and *shi*. *Fa* refers to the coercive law, statues and decrees enforceable by the monopolized power of the state. *Shu* denotes the myriad techniques of applying power to achieve one's goals and asserting influences over subordinates and underlings. *Shi* is the power position one occupies within the political hierarchy of the state. Hanfeizi stated succinctly the meaning and primacy of *fa*:

> The law no more makes exceptions for men of high station than the plumb line bends to accommodate a crooked place in the wood. What the law has decreed the wise man cannot dispute nor the brave man venture to contest. When faults are to be punished, the highest minister cannot escape; when good is to be awarded, the lowest peasant must not be passed over. Hence, for correcting the faults of superiors, chastising the misdeeds of subordinates, restoring order, exposing error, checking excess, remedying evil, and unifying the standards of the people, nothing can be compared to law. (Watson 1964: 28)

Several distinct features of *fa* make it formidable in running a country. Firstly, *fa* is publicized norms of behavior promulgated and enforced by the state. By making *fa* public, people are informed of their existence and the prescribed do's and don'ts of their behaviors. Secondly, with the exception of the ruler, who stays above the law, everyone is within the reach of the law. *Fa* is to be applied equally to all people under the ruler without exception, including the imperial family and noble class, as

well as ministers and state officials. In contrast, Confucian allowed the ministers and the noble class to be exempted from the law. Thirdly, *fa* should be accessible to common folks so that they can understand them and follow them. In other words, *fa* has to be easily comprehensible and learnable. Fourthly, *fa* should be adaptable to the ever changing environment, and responsive to new issues. The ruler should use *fa* to shape and guide behavior to the effect that peace and order can be established.

Hanfeizi believed that human behaviors are motivated by self-interests, chiefly among these are favor-seeking and punishment-avoidance. Thus, using favor and punishment is the most effective way of exercising power to motivate and control people:

> The enlightened ruler controls his ministers by means of two handles alone. The two handles are punishment and favor. To inflict mutilation and death on men is called punishment; to bestow honor and reward is called favor. Those who act as ministers fear the penalties and hope to profit by the rewards. (Watson 1964: 30)

These are the two formidable *shu* for achieving and maintaining dominance over his ministers and officials and commanding from them respect and obedience, as well as instilling in them fear and awe. Hanfeizi said, "The tiger is able to overpower the dog because of his claws and teeth, but if he discards his claws and teeth and let the dogs use them, then on the contrary he will be overpowered by the dog. In the same way the ruler of men uses punishments and favors to control his ministers, but if he discards his punishments and favors and lets his ministers employ them, then on the contrary he will find himself in the control of his ministers." (Watson 1964: 30).

Furthermore, to be able to use *shu*, one should first have the *shi*, the power position to own and exercise power. Hence, *shi* is critical for a ruler to exert his influence and control.

For Legalist, rulership or leadership consists essentially of the principles and techniques of exercising power to influence and control people, especially the ministers and officials who work under the ruler. The main elements of rulership include establishing standard and abide by it, allocating the right person for the right position, and ensuring that the job is clearly defined and the division of labor is properly arranged so that the responsibilities attached to different positions do not overlap with each other. Doing these things right would create an effective administration to undertake tasks and implement policies. Being a pragmatist, Hanfeizi favored a result-oriented management, which would demand ideas and opinions be translated into practical policies that would produce concrete results. Lofty ideas would serve little purpose if they could not produce substantive results meeting the assigned objectives. Effective execution is what counts in conducting state affairs. Those who successfully executed the policies would be rewarded, while those who failed to do so would be punished. It is clear that Hanfeizi was a hard-nose pragmatist who advocated getting concrete results as the hallmark of a successfully policy, or governance in general.

In addition to the three elements of rulership, Hanfeizi also invoked the notion of the Way as the primal force and principle that shapes and defines the order of things,

natural and human. A ruler should observe and follow the Way to help establish the right way of exercising power, and in general the art of statecraft:

> The Way is the beginning of all beings and the measure of right and wrong. Therefore the enlightened ruler holds fast to the beginning in order to understand the wellspring of all beings, and minds the measure in order to know the source of good and bad. (Watson 1964: 16)

> Follow the way of Heaven, reflect on the principle behind human affairs, investigate, examine, and compare these things, . . .Be empty, quiet, and retiring, never put yourself forward. Trust others but never be like them, and then the myriad people will follow you as one man. (Watson 1964: 36–37)

The invocation of emptiness, stillness, and inaction as the true nature of the Way clearly demonstrates traces of Daoist influence on Hanfeizi's thinking on the fine art of statecraft: "Be empty, still, and idle, and from your place of darkness observe the defects of others. See but do not appear to see; listen by do not seem to listen; know but do not let it be known that you know. Hide your tracks, conceal your sources, so that your subordinates cannot trace the springs of your action. Discard wisdom, forswear ability, so that your subordinates cannot guess what you are about." (Watson 1964: 18).

Similar to the Confucian leadership, the Legalist leadership is primarily political in nature, but may be applicable to the corporate and organizational context.

4 Confucian Strengths and Weaknesses

It is easy to see that these two notions of leadership are contrasting as they are competing. Both have strengths and weaknesses. The strength of the Confucian notion is its affirmation of morality as the core of leadership. Leaders should have good character and the right values, and lead by morals (Koehn 2001; Romar 2002). *Junzi* leadership would presumably provide inspirations for a concept of ethical leadership that is now attracting more attention in the leadership literature (Ip 2011). However, one apparent weakness of the Confucian notion is that no enough attention has been paid to the importance of hard norms (i.e., law and decrees) and system in shaping behavior. Confucian leadership would assign an outsize role to moral elite in building good companies at the expense of other salient institutional factors. Due to the rarity of leaders with *Junzi*-level morality, moral elitism would turn out to be a liability rather than an asset for many organizations. To develop and maintain sustainable companies or organizations requires more than moral persons, let alone moral elite. Effective and practicable norms and systems are imperative. Furthermore over-dependence on a single virtuous individual, or a small group of moral elites to manage an organization is a very perilous and impractical business. The existence of moral elite with all his virtuous intentions is no guarantee for making the right and balanced decision that requires rational thinking that is based on logic and facts, as well as reasonableness. Being superbly

moral would not give a leader the immunity from biases and prejudices, nor exempt him from making fatal mistakes. Very often being staunchly virtuous could inflate one's self-righteousness that easily delude oneself into thinking one's moral invincibility and superiority over other lesser mortals, and thus blind one from seeing things objectively or appreciating different viewpoints. Furthermore, moral elitism is highly susceptible to subjectivism, capriciousness, or arbitrariness because the ultimate source of what is right or wrong depends not on some publicly and reasonably argued principles but solely on the subjective judgment, perception, or sentiment of the person (Ip 2004, 2009). Moral elitism would also reduce from other people the chance to participate in making decisions, thus depriving them the opportunity to learn and grow, therefore reinforcing the deception of the supremacy and indispensability of the elite, while perpetuating the dumbing-down of the masses. This would also help feed the self-fulfilling prophecy that only elites are well-equipped to make major and important decisions. Moral elitism is in effect a benign form of governance based on the rule-of-man with the weaknesses revealed above.

5 Legalist Strengths and Weaknesses

The Legalist is right to recognize the crucial role norms played in shaping and motivating people's behavior. The Legalist sober and empirical analysis of power and its functions gave them an advantage to frame a theory about the techniques of exercising power, and in general, the way of leading, that has more direct relevance to the real world.[3] This theory of power apparently inspired and directed many rulers about the way of ruling during the imperial era and helped shape the real Chinese body politics. In contrast, Confucian, inclined to exhort or theorize on the idealistic side of human affairs, tended to make utopian and lofty recommendations on policies and practices which even well-intentioned rulers would find hard to implement. Furthermore, Confucian had little substantive things to say about power, not to mention coercive law and decrees, and the art and techniques of using them in running a country. But power matters much in politics. Confucian apparently focused too much on morality at the expense of the law. Though allowing soft norms (i.e. rituals) a supplementary role to play in shaping and guiding behavior, Confucian failed to give sufficient weight to functions of coercive law with its attendant punishments and rewards. Such a fateful neglect creates a major disconnect between theory and reality. In contrast, Legalist leaders not only would understand the nature and spirit of law, but would effectively use it to move and control people to meet their objectives. They would strategically and tactically

[3] This is apparently based on their experiences and observations of the real world of politics, as the major early theorists of Legalism from whom Hanfeizi drew inspirations, were practitioners of politics.

deploy the two pillars of law: punishment and favors to rule and lead. Furthermore, the elements of law: publicity, accessibility, and comprehensibility gave leaders leverage to make people more governable by virtue of allowing them be informed and helping them understand what would be expected of them.

The dark sides of the Legalist leadership are apparent. Firstly, one conspicuous error is that the law would be applied to all except the ruler, making one person who wielded the most power to be above the law. The undivided possession and unbridled use of concentrated power would be a very dangerous thing, including potentially causing extensive harm and massive human sufferings and miseries, which has been borne out by much of the reality of autocracy in human history. The law, or norm in general, is nothing but a tool for leaders to consolidate and maintain his power, and to control and command, to intimidate and to punish. This is rule-by-law and is worlds apart from being the rule of law as a system of good governance. Secondly, being single-minded instrumentalist, leaders would merely concern about the effectiveness of the law, and would show little or no regard for its moral legitimacy. To meet objectives, leaders would use whatever means, including using deceit, lies, manipulation, falsehood, pretense, slyness, to achieve their objectives without any moral qualms. Thus, Legalist leadership would be thoroughly Machiavellian in heart and deeds. In the ceaseless bid to control, subjugate and dominate, leaders would be in constant lookout for traitors or enemies who would also use the same tactics against him. Thus, they would be locked in a perpetual state of fear and apprehension of losing power or being violently subverted by underlings. Leading would be, in addition to all those negatives just stated, a stressful and precarious game of naked and cynical power play, which would also have harmful and destructive consequences for society at large. The cost of leading would be humanly unbearable.

6 The Third Notion of Leadership

Is there a way of leading that exploit the wisdom of both schools, while shunning their un-wisdoms? One way for conceptualizing this possibility is to assimilate the strengths of both virtue-based and rule-based leadership while minimizing, if not eliminating, their weaknesses. What would such a construct be like?

Having character and rules as two pillars, this construct integrates both morality and rules in the leadership core, and is referred to as Confucian-cum-Legalist (Ru-Fa) leadership. Ru-Fa leaders, as well as possessing *junzi*-like character, would take both morality and norms as the integral part of conducting business and dealing with both internal and external stakeholders. Organizational values, mission and objectives, would conform to reasonable morality and would serve as the basis of firm policies and practices. Apart from valuing competence and productivity, good moral character is equally valued. Not only would be required to do things productively and creatively, organizational members would need to self-develop their own moral character and to do the right things and to act in

morally autonomous ways without relying on external moral authorities. Not only having impregnable characters, leaders at various levels of the organization would encourage and support subordinates to do the right things and support moral deeds of co-workers. In other words, ethical leadership is far from elitist and concentrated, but becomes multiple and diffused, with leaders displaying varied strengths of character and performance pervading the whole organization.

Recognizing the crucial role that norms would play in shaping and guiding behaviors as well as nurturing perceptions and cultures, leader would develop and implement effective and morally legitimate norms to build and sustain transparent and actionable procedures and systems to this effect. Legitimate and effective norms not only could develop and sustain morally right behavior, it would also create proper incentives for good behaviors and dis-incentives for bad acts. In addition, they could also create a moral-friendly environment where people would feel free to discuss or raise moral issues in the organization without fear or embarrassment, and would be eager to report unethical conduct or other corrupt acts as a matter of responsibility. Being public, explicit and transparent, norms would be easier to understand and follow, making morality a more practicable and accessible activity. They would also serve as some clear goal pole towards which people could continuously and incrementally strive. Morality would no longer remain merely some internal subjective practice which could be too opaque and mysterious to comprehend and follow. Nor would it remain some mystical feat only saints are endowed to achieve. The system of norms would produce an environment and culture conducive to morality. Character and norms have a mutual reinforcing effect on each other. As well as enhancing and sustaining morally right behaviors, norms help strengthen and empower good characters. Good character in turn would create and sustain legitimate norms, thus creating a virtuous cycle that would protect and sustain the moral fabric and character of the organization and its members. Organizations fashioned by this leadership would not be amoral, Machiavellian, or elitist; but would be principally moral-cum-rule based, participatory and non-elitist. Last but not least, replacing the human nature assumptions of both schools, this construct assume the plasticity of human nature, which broadly states that humans have the potential to be good and bad contingent on how the factors of nature and nurture play out.

7 Concluding Remarks

Leadership is intimately culture-bound. This means that its ideas and practices are inevitably shaped and guided by culture, for better or worse. There is no such thing as a culture-neutral leadership. The neglect of culture in framing leadership theory will ultimately prove futile. However, inheriting culture has its benefits and risks. Not all elements in culture are equally valuable, nourishing and empowering. Inheriting the wrong elements will be burdening and harmful as well as obstructive and destructive. It is unwise to blindly submit to the authority of culture and

unquestioningly adopt all its elements as if they are timeless and absolute truths. It is thus imperative to critically differentiate the good from the bad, and gingerly select the better portions of culture and abandon its worse parts. What has been constructed is a sketch of the essentials of a concept of Chinese leadership to this effect. Not only should this notion be culturally coherent with the Chinese context, it should also be relevant to the modern world as well. Thus, more detailed articulations to flesh out the contents with regard to the organizational, business, and other contexts are needed.

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Sustainability Risk and Crisis Management: A Taoism's Perspective

Liangrong Zu

"Heaven is eternal and Earth is everlasting.
Not living for themselves, but giving life to all,
Thus they endure forever.
The Sage
Placing himself behind,
Finds himself in the front
Putting himself away,
Finds himself remain.
Being selfless,
Attains fulfilment"

—Laotzu's Tao Te Ching, Chapter 7

"In handling things people usually fail,
When they are about to succeed
Be as prudent at the end as at the beginning,
There will be no failure"

—Laotzu's Tao Te Ching, Chapter 64

1 Introduction

This Chapter is to examine and analyse the social and sustainable risk and crisis in today's business world and provide an overview of different approaches to risk management from the Taoism's perspective. Combining academic rigour and management science in the West with the Eastern thought—the wisdom and philosophy of Taoism—offers an important resource and approach for organization and business leaders concerned with sustainability and risk management.

Taoism has been one of the most significant components of classical and contemporary Chinese cultural values and philosophy. The ancient Chinese thinkers, Laotzu and Chuangzhu, along with the practices, have been used as key Western inspirations in religion, philosophy, ethics, politics, ecology and health. Taoism has begun to penetrate different aspects of modern life, from lofty spiritual quest to everyday matters of health and diet, its relevance to contemporary concerns about the environment, peace and war, gender issues and life in modern societies.

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_6

The set of philosophical teachings and practices of Taoism rooted in the understanding of the Chinese Tao was founded by Laotzu in 600 BC in his work *Tao Te Ching* (*The Book of the Way and its Virtue*). The Tao, the underlying cosmic power, creates the universe, supports culture and the state, saves the good and punishes the wicked. Literally, the Tao refers to the way things develop naturally, the way nature moves along and living beings grow and decline in accordance with cosmic laws (Kohn 2008). Tao Te Ching laid the philosophical foundation for the religion's beliefs, and also offers ideational principles and practical guidelines for today's business, government and leadership.

Nowadays, when the human community is facing the heightened contemporary fears about increasingly fractured relations between humanity and the natural world, from resource depletion and species extinction to pollution overload and toxic surplus, the classical wisdom of Taoism provide new insights and values for human community to be in search of the solutions to social and environmental crisis and new and sustainable relationships to the earth.

This Chapter will concentrate on the wisdom and principles of Laotzu's Tao Te Ching and apply some of the principles of the Tao to sustainability risk management.

2 Doing Business in an Uncertain World

As early as 2500 years ago, Laotzu, the founder of Taoism, had seen the phenomenon of the uncertainty, and its impact on individuals and society. The uncertainty breeds risk and opportunity for organizations and individuals. Laotzu expresses his concern about the uncertainty in his book of Tao Te Ching in Chap. 58[1] (hereinafter "Chap. 58"):

> Good luck leans on bad luck,
> And bad luck lurks behind good luck.
> Who knows whether one shall rise to another?
> The outcomes of the process are uncertain,
> Normal can change into abnormal,
> Good can change into evil.

The passage depicts a world dominated by uncertainty and change, which is full of big, consequential forces that we can neither predict nor control. Luck event is uncertain, uncontrollable, and consequential, and can bring about risk and opportunity. With rapid change comes uncertainty, and with uncertainty comes risk and opportunity. In an uncertain world, one can get bad luck (risk and crisis) yet create a

[1] The version of Tao Te Ching in English that I used in the Chapter was translated by me built on dozens of the existing English versions and my comprehensive knowledge of Chinese culture and history. My purpose is to embark on a quest to deepen spiritual understanding of values and wisdom of Tao Te Ching and applying them in modern business management.

good outcome (opportunity), but equally, one can squander good luck (opportunity) and get a bad outcome (risk). The difference can be made in what people do with the luck (risk and opportunity) they get.

This is also true of today's reality. It is obvious that economic and financial globalization and the expansion of world trade have brought substantial benefits and opportunities to companies, but globalization also poses novel sources of uncertainty and risks. Multiple business indicators show that the level of uncertainty for corporate leaders has increased, due in large part to:

- Large extended enterprises made up of independent organizations but with tremendous pressures to grow and perform as a unit;
- Rapid rates of change in technology, connections and information flows as a result of globalization; and
- Problems in managing scale using methods rooted in controlling all decisions across the entire extended enterprise (Kytle and Ruggie 2005).

The result of the greater interdependencies and hidden vulnerabilities that businesses now face is an increased number of uncertainties in corporate decision-making. Current network-based operating models highlight the growing importance of the extended enterprise by establishing greater connectivity among and between stakeholders across the globe. This connectivity has also created entirely new stakeholders and requires innovative forms of risk management.

Most companies seem to do well when the future is reasonably predictable and uncertainty is low, but fail spectacularly in a discontinuity—a sudden change in the environment. Many companies seem to have difficulty adapting to a shock or a heightened level of uncertainty—something they are not used to. Many attempt to tackle uncertainty by trying to eliminate it through cleverly crafted hedges—mechanisms that allow them to remove uncertainty from one part of the business or the other. Attempting to eliminate uncertainty is costly and reducing uncertainty in one part of the business may increase the overall risk faced by the company and make it vulnerable to shocks. Increasing flexibility is a much better way to manage and to take advantage of uncertainty, reducing risk and increasing economic value. This is one of Taoism's principles: *reversal is the movement of the Tao* (Tao Te Ching, Chap. 40). It means that the course of the Tao is one of reversal, situations turn around and change to their opposites. This can be said with respect to good and bad luck. In an uncertain world, business leaders must be able to equally accept the opposing segments or phases of the movement of the Tao without being one-sidedly attached to a singular element.

3 Why Sustainability Risk Management?

3.1 Sustainability: Defined in Business

The concept of sustainable development or sustainability has been interpreted and defined in different times and circumstances since it emerged. The term has many meanings, depending on the subject and context. The term sustainable development rose to significance after it was used by the Brundtland Commission in its 1987 report "Our Common Future". In the report, the commission coined what has become the most often-quoted definition of sustainable development: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

When we interpret it from the perspective of triple bottom line, sustainability is concerned with social responsibility, environmental and economic (or business) sustainability. This requires that a company's responsibility should lie with stakeholders rather than shareholders. Environmental sustainability describes the capacity of the environment to continue indefinitely to provide a healthy place for us to live and work and the resources necessary to sustain a healthy economy and businesses. Business sustainability can be defined as the capacity of a business enterprise to continue to operate successfully, i.e. to generate sufficient and appropriate economic activity to meet stakeholders' requirements on an ongoing basis. Of course, we believe that business sustainability is the most critical long-term objective of most business enterprises. While these two types of sustainability are different, they are also, in today's world, inextricably linked. If the environment ceases to be sustainable, enterprises that depend on it for resources and on healthy consumers for purchases of their products will cease to be economically sustainable. The gradual reduction in the sustainability of our global environment will result in the consequent reduction in the ability of business enterprises to sustain themselves economically and remain viable. At the same time, enterprises that are not economically sustainable—those that require more and more energy and non-renewable resources and that pollute the environment—will ultimately contribute to environmental unsustainability as well.

3.2 Sustainability: The Taoism's View

The values and ideas of corporate social responsibility (CSR) and sustainability are embedded in the principles of Taoism. Laotzu says (Chap. 7)

> Heaven is eternal and Earth is everlasting.
> Not living for themselves, but giving life to all,
> Thus they endure forever.
> The Sage
> Placing himself behind, finds himself in the front

Putting himself away, finds himself remain.
Being selfless, Attains fulfilment

The passage defines the concept of CSR and its relationship with sustainability by using the metaphor of Heaven and Earth. What a socially responsible business does should, like what the Heaven and Earth does, be utterly free from self-interest. The selflessness and altruism allows them to carry on their mutual giving and taking without harming the other. They do businesses in accordance with the principle of Tao and Te (Virtue) (Chap. 51):

Creating all creatures in the universe,
But they do not demand from them;
Developing them, but do not take credit from them;
Leading them, but do not control them

The principle of the Tao in the passage illustrates the relationship between social responsibility and sustainability. It reflects the core elements of corporate social responsibility: voluntary contribution to community and society beyond the self-interest. By doing it in a socially responsible manner, business can be sustainable socially and economically. Just like (Chaps. 7 and 81):

The sage places his self-interest behind, but becomes a leader;
Puts himself away, but yet finds himself protected.
Is it not because he lives only for himself?
That's why his self-interests can be accomplished
. . .
The more they help others, the more they possess.
The more they give to others, the more they gain

In Laotzu's Tao Te Ching, many passages touch on the concept of sustainable development. One of the important definitions of sustainability is about the life cycle concept and its impact. Laotzu (Chap. 16) says:

All creatures come into being; I thereby observe their life cycle:
All things grow and flourish, but each ends up returning to its origin.
Everything rises and falls, but ends up returning to its root.
Returning to the root, one shall attain tranquillity;
Attaining tranquillity, one shall return to its nature;
Returning to one's nature, one shall understand the universal law.
Understanding the universal law leads to enlightenment,
Not understanding the universal law leads to calamity.
Understanding the universal law, one shall be inclusive,
Being inclusive, one shall be fair,
Being fair, one shall become the stewardship,
Being the stewardship, one shall act in accord with law of nature,
Acting in accord with law of nature is in line with the principle of Tao.
Holding on to the principle of Tao, one shall be everlasting, and free from danger in life.

Sustainability is one of the important topics of Laotzu's Tao Te Ching. This passage demonstrates that Taoist sustainability is closely related to the sustainability of natural processes or "cycles" of production and reproduction. This is most obvious in regard to four seasons, which are a basic pattern of regulation in an

agrarian society. The sustainability course of the four season orders human activity and labour. The regular return of the seasons, the renewed growth of life in spring, is a cornerstone of human and cosmic survival—the sustainability of the productive course of time is fundamental for sustaining both nature and culture. The "new birth" of life in the course of time is not entirely a new birth; it is rather the seamless continuation of a process of reproduction, and of life and death, which is never essentially interrupted. However, in order to sustain the life cycle, all creatures must act in accordance with the law of nature, which is unchanging and a universal principle. All creatures in the universe can grow and develop sustainably only by complying with the law of nature. Otherwise, they end up disaster and calamity. In this view, sustainability is the endurance of systems and processes in the universe, and is about how biological and ecological systems remain diverse and productive.

If we take nature itself as our today's model, this passage implies that sustainability should become a cradle-to-cradle process and a powerful growth engine. In order to guarantee more sustainable business practices into the future, businesses must reduce their company's ecological footprint and increase their resource efficiency and productivity so that resources are not unnecessarily depleted or permanently damaged, and still ensure a sufficient profit and the creation of social value.

Laotzu's life cycle thinking is related to product life cycle management and assessment in today's business world, which is **a** new approach to sustainability emerging as companies consider their total environmental impact—from growing raw materials to the consumer's disposal of their product. The United Nations Environment Programme (UNEP) and the Society for Environmental Toxicology and Chemistry (SETAC) launched in 2002 an International Life Cycle Partnership, known as the Life Cycle Initiative (LCI), to enable users around the world to put life cycle thinking into effective practice. Life Cycle Thinking (LCT) is about going beyond the traditional focus and production site and manufacturing processes to include environmental, social and economic impacts of a product over its entire life cycle. The main goals of LCT are to reduce a products resource use and emissions to the environment as well as improve its socio-economic performance through its life cycle. This may facilitate links between the economic, social and environmental dimensions within an organization and through its entire value chain.

Life cycle thinking is made operational through Life Cycle Management (LCM). LCM is a management approach that puts the tools and methodologies in the life cycle thinking basket into practice. It is a product management system that helps enterprises to minimize the environmental and social burdens associated with their product or product portfolio during its entire life cycle (UNEP 2007).

From the social and environmental perspective, this passage says "*Understanding the universal law, one shall be inclusive, being inclusive, one shall be fair.*" Inclusion and fairness entail not only the distribution of resources within nature and society at a point of time, but also the distribution of resources across generations. This concept of sustainability is exactly in line with the one defined in the Brundtland Commission Report: "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*"

Laotzu calls upon us to keep to fairness so that we can take on the stewardship which is the idea that the living generation must be stewards of the earth's resources for the generations that will come later. We must defend the interests of those whom we've never met and never will, those are our descendants and our fellow humanity. What qualities and responsibilities should a steward embrace? Hamel (2012) elaborates well the concept of steward. Hamel claims that if you are a leader at any level in any organization, you are a steward—of careers, capabilities, resources, the environment, and organizational values. What matters now, more than ever, is that managers embrace the responsibilities of stewardship. He suggests that stewardship imply five things:

- *Fealty: A propensity to view the talents and treasure at one's command as a trust rather than as the means for personal gain.*
- *Charity: A willingness to put the interests of others ahead of one's own.*
- *Prudence: A commitment to safeguard the future even as one takes advantage of the present.*
- *Accountability: A sense of responsibility for the systemic consequences of one's actions.*
- *Equity: A desire to ensure that rewards are distributed in a way that corresponds to contribution rather than power.*

Hamel's five qualities of stewardship reflect in Laotzu's "*three treasures*" in Tao Te Ching (Chap. 67).

> I have three treasures to hold and cherish,
> The first is compassion,
> The second is conservation, and
> The third is compliance.
> Compassion leads to courage,
> Conservation leads to generousness, and
> Compliance leads to leadership in the world.

I call it 3Cs Model. "Three Treasures" are the fundamental virtues in Taoism. Compassion is about Caring for and contributing to the thriving and development of human societies. It is about charity toward all creatures in the universe. By having compassion, one gains courage. True courage doesn't come from macho posturing or false bravado. Rather, it comes from love and commitment to something greater than oneself. When we apply this treasure to business, it requires a business to care for the humanity and quality of life, and engage in actions that appear to further some social good beyond the interests of the firm. Conservation is about being frugal of and protecting the natural resources and environment. Chen (1989) believes *jian* (conservation) is "organically connected" with the Taoist metaphor *pu* ("uncarved wood; simplicity"), and "stands for the economy of nature that does not waste anything. When applied to the moral life it stands for the simplicity of desire." When we apply to business, it requires that business should protect nature and environment by increasing resources efficiency and productivity. Compliance is about being prudent in acting consistently with principles, values and beliefs to avoid the crisis, conflicts and disasters in the process of survival and development

of human societies. It implies that being a responsible and sustainable business should not be to reach the minimum requirements of stakeholders but to exceed them in complying with social and environmental rules and standards. It requires a business to monitor and ensure its active compliance with the spirit of the law, ethical standards and international norms. The Laotzu's three treasures could be also called "farmer values", which are the virtues that Hamel described his parents-in-laws, Ferne and Eldon Findley who built Findley farm successfully and sustainably: *prudence, thrift, self-discipline, and sacrifice* (Hamel 2012).

All three treasures are important and must work together. Courage without compassion would be nothing more than brutality. To be abundant and reach widely without conserving one's resources will quickly lead to exhaustion. Forgetting the lesson of compliance or humility, becoming hubris, and letting the ego run wild are the beginning stage of self-delusion. These negative consequences can only lead to failure and doom. Those who hold on to the three treasures can achieve success and sustainability. If business leaders who fight with compassion in their hearts can win in the market competition, because charity and love gives them the strength and power they need. If they fight to defend loved ones or a cherished cause, they achieve security and protection. Because they follow the Tao, Heaven itself will come to their aid, events will seem to conspire in rendering assistance at just the right time, as if they are safeguarded by divine powers. All manners of resources and allies will appear and rally to their cause, in unexpected ways that no one could foresee.

If we interpret it in the business term, compassion is concerned with philanthropic responsibility, conservation with environmental sustainability, and compliance with ethical responsibility. Those who can hold on to the three treasures will succeed in achieving the sustainability goal. Together compassion, conservation, and compliance provide a solid framework for understanding how these elements work in the pursuit of sustainability. But while each plays a part, it is the collective execution of all three principles that determines the uncommon simplicity and surprising power we seek.

3.3 Emerging Sustainability Risk

Traditionally, when people are talking about business risk, they are more concerned about financial risk, operational risk, security risk or technical risk. But the late twentieth century has shown that any human and business activity can have many consequences on society and the natural environment—foreseen and unforeseen, intended and unintended, beneficial and catastrophic. Companies as they go global have increasingly encountered social and environmental risk. The increasingly significant risks traditionally fall into non-financial areas of business activity, often referred to as environmental, social and governmental (ESG) issues. These risks have been amplified by the butterfly effect in the movement of corporate social responsibility, the increasing globalization, new technologies and a rising tide of

expectations among stakeholders about the social and environmental role of business. These changes in the operating model have led to a significant shift in market power—not just to customers and traditional investors, but also, more importantly, toward stakeholders. As a result of this shift in market power, "sustainability risk" is a rising area of concern for global corporations. From a company perspective, sustainability risk, like any other risk, arises when its own behaviour or the action of others in its operating environment creates vulnerabilities. In the case of sustainability risk, stakeholders may identify those vulnerabilities and apply pressure on the corporation for behavioural changes. As the ability to listen to corporate stakeholders' perspectives on social and environmental issues becomes a competitive necessity, managing sustainability risks will need to become more fully embedded in corporate strategy. Experience and case studies demonstrate that the sustainability risks do have financial impacts upon organisations, both positively and negatively. Therefore, it highlighted the need for a review and reappraisal of corporate behaviour and accountability. In turn this had major implications for sustainable risk management. Business leaders must examine new areas of emerging risk and develop sustainable systems of risk analysis and management.

The confluence of risks and opportunities associated with environmental, social and economic performance has made sustainability a strategic priority for companies as part of their overall business strategy. Measuring an organization's environmental, social and economic performance is often referred to as the "triple bottom line." Over the past years, we have seen the rising sustainability risks that affect thriving businesses, the environment sustainability, people and the society as a whole. Therefore, sustainability risk management issues have become a critical importance for businesses to be sustainable and competitive in the market. If we look at the pie chart in Fig. 1, we find that the majority of operational risk from sustainability issues is derived from environmental risks, social & ethical issues. As Fig. 1 reveals that the primary sustainability risk within the organisations reviewed is still as a result of environmental issues, representing a 5.4 % risk to market value; followed by social and ethical issues at 5.1 % (including health and safety issues) and economic 'sustainability' factors at 2.0 % (Spedding and Rose 2008).

Table 1 also indicates that among the companies analysed by the sustainability enterprise management risk rating system (UK, EU and US markets), non-financial

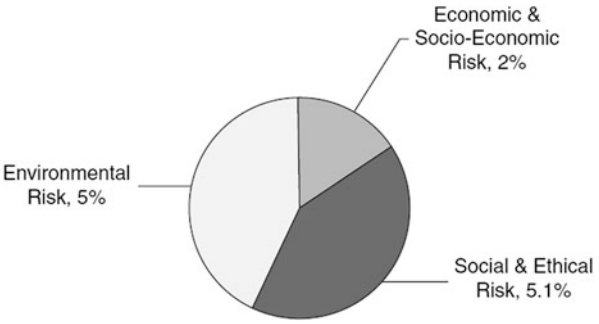

Fig. 1 Sustainability risks. *Source*: Spedding, Linda, Adam Rose. (2008). Business Risk Management Handbook: A Sustainable Approach. Burlington, USA: CIMA Publishing

Table 1 Risk to value from sustainability issues

Risk to value from sustainability issues	Gross (inherent) risk		Risk management factor (RMF)		Net (residual risk)
Economic and socio-economic risk	2.9 %	/	1.4	=	2.0 %
Social and ethical risk	9.0 %	/	1.8	=	5.1 %
Environmental risk	8.2 %	/	1.55	=	5.4 %
Combined risk issue	20.1 %	/	1.6	=	12.5 %

Source: Spedding, Linda, Adam Rose. (2008). Business Risk Management Handbook: A Sustainable Approach. Burlington, USA: CIMA Publishing

issues alone put at risk an amount equivalent to 20.1 % of the total market capital if left untreated. This represents the "gross" or "inherent" risk borne by those companies by virtue of the nature of their current operations. The risk management measures actually adopted by those companies are taken into account to mitigate this risk, the sustainability of their risk management systems, and the value threatened falls to 12.5 %—a measurement of the 'net' risk to market value of the organisations (Spedding and Rose 2008).

Every year, the economists who meet in Davos at the World Economic Forum present an updated estimate of the major risks facing the business world and the global economy. They do this using a grid that shows the two dimensions of risk:

- The likelihood or probability of the risk occurring (expressed as a percentage) and
- The severity or consequences if the risk does occur (expressed in monetary units)

Figure 2 reveals that the risks that are most closely connected to environmental sustainability (climate change, extreme weather events and water scarcity, etc.) are marked in green, and socio-economic issues (income disparity, unemployment and fiscal crises) in red. Sustainability risks (environmental and social risks) have become more prominent over the past years. Many of these risks are interconnected, and a major crisis of one type could trigger a series of related crises, a domino effect (WEF 2014).

Sustainability risk management deals with emerging environmental and social justice risks. Risk managers will need to anticipate these risks and develop appropriate risk mitigation and strategies for them, but since many sustainability risks are new and emerging, the best strategies for dealing with corporate sustainability might not be apparent. This Chapter will discuss some approaches from perspective of Taoism's philosophy and wisdom, and validate the approaches through the management science and practices in the business world.

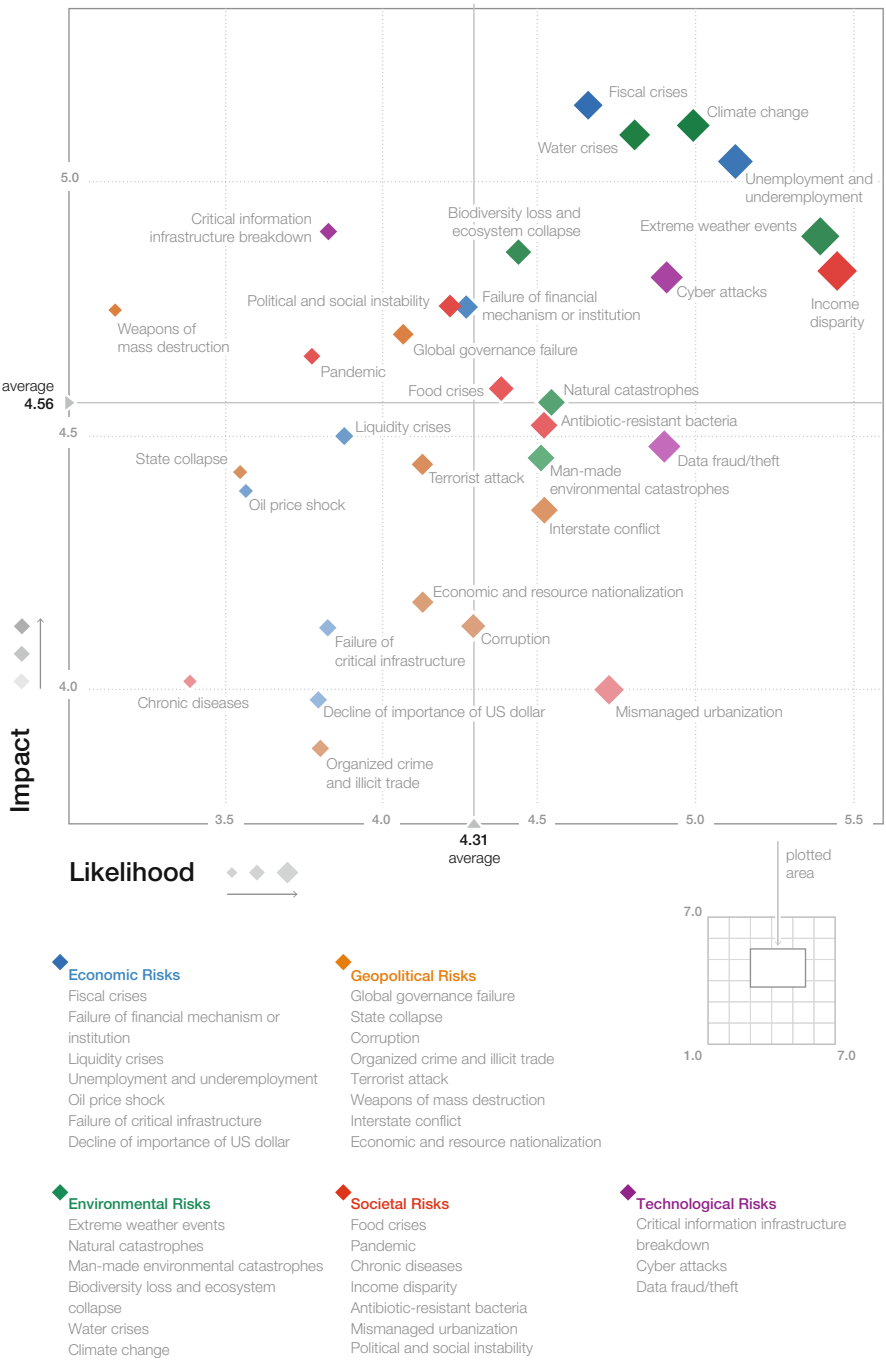

Fig. 2 Concern over sustainability risks is growing. *Source:* World Economic Forum Global Risk Report (2014)

3.4 Managing Sustainability Risk

3.4.1 Avoiding the Risk: Responding to Early Warning Signals

In an ancient time, Laotzu observed one phenomenon (Chap. 64):

> In handling things, people usually fail when they are about to succeed

Today, an American business consultant (Collins and Hansen 2011), also observed the same phenomenon:

> Why do some companies thrive in uncertainty, even chaos, and others do not? When buffeted by tumultuous events, when hit by big, fast-moving forces that we can neither predict nor control, what distinguishes those who perform exceptionally well from those who underperform or worse?

As we discuss the alternation of good luck and back luck in the preceding section, we understand that there are some dangers or bad luck lurking; namely, past success can lead to both inertia and recklessness. Business success to date can lead to reluctance to change or even risk-aversion behaviour. Contrarily, the same success can breed a sense of invincibility and promote reckless action. Ranft and O'Neil (2002) refer to the latter as the "Icarus Paradox." Icarus is the mythical figure who was overconfident of his own powers and eventually fell back to earth after flying too close to the sun. Early success can promote both inertia and recklessness. Organizations that experience strong performance early in their history tend to become imprinted with change-inhibiting routines, and lead to the hubris. The hubris can take several different forms, ranging from refusing to take competitors seriously to overreacting to moves that might be interpreted as personal attacks (Ranft and O'Neil 2002).

In the book of "How the Mighty Fall", Collins examines how and why once great companies have since declined and identifies five stages of organizational decline: hubris born of success; undisciplined pursuit of more; denial of risk & peril; grasping for salvation, and capitalization to irrelevance or death. In the first stage of "hubris born of success", faith and confidence become pride and arrogance. Leaders become careless and workers become complacent. From his analysis, we see hubris in undisciplined leaps into areas where a company cannot become the best, hubris in a company's pursuit of growth beyond what it can deliver with excellence. We see hubris in bold, risky decisions that fly in the face of conflicting or negative evidence. We see hubris in denying even the possibility that the enterprise could be at risk, imperilled by external threats or internal erosion. To avoid the decline and failure, Laotzu advises (Chap. 64):

> Be as prudent at the end as at the beginning,
> And there will be no failure.

We can explain it profoundly and explicitly with the wisdom of book of change (or I Ching). The ancient Chinese watched the cycles of the seasons, and comprehended that there also was a cycle of good times and bad times. When

favourable situations came to their conclusion, unfavourable situations follow. In the Great Treatise of I Ching, Confucius says (Huang 2010):

> What is danger? It arises when one is satisfied with his security and neglects danger.
> What is to perish? It arises when one is satisfied with his survival and neglects death.
> What is disorder? It arises when one is satisfied with things in order and neglects disorder.
> Therefore the superior person does not forget danger when he is in security, nor does he forget death when he is well, nor does he forget disorder when his affairs are in order.
> In this way he gains personal safety and is able to protect the empire.

It requires that in managing risk and crisis in an uncertain world, business leaders must be precautious, when the situation is favourable and peaceful, they should never forget about hard times or potential risk. On the other hand, when the situation is unfavourable, they should always look forward to the good. This is also the least costly and simplest way to control a potential risk and crisis. Just as Laotzu points out (Chap. 64):

> What is stable and peaceful is easy to hold,
> What is with no signs is easy to plan,
> What is fragile is easy to break,
> What is minute is easy to scatter, therefore,
> Being well-prepared to risk before it arises,
> Being precautious of chaos before it happens

This passage advises acting before anything has happened and setting things in order before confusion arises. Do not think a mere sprout is not an omen. To act consciously and clutch at things is to court failure. Just as speaking metaphorically of the tree that grows from a slip (Chap. 64):

> A huge tree grows from the tiny shoot,
> A nine-story high terrace starts from a mound of earth,
> A journey of a thousand miles begins under one's feet.

When things are in a quiescent or incipient condition or are undergoing the initial changes, they are easy to deal with. Before the risk or crisis happens, it is easy to control and prevent, so organizations must develop the risk management system to prevent risk and crisis from happening or leading to the disasters. The frog can't feel the crisis, which is going to happen, however, when the water is too hot to stand, it is too late to jump out of water. Thus, business leaders must anticipate and put the risk management system in place.

In order to be competitive, organisations must constantly review their methods and models to check they are operating correctly. In addition, they must examine new areas of emerging risk and develop sustainable systems of risk analysis and management. Business leaders must maintain hypervigilance and be prudent about any small changes, because it is relatively easy to maintain the situation when everything is peaceful and quiet. When the possibility for chaos is small or nearly non-existent, it is a simple task to keep it in check.

3.4.2 Preparing to Manage the Risk: Maintaining Constant Vigilance

Most business leaders, preoccupied with the market pressures of the present quarter, are not inclined to pay much attention to planning for future risks and crises. Therefore, it is important for business leaders to prepare for that circumstance when prevention doesn't work, that is, making a plan to deal with a variety of undesirable outcomes if disaster does strike. In preparing for the risks and crises, it pays to search for subtleties. It is instructive to recall the principle of Tao (Chap. 63):

> Handle the difficult while it is still easy.
> Handle the big while it is still small.
> Difficult tasks begin with what is easy.
> Great accomplishments begin with what is small.
> Taking things too lightly results in much difficulty.
> Thus the wise always confront difficulties and, therefore have no difficulty.

The passage advises that being successful in planning to handle the risks and crises, business leaders shall make plans against eventual difficulties when things are still easy to resolve, because the difficulties inevitably grow out of easily resolvable troubles. They shall act on what is eventually big while it is still minute, because the big affairs necessarily grow out of minute ones. Only can business leaders who do not act upon things are in the end able to prevent risks and crises and complete their greatness.

Fink (2000), a prominent management consultant has the same opinion, he emphasizes that everyone in a position of authority "should view and plan for the inevitability of a crisis in much the same way [one] views and plans for the inevitability of death and taxes: not out of weakness or fear, but out of the strength that comes from knowing you are prepared to . . . play the hand that fate deals you." His survey of the Fortune 500s CEOs found that senior managers may suffer from a severe lack of crisis preparedness but certainly not from a lack of confidence that they can handle a crisis. 89 % of those who responded said that crises in business are as inevitable as death and taxes, yet 50 % said they did not have a plan for dealing with crises. Nevertheless, fully 97 % felt confident that they would respond well if a crisis occurred (Fink 2000).

Once leaders know the events, or black swans, they're looking for, they should set up signal detection mechanisms, enable open lines of communication and develop responses. These detection notifications can provide faster emergency response and give first mover advantage to changes in the marketplace. As Laotzu suggests (Chap. 15):

> Cautious, like crossing a frozen stream in winter
> Vigilant, like fearful of danger and threats on all sides
> Dignified and courteous, like a visiting guest in someone's house
> Self-effacing, like ice beginning to melt
> Genuine and simple, like a piece of un-carved wood
> Open and receptive, like a valley
> Freely mixing, like muddy water.

Who can make sense of a muddy world?
Let it be still, and it becomes clear.
Who can remain calm,
And through activity come back to life?
Those who embrace this Tao do not over-extend themselves.
Because they do not over-extend themselves,
They do not wear out and are not replaced.

In their activities, business leaders shall be always "*cautious like crossing a frozen stream in winter*". Whatever activity and strategy they undertake should be very careful to prevent possible risk and crisis from happening. The leaders shall be "*vigilant, like fearful of danger and threats on all sides*", because whatever business you do, they always have many competitors, of which, some are good competitors, and others hostile, thus, they must be alert all the time, follow this principle of the Tao. In their behaviour, business leaders must be "*dignified* and *courteous, like a visiting guest in someone's house*", this requires them to work with partners and other stakeholders in responsible and ethical manner. Business leaders must be also "*self-effacing, like ice beginning to melt*", they shall be patient and clam down, and follow it in a natural way when they face the risk and crisis. The character of business leaders should be "*genuine and simple, like a piece of un-carved wood*", they shall concentrate on internal risk management, and remain so honest and calm that problems can be solved. When risk and crises happens, the outlook of business leaders should be expansive and their attitudes be open and receptive, as if a deep valley", they have a big heart just like the valley, so broad and deep that you can defend any disturbance and seductions. The outward expression of business leaders can make them appear *mixed-up as if muddy water*", they must keep their head open and clear when facing the risk and crisis so that the reputation and image of the company won't be damaged by the problems. Only "those who embrace this Tao to take precautions can get rid of risk and crisis, their businesses can be successful and sustainable.

Collins and Hansen (2011) studied companies that rose to greatness—beating their industry indexes by a minimum of ten times over 15 years (called 10Xers)—in environments characterized by big forces and rapid shifts that leaders could not predict or control. The research team then contrasted these "10X companies" to a carefully selected set of comparison companies that failed to achieve greatness in similarly extreme environments. They found that 10Xers differ from their less successful comparisons in how they maintain hypervigilance in good times as well as bad. Even in calm, clear, positive conditions, 10Xers constantly consider the possibility that events could turn against them at any moment. They believe that conditions will—with 100 % certainty—turn against them without warning, at some unpredictable point in time, at some highly inconvenient moment. And they'd better be prepared. 10Xers maintain hypervigilance, staying highly attuned to threats and changes in their environment, even when—especially when—all's going well. They assume conditions will turn against them, at perhaps the worst possible moment. They channel their fear and worry into action, preparing, developing contingency plans, building buffers, and maintaining large margins of safety.

10Xers remain productively paranoid in good times, recognizing that it's what they do before the storm comes that matters most. Since it's impossible to consistently predict specific disruptive events, they systematically build buffers and shock absorbers for dealing with unexpected events. They put in place their extra oxygen canisters long before they're hit with a storm.

3.4.3 Recognizing and Containing the Risk

There is a Chinese proverb, saying that "a dike ten thousand feet long begins its crumbling with holes made by ants; and a room one hundred feet square begins its burning with sparks of fire leaping through cracks of chimneys." Why did the disasters happen? They didn't act in accordance with the principle of the Tao: "*Being well prepared for risk before it rises, being prudent about chaos before it happens (Chap. 64).*" In other words, it is always easier to act on something effectively when it is small. Take care of an issue as early as possible, before it really becomes an issue. Nip a potential problem in the bud so it doesn't get the chance to grow into something serious. "A lot of crises seem to happen overnight, but they have really long roots, like ten to fifteen years in terms of the source of the real problems." This is what Xerox CEO Anne Mulcahy said when she visited Harvard Business School class (George 2009).

We have also seen that there is a risk, business leaders refuse to face reality, and thus they often fail to see the crisis coming. Rather than acknowledging they should have recognized the signals in time, they blame external events and things outside their control. Companies sometimes misclassify a problem, focusing on the technical aspects and ignoring issues of perception. But it is often the public perception that causes the risks and crises.

Collins (2009) illustrates the story of his wife who suffered breast cancer in his book: *How the Mighty Fall: And Why Some Companies Never Give In*. He described that his wife looked like the picture of health, but she had already been carrying the carcinoma. The image of his wife, looking healthy yet already sick, stuck in his mind and gave him a metaphor. He's come to see institutional decline like a staged disease: *harder to detect but easier to cure in the early stages, easier to detect but harder to cure in the later stages*. An institution can look strong on the outside but already be sick on the inside, dangerously on the cusp of a precipitous fall. Machiavelli (2003) also has the same point of view in his book "*The Prince*": "If they be foreseen while yet remote, admit of easy remedy, but if their approach be awaited, are already past cure, the disorder having become hopeless; realizing what the physicians tell us of hectic fever, that in its beginning it is easy to cure, but hard to recognize; whereas, after a time, not having been detected and treated at the first, it becomes easy to recognize but impossible to cure."

China has the same thought-provoking story in the ancient time which can illustrate the problem. Bian Que was a well-known herbalist doctor in the Spring-Autumn & Warring States periods in ancient China. Once he went to visit Lord Huan of Cai. He observed him for a while and said, "Now your disease is at the

surface of your skin. It will get serious if you do not cure it." But Lord Huan of Cai said, "I have no disease." After Bian Que went out, the Lord said to the people beside him, "It is a common fault for a doctor to cure those who are not ill. And finally he would claim the credit for himself!" 10 days later, Bian Que came to visit Lord Huan again. After careful observation, he said, "Your disease has reached your muscle. If you do not cure it now, it will get worse!" Lord Huan still did not pay any attention to his words and was very unhappy. Another 10 days later, Bian Que said to Lord Huan, "Your disease is now in the digestive system. It would be even worse without curing!" Lord Huan again refused to take his advice and was unhappier. Another 10 days later, as soon as Bian Que saw Lord Huan, he left without saying anything. Lord Huan was curious and sent someone to ask Bian Que why. Bian Que said to the messenger, "When the disease was at the skin, in the muscle or in the digestive system, I am able to cure it. But now it is deep in the marrow and no one can cure it." 5 days later, Lord Huan felt pain in his body and sent messengers to look for Bian Que, but Bian Que had escaped to the State of Qin. Soon after that, Lord Huan died of illness.

All the three stories have the same implication for a business leader when they manage risk. A business leader should be like a good physician, when treating diseases, attacks them when they are still in the capillary tubes. This means that they manage risk when it is small. Hence, the saintly man begins to attend to things when it is early enough. In our daily life and as well as business world, we should not overlook small defects because small problems may bring about disasters in the future. If you want to achieve success, you have to start out small. It also holds true for solving difficulties and risks. If you only focus on the disappointing trouble as a whole, you will lose heart.

Sanlu's melamine scandal in China is the case for illustrating the above problems. On 12th September 2008, the Chinese government ordered the nation's biggest manufacturer of milk powder, Sanlu Group, to halt production because its powdered infant formula was found to contain melamine, a nitrogen-rich chemical, ingestion of which could cause kidney stones. The national inspection agency further discovered that milk products manufactured by 21 other dairy companies tested positive for melamine. Sanlu was reported to have received its first complaint of illness as early as December 2007. However, news of the problem only surfaced nationwide after Sanlu's New Zealand partner, Fonterra Cooperative Group, alerted the New Zealand government in September 2008.

Sanlu received the first complaint about its melamine-laced milk powder as far back as December 2007. The first documented exposure of Sanlu's problematic powder was posted on a popular internet community by a consumer. Most of the other Sanlu milk contamination cases were found in the Hebei, Jiangsu and Gansu provinces. About 3 months before the milk scandal leaked in September 2008, a local newspaper in Jiangsu had reported a rising number of babies diagnosed with kidney disease over the previous 2 months. Around the same period of time, the health department in Gansu also received a report from a local hospital in mid-July indicating a surge in cases of kidney ailments among babies, stating that most of the affected had been drinking Sanlu's infant formula. However, soon after the scandal

broke, Sanlu apologised publicly for the incident, but denied about the urgency and severity of the challenges they were facing, and blamed external suppliers for their problems, for example, Sanlu said that its milk suppliers had added melamine to the milk before selling it to them. The company failed to explain the delay in alerting the public to the contamination. The local government of Shijiazhuang, where Sanlu was headquartered, was also blamed for holding back the news from the central government. By the end of September 2008, about 53,000 young children were found to have been sickened due to consumption of melamine-laced dairy products, and at least four babies had died from kidney failure. The melamine scare resulted in many countries recalling and banning goods using milk products from China. The milk crisis was soon regarded by the World Health Organisation as one of the largest food-safety events in recent decades.

3.4.4 Strategy for Responding to Sustainability Risk

In today's socially conscious environment, companies are exposed to scrutiny of stakeholders in social and environmental issues. Risks tied to perceptions of over-consumption of water and reputational risks linked to investments in projects with potentially damaging environmental consequences. Additional trends in sustainability risk include risks to financial performance from volatile energy prices, compliance risks triggered by new carbon regulations, risks from product substitution as customers switch to more sustainable alternatives, and risks associated with the way in which a company and its staff conduct themselves including matters such as culture, tone from the top, governance, how customers are treated, remuneration of staff and how companies deal with conflicts of interest. Therefore, companies are increasingly confronting the risks and crises emerging from corporate social responsibility and sustainability issues.

A business finds itself being criticized for some action it has taken or failed to take. The stakeholders and civil society have the power in exerting enormous pressure on businesses, and wielding significant influence on public opinion, causing firms to take or not take particular courses of action. Stakeholders need a quick response with information about how the company plans to resolve the risk and crises, as well as what they can do to mitigate negative effects to themselves. It is necessary to communicate specific issues to stakeholder groups, including remorse for the event, guidelines as to how the organization is going to address the crisis, and criteria regarding how stakeholder groups will be compensated for negative effects.

What strategies does a company take to respond to them leads to different consequences when the social and sustainable risks and crises emerge? The strategies that business response to risks and crises can be categorized as the reactive (or obstructionist), defensive-accommodative and proactive (Carroll and Buchholtz 2008). The reactive strategy involves denying responsibility and doing less than is required. The defensive strategy acknowledges only reluctantly and partially the responsibility issues that may be raised by the firm's stakeholders. The

accommodative strategy attempts to satisfy stakeholder demands and the proactive accepts and anticipates stakeholder interests.

Few leaders are willing to accept responsibility for their mistakes. Instead, many ignore problems and hope they go away. Most business leaders take reactive (obstructionist), defensive strategies instead of accommodative and proactive. They often go into denial about the urgency and severity of the challenges they are facing. Or they tend to blame external events, people, or organizations for their problems. Without accepting that the problem is theirs to fix, they cannot understand what they are dealing with. Often the hardest part is to acknowledge their role in the origins of the crisis. Even when leaders acknowledge their responsibility, they may face significant resistance from their organizations in solving it because people have great difficulty in admitting their mistakes (George 2009).

One of the most important principles of Tao is softness and pliancy like water and feminine, and therefore, Laotzu suggests a softer stance so as to reduce or avoid risks and crises, that is accommodative and proactive stances. Laotzu says (Chap. 78)

Nothing in the world is softer than water
Yet nothing is better at overcoming the hard and strong
This is because nothing can replace it
That the weak overcomes the strong
And the soft overcomes the hard

Water appears to be the weakest and softest thing in the world, and is the ultimate symbol of the yielding and flexible aspect of the Tao. At the same time, there is also nothing better than water at dissolving the hardest and most unyielding rocks. This observation of water teaches us that despite a yielding, humble appearance, the weak overcomes the strong and the soft overcomes the hard. This is a principle that we can all understand, but somehow cannot put into practice in real life. We still have a tendency to meet force with force. Business leaders can learn from this wisdom that those who have the strength to accept problems and crises, they can possess the power embodied in water—seemingly soft and weak, and yet able to overcome the hard and strong. If they apply this power to business, they would achieve competitive advantage in the business world. Therefore, by embracing the seemingly weak and soft, a business leader can gain personal power to overcome risks and crises and achieve sustainable development.

However, if business leaders take the opposite stance, like obstructionist and defensive stances, they will bring about failure and calamity. Laotzu always opposes these actions. He warns that:

The stiff and hard are companions of death,
And the tender and supple are companions of life.
The strong army does not win, a stiff tree shall break.
The hard and strong have disadvantage and shall fall, while
The tender and supple have advantage and shall live.

Life is characterized by softness and pliancy, while death is characterized by stiffness and rigidity, just like our body and trees. We can generalize from this

observation and link death to that which is hard and unyielding. Life would be linked that which is pliable and thus capable of growth and adaptation. This applies not only to flora and fauna but also to all aspects of human existence. For instance, an army that cannot adapt to the ever-changing conditions on the battle field will soon find itself out-maneuvered and defeated by an enemy that is more nimble and flexible. This implies for business leaders who are forceful and aggressive may seem to have the upper hand, but in fact occupies a lower position of disadvantage. Conversely, being yielding and flexible may be perceived as a weakness, but is in fact a great strength that occupies a higher position leading to victory and success.

The risk and crisis is not going to fix itself, so denying its existence can only make things worse. That reality must start with you and your acknowledgment of your role in the crisis itself. Then you have to guide your organization to face reality as well. John Hope Bryant (2009), who lived as a homeless person early in his life, is the founder of Operation HOPE. He has raised $500 million to focus on financial literacy for the poor and serves as vice chair of the President's Council on Financial Literacy. In *Love Leadership*, Bryant writes, "Vulnerability is power", he says:

> Admitting weaknesses and owning up to mistakes have counterintuitive benefits. When you are honest, people are more likely to forgive you any weaknesses and mistakes. You are also able to make a stronger connection with others. That ultimately gives you an ability to persuade and influence people, which in turn strengthen your ability to lead.

Laotzu has the same opinion (Chap. 73)

> Those who are courageous in daring bold shall be killed,
> Those who are courageous in not daring shall survive.
> . . .
> The best leader,
> Does not contend, yet, he wins easily,
> Does not speak, yet he gets a good response,
> Does not demand, yet, all needs are met.

This passage reveals the wisdom which is those who possess courageous resolve but advance with caution are congruent with the Tao, and that is why they seem to be favoured by the heavenly powers. The lesson for business leaders is that they should know the distinction between courage and daring. Courage means being resolute, dauntless and firm; daring means throwing caution to the winds, full speed ahead and damn the torpedoes. One is an inner quality born of conviction; the other is an external display of bravado. Therefore, business leaders who possess this inner quality are similar to the Tao in the following ways:

- Because they are unadventurous, they do not struggle against others, just as the Tao contends against no one. But despite this seemingly yielding nature, they consistently achieve their objectives in the long run.
- They are quiet and unassuming, just as the Tao does not speak. However, they remain ever responsive to changing conditions out of their sense of caution. When circumstances change, they are ready to alter their approach to better aim for a moving target.

- They are also fully present in all of their activities, just as the Tao is present in all things. They bring mindfulness to their work. By being totally aware in each moment of life, they enhance and deepen everything they do.
- They are composed and prepared, just as the Tao plans and coordinates its myriad movements in a relaxed and unhurried way. They see how flowers bloom when the season is right and not a moment sooner, so they also take their time in thoughtful planning. By being well-prepared, they are able to act with composure and maximize their chances of success. . . when the time is right, and not a moment sooner.

Thus, it is exactly that only because he does not contend, no one is able to struggle with him. Compliance means fortune, and opposition means misfortune. That's why he excels in making people respond without speaking. He takes a low position, the people gravitates to him naturally. Heaven reveals good fortune and misfortune by hanging down the images in the sky, and the plan he sets are verified before things actually happen. While security, he does not forget the threat of danger, and makes plans while things are still in the pre-manifest stage. Therefore, Laotzu says (Chap. 81)

> True words are not beautiful,
> Beautiful words are not true.
> The good do not argue,
> Those who argue are not good.

I want to examine the two business cases to illustrate the different responsiveness strategies and consequences. The first example is about the organizational denial which can be found in the difficulties of the pharmaceutical maker Merck. Merck had with its $2.5 billion pain-relief drug, Vioxx. After an intense battle with Merck over indications of cardiovascular effects from the drug, the FDA approved Vioxx for general marketing in 1999. As large numbers of patients began using the drug and additional studies were completed, concerns continued to arise about Vioxx's safety for cardiovascular patients. Sceptical because the concerns were based on nonrandomized data, Merck executives decided to conduct a 3 year randomized trial of high-risk cardiovascular patients while continuing to market the drug. In September 2004, Merck halted the study at the midway point because results showed Vioxx patients were twice as likely to suffer a heart attack or stroke as those on placebo. Merck CEO Ray Gilmartin courageously pulled the drug from the worldwide market for all users, not just those at high risk of cardiovascular disease. By then Vioxx was linked to more than 27,000 heart attacks and sudden cardiac deaths and a rising flood of lawsuits from plaintiff's attorneys. Merck wisely chose to defend Vioxx on a case-by-case basis, which may have saved the company from insolvency. After 3 years of fighting the attorneys to a draw, Merck announced a $5 billion settlement with the plaintiffs in 2007. The company had finally put its agony behind it. Why did Merck, a company known for its scientific prowess, not take the more conservative course of restricting access to Vioxx? From the outside, it appears that Merck was so committed to using Vioxx to compete in the pain-relief market with Celebrex and other painkillers that it waited until proof

was in from its own scientific study. When the study confirmed the problem, management immediately took action. By then, the damage was done.

Denying reality has destroyed more careers and organizations than incompetence ever did. The first reason is that people always prefer good news or a quick fix. Rarely are they willing to acknowledge that their organization is facing a crisis. Crises often start out in relatively benign ways, and then seemingly minor events escalate into major ones. Unless leaders face reality early, they can easily miss the signals of the deeper crisis that is waiting ahead. Until its leaders acknowledge the crisis, their organizations cannot address the difficulties (George 2009). Many people find reality is just too horrible to face or they are too ashamed, so denial becomes a convenient defence mechanism. If you feel yourself getting defensive, ask yourself, "What am I defending against? How might denying reality make the situation worse?"

The second case is about the proactive responsiveness of Amgen. In 2007 Amgen, the world's largest biotechnology company faced growing safety concerns over Aranesp, its highly successful anaemia drug with $4 billion in annual sales. After 6 years on the market, a series of studies conducted by Amgen, Johnson & Johnson, and others revealed problems with off-label use of Aranesp. To deal with the growing crisis, CEO Kevin Sharer tasked his key executives with developing a plan to address the problems. But he found they wouldn't move until he acknowledged his own role in the crisis. "For a deeply reflective hour, I asked myself what I owned of this problem. I came up with a long list," said Sharer.

When he met with the executives to go over his list, they were stunned that their CEO would admit his errors. This freed them up to address their roles in the crisis and take necessary actions to get out of it. Well aware of the Merck experience with Vioxx, Amgen voluntarily agreed to more restrictive language on Aranesp package inserts. As a result, sales dropped by 26 %, or more than $1 billion, but the company recovered. Aranesp is still on the market, albeit with a reduced patient population, and Amgen's relationship with the FDA is healthy once again.

Reflecting on what he learned from this crisis, Sharer noted, "The toughest thing was to embrace the reality that we had to take action because so many stakeholders had questions about the safety of Aranesp."

Our first reaction was to blame these problems on the FDA. We had to get above the fray and recognize that public health officials had legitimate questions about what was happening. First, I had to acknowledge my role in the crisis. Then we could face reality together by owning the problem and looking realistically at the decisions we had made.

Sharer stresses the importance of being adaptive to new realities in a crisis. He notes that many CEOs fail to adapt because they get stuck in a comfortable mind-set with their version of reality. He cites his favourite analogy from biology: "*What species survives? The biggest? The strongest? The fastest? No, it's the most adaptive*."(George 2009).

4 Conclusion: Risk Management, Competiveness and Sustainability

A responsible and sustainable business in an uncertain world must be prudent to any threats of risks and crises, particularly be concerned about the social and environmental issues and emerging national and global regulations. Laotzu offers us the roadmap for business to achieve a competitive and sustainable goal. He emphasizes in Tao Te Ching (Chap. 59):

> Those who lead the people, just like caring for their body,
> Shall be prudent in conservation
> To be prudent is to be well prepared from the beginning.
> To be well prepared from the beginning is to build up virtues.
> By building up virtues, nothing is impossible to be conquered.
> When nothing is impossible to be conquered, one gains unlimited capacity.
> Those who have unlimited capacity can lead the organization.
> Those who hold on to this principle and value of conservation,
> Shall govern the organization sustainably,
> Being built on the firm foundation,
> The organization shall be grown and sustained.

This passage describes the sustainability roadmap for business leaders: to be a sustainable company, Laotzu claims that people shall be prudent in conservation, valuing and using efficiently natural resources, and caring for environment. In doing so, business leaders must be well prepared at the early stage and be precautious of what they are doing so that when risk and crisis arises, they are well prepared to avoid and solve it. One of the important measures to avoid and solve risk and crisis is to build up virtues, i.e. doing business in a socially responsible way, this can win in the competitive market, and therefore, thus, business leaders have the capacity of leading the people and governing organization. To thrive and sustain their organizations, they must hold on to the principle of the Tao (the Way and Virtue). When it comes to serving the society and protecting natural resources and environment, there is nothing like the principle of conservation—the principle of valuing and using efficiently natural resources and caring for environment. The best way to conserve the resources is to be prudent and well prepared for risk and crisis in an uncertain environment. It is in business leader's responsibility to give up any business activities which can consume too many resources and deteriorate environment as soon as possible. Over-consuming resources and damaging environment can bring risk and crisis to the organization and society as a whole. The sooner business leaders stop wasting resources and energy in environment, the sooner they can start accumulating virtues—social and environmental values—in their organization.

When they accumulate virtues by holding on to socially and environmentally responsibility, business leaders can become powerful and competitive, and there are no obstacles they cannot overcome. Once they move beyond the limits that hamper most people, business leaders can gain power over themselves, as well as a natural authority that people respond to. They are able to influence them effortlessly

because their respect for them flows naturally. This is the mother principle of true authority. Unlike the transient power achieved through force or domination, it is a positive force that lasts. With this lasting power, business leaders will have a firm foundation upon which to build harmonious and enduring society. This positive force takes root deeply in the hearts of people and also in business leaders. It is the Tao of sustainability—a vision of everlasting harmony and leadership.

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Wisdom as Performance: A Dialogue Between the Chinese, Greek and Biblical Traditions

Benoît Vermander

1 Introduction

The long-term sustainability of any institutional, economic or cultural system largely depends on the wisdom displayed by the ones who live within it and manage it on a daily basis. As every system is affected by entropy, "wisdom" is concerned with reversibility and adaptability, so as to ensure survival and sustainable growth. Ultimately, wisdom deals with questions of life and death: in times of emergency, drastic decisions may be called for, and the future of the community relies on the wisdom of those called by tradition or by necessity to decide on a course of action. It is against such background that "wisdom" can be approached as a set of *practical knowledge* anchored into a given tradition or culture. Social actors make use of such knowledge for patterning their behaviors, reaching appropriate decisions and following optimal course of action. This being said, what is the expression "a set of practical knowledge" supposed to mean? What kind of "knowledge" do we refer to? Generally, social scientists privilege a "cognitive" approach, according to which various wisdom systems make conflicting or, alternatively, mutually acceptable truth claims. In other words, wisdom-related "knowledge" organizes information that have to do with the way of optimizing the conduct of one's life—and different wisdom systems hold different opinions on the most accurate and relevant information needed for that purpose. In this light, a given system of wisdom is more or less similar to a *basket* in which content is stored under the format of precepts, proverbs, stories or teachings. While acknowledging the helpful character of the "basket" metaphor, I suggest here we start by considering wisdom systems as *looms* that allow one to develop ever-evolving weaving patterns. In other words, "wisdom systems" are to be understood as open categories that unfold their meaning and

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© Springer International Publishing Switzerland 2016

A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_7

relevance only when they are reworked and understood anew. Wisdom cannot just be stored: only through the action of the weaver can it be shaped and brought into life.

In this essay, I will argue that the three wisdom traditions I am investigating here were less interested in storing a given set of principles for conduct and decision than in shaping an inner attitude that would escape all attempts at codifying and encapsulating its tenets. I will first highlight the fact that "wisdom" in the Biblical narrative refers to a vast array of meanings that take different connotations according to the other terms it resonates with. In parallel, Chinese wisdom is meant to foster a humanization process anchored into a sense of quest that the major Chinese classics describe and detail. Likewise, ancient Greek philosophy was initially understood as a *performance*, which highlights the fact that wisdom was not supposed to be equated with a given set of propositions and axioms. The interplay between Greek, Chinese and Biblical texts will then lead us to intuit that "wisdom traditions" continue to unfold and take new meaning throughout the process of interactions and reinterpretations we submit them to. In the end, the fact of being attentive to the continuing evolution of meanings and practices inherent to major wisdom traditions will help one to imagine and symbolize the wisdom she/he is called to live by. Shaped and carried by evolving and sometimes sinuous wisdom traditions, our responses to ever-changing situations are fostered by an inner process of evolution and maturation. Ultimately, wisdom is as much the fruit of our decisions as it is the roots from which they can grow.

2 Biblical Tradition and the Commonality of Wisdom

2.1 A Plurality of Meaning

Within the Biblical corpus, and throughout the ages and schools that interpreted its content, the term "wisdom" has developed a variety of meanings:

- "Wisdom" may refer first to the "common wisdom", which comes from experience and observation and finds expression in our skills, cunnings and crafts. The Bible elaborates its own corpus on "Wisdom" upon the findings of such "common wisdom", while underlining its limitations in times of crisis: "He speaks and causes storm. (. . .) They shook and were agitated like drunkards and all their wisdom[1] came to nothing." (Ps. 107: 27).
- In this line, "wisdom" occasionally takes a polemical tone, and the term is identified with "false wisdom", with illusionary knowledge on the meaning of existence. Wisdom belongs to those men who "sneer and shake their heads" (Ps. 22: 7, see also Luke 23: 35–37).

[1] Also translated as "their skills", "their wits".

- Later on, the term "wisdom of nations" will qualify popular wisdom developed outside of Biblical influence. In the Christian world, the expression will still be in use, either to praise the "wisdom of nations" as a preparation to Revelation or to contrast it with Christian wisdom proper. Likewise, the expression "philosophical wisdom" will refer to the schools that intend to lead their adepts on the way of a "reasonable life" through the exercise of their reflexive faculties. A similar meaning has been activated today by the frequent reference to various "oriental wisdoms", which are indeed "philosophical wisdoms" in the classical sense of the term: teachings and practices aimed at releasing a practitioner's innate ability to orient herself towards inner knowledge and peace of mind.
- Wisdom can also designate the textual body of the Bible's sayings, proverbs and stories that build on the "wisdom of nations" while reinterpreting it according to God's revelation to Israel.
- It is in this context that "Wisdom" refers also to the feminine speaker bearing that name in the Book of Wisdom (chapters 6–9; see also Prov. 8, Job 28, Si. 24, and Bar. 3: 9–4: 4). "The figure of Woman Wisdom ... offers all the gifts of wisdom, and she then claims to have a unique relationship with the creator God (Prov. 8: 22–31). She stands at the crossroads, therefore, between the quest for understanding, undertaken by human beings across the generations, and the wisdom that ultimately comes from God, which humans cannot fully know." (Dell 2008: 3). Later on, this "personified wisdom" will be identified by Christian exegetes either as the Incarnate Verb or as the Spirit of God, or according to some other concepts from the Christian theology. In any case, it is clear that the Book of Wisdom, and also Proverbs (in 8: 22–31) understand Wisdom as the self-manifestation of God in history.
- In the context of the New Testament and of latter-day Christian literature, "wisdom" can sometimes simply refer to a habit (*habitus*), to a virtue or a set of virtues developed throughout life by internalizing Christian teachings and the moral practice that goes with them. "Christian wisdom" will thus be contrasted with the "wisdom of the world" (1 Cor. 1: 22–25 and 3.18).
- But wisdom can also refer to the "gift of wisdom", per reference to the scriptural texts as well as to theological elaboration: the promise forwarded by Isaiah (11: 1–3) and the prayer attributed to Solomon (Wis. 9: 1–12) open up the claim that wisdom is less transmitted or acquired than it is received, as a gratuitous gift. Within this tradition, wisdom will ultimately be called the pre-eminent gift of the Spirit, that by which man can judge of things divine.
- Finally, in the context of the New Testament and of patristic literature, "Wisdom" can be an adjective applied to Christ, "eternal wisdom of the living God" (a meaning already prepared by the reading of Mt. 12: 42). The object of revelation is then Wisdom itself, which is none other than the saving purpose of God manifested into our very humaneness.

Does one have to choose between these various meanings? It is rather the plurality of these uses that in fact creates a dynamic relationship between "wisdom" and "revelation", a relationship that has historically determined the evolving ways

through which Christian theology has defined its place and role within the wisdoms, cultures and religions of the world.

2.2 A Place of Confluence

Wisdom is a latter-day, though a key category within the Biblical corpus. The reading proposed by Paul Beauchamp helps one to reach a transversal understanding of the notion, while explaining both its lateness and its crucial function: "Wisdom can be defined as a 'counter-idol', and, likewise, the Book could be defined as a 'counter-image.' Indeed, Wisdom occupies the same space as the one in which the idol stands: the world, the creation, that which is neither man nor God. Instead of closing the passage, she opens it. But Wisdom takes shape in the same place as the image does, at the threshold where the desire chooses its direction. . . . Wisdom hastens to God, led by a prophetic impulse. Understood in this light, Wisdom can be associated to what tradition calls the *figures*[2] of the Old Testament. . . . Wisdom is not a *figure* per se, but it includes all the *figures*, the place of truth where each one of them, in a 'here and now', has been actualized." (Beauchamp 1982: 77). The symmetry thus established between the [Biblical] Book and Wisdom is not merely formal: It is Wisdom that shapes and closes the Book by recognizing and organizing the plurality of voices that it contains. There is somehow a "democracy" of Wisdom, because its teachings cannot be monopolized by anyone. In contrast to the Prophet and the Lawgiver, the Biblical Sage is always a "singular plural": "The Wisdom Books are meant to give voice back to the people, to whom the Law and the Prophets had been {unilaterally} speaking." (Beauchamp 1977: 142).

Biblical wisdom is thus in a *mediating position*: it mediates between man and God (that is to say, it establishes a bridge between God's transcendence and the immanence of the human world through the narrative offered by the personified Wisdom of the eponymous book); it also mediates between the Law and the Prophets as well as between Israel and the Nations; finally, it is the medium through which all human relationships can grow harmoniously, because it is always both the fruit and the principle of transmission ("A father's lesson (is) a son's wisdom" Prov. 13: 1[3]). At the same time, Wisdom presents itself as a confluence of *figures*, images and stories. At such, it constitutes a language—a language that is both as universal as images and sketches can be and as diverse as the people, in its variety of experiences, maxims and expressions.

Therefore, Biblical Wisdom cannot be defined as a fixed content but rather as a "place of confluence" (a "crossroads", cf. Prov. 8:2), a fluid space, a path that

[2] Figure: *figura*, i.e. an allegory, a symbol prefiguring a latter-day event or person.

[3] This translation captures better the meaning of the sentence than the traditional: "A wise son heeds his father's instruction."

develops its course throughout the upheavals of history—for instance, post-exilic wisdom cannot be equated to the teachings and experiences lived and understand prior to Exile: such a trauma has changed its style and stresses. The vulnerability of wisdom is linked to its plurality; the images that compose its ever-changing language offer to its listener approximations that need to be perpetually updated according to the course of historical experience. But its very vulnerability allows Wisdom to be the space in which a dialogic encounter occurs and develops—a dialogic encounter among people and cultures, as well as between human and divine languages.

3 Chinese Wisdom: As Ice Melts in the Spring

3.1 Natural Light and Stratagems

In Classical Chinese, the character *zhi* 智 goes with a variety of meanings that somehow echo the ones found in the English word "wisdom" (see Vermander 2011, 2014: 48–58). On the one hand, *zhi* refers to an inner "realization", to a specific form of *knowledge* that is rooted in the heart's natural light (the character for "knowledge" is 知, *zhi*). On the other, it points towards a talent to elaborate "stratagems", to adapt according to the way things change and develop. One of the most famous sentences in the *Analects* of Confucius says that "the wise man" (*zhizhe*) takes pleasure in contemplating the water, while the "good man" (*renzhe*) enjoys watching the mountain (VI, 23). Confucius suggests here that "wisdom" and "goodness" (or "humaneness") complement each other, as water and mountain together compose a landscape that contents the eye and the heart. At the same time, if water provides one with a privileged metaphor for wisdom it is due to its ability to turn, flow downhill, and adjust its course. In contrast, the mountains suggest the immutable goodness of a constant heart. Mencius will reconcile the immutability of a constant heart and the adaptability of water by refining the metaphor: "Water certainly does not distinguish between East and West, but does it fail to distinguish between up and down? The goodness of human nature is like the downhill movement of water—there is no person who is not good, just as there is no water that does not flow downward." (Mencius, 6A: 1).[4] Sarah Allan (1997) has rightly underlined the centrality of water (and plants) metaphors in the cognitive and spiritual resources proper to ancient Chinese thought: they were providing foundational images of interconnected moral, social and cosmological realities.

Later on, the expression *zhihui* 智慧 was popularized by the Chinese translations of the Buddhist Sanskrit term *Prajna*, meaning perfect wisdom and knowledge.

[4] I follow here the translation of Edward Slingerland (2011), who comments extensively on this excerpt of the Mencius for illustrating the relationship established between body, emotion and thought in the argumentative strategy developed by ancient Chinese philosophy.

Other expressions, especially the one of *shengren* 聖人 (Sage or Saint), refer to the ancient Kings of legendary times, models of wisdom whose capacity to act according to natural laws made them transcend the distinction between the Self and the cosmos. In the same line, the Daoist *zhenren* 真人 (authentic man), refers to the one able to dwell within himself in such a way as to abolish the frontier between Heavens and Man.

Note also that, in these texts, the quest for wisdom is not seen as being "optional"; as was also noted in the context of Biblical wisdom, it is rather described as a "life and death" endeavor. Mencius may be the one who has spoken of such endeavor in the most eloquent fashion: "Humanity (*ren*) is man's mind, and righteousness (*yi*) is man's path. Pity the man who abandons the path and does not follow it, and who has lost his heart and does not know how to recover it. When people's dogs and fowls are lost, they go to look for them, and yet, when they have lost their hearts, they do not go to look for them. The way of learning is none other than finding the lost mind." (*Mencius*, 6A: 11).[5] In this text, "learning" is not distinguished from the process of growing in wisdom, a process both concrete and intuitive that leads one both to know oneself and to enter with just, benevolent relationships with the people around him. The integrative character of the process is described in the following way: "All things are complete within me. If I am reflexive and sincere (with myself), there is no greater joy. If I strenuously cultivate altruism and act accordingly, then "benevolence" is not for to seek, but right by me." (*Mencius*, 7A; 4).

3.2 Parables and Escape

At the same time, Chinese wisdom, as expressed in ancient texts (say, from the time of Confucius to the start of the Han dynasty) works preferentially through stories, sayings and fables. Stories are a privileged vehicle for wisdom: they inspire the listener without obliging her to reduplicate a specific course of action. It allows the listener to continue the storyline, building on preceding "episodes" for inventing her own solution to the problem she is meeting with—while the decision she will take will be based indeed on the rumination of the stories heard in the past.

One recurrent topic may illustrate the point here at stake—and it is the one of the father-son relationship. In all cultures, the process through which a father gives advices to his son exemplifies the learning of wisdom. And such learning encompasses the understanding of what it means to be a son as it constitutes the best way to eventually become oneself a father: "He who honors his father will find joy in his own children." (Si. 3: 5). What does it mean to be a son? This question was often

[5] Except for the passage of Mencius 6A 1 already mentioned, translations of the *Mencius* and of other Chinese Classics are based on Chan (1963), Hinton (1999), with some modifications based on my own reading and other translations.

pondered upon by Confucius and his disciples as well as by latter-day thinkers. The term "filial piety" (*xiao* 孝) points towards a virtue without which no other virtue could be acquired. In the course of history, traditional expressions of filial piety have been criticized as simple formalism or as an impediment to personal freedom. These criticisms are not unfounded. But, taken at its root, filial piety opens up the space of wisdom.

The *Analects* stress the fact that the root of virtuous conduct is the love and respect for one's parents, love and respect inscribed into one's nature though it needs to be nurtured through rites and education (*Analects*, II, 5–8). The nurturing of filial piety fosters the virtue of benevolence. At the same time, when shared among all people it reaches its full social efficiency: "When the dead are honored, and the memory of the ancestors is alive, the strength of a people reaches its fullness" (*Analects*, I, 9). Filial piety makes us connect with the ancestors thanks to whom we are able to experience the mystery of birth and growth—and it makes us participants into this process of growth. Filial piety requires from us to become anchored into the soil of life so as to undergo and experience the fullness of growth in all things humane. True filial piety even includes the duty to disobey. A textbook case is discussed by Mencius when speaking about Shun, one of the mythical emperors of ancient times: how to practice filial piety when you have the misfortune of having a degenerated father? Shun does not inform his father of his marriage, fearing that his father, by prohibiting it, would sin against himself by breaking the principle of continuation of generations.[6] This constitutes true obedience, which is thus to be distinguished from mere formal docility. The father-son relationship leads one to enlarge its meditation on beginnings and origins: Because she has endorsed the sweetness, the fragility of life, "the one who is filled with virtue is comparable to a baby" says the *Laozi* (55). "Her bones are weak, her sinews feeble, but with power she grabs." (*ibid.*) For the Chinese Sages, the infant is the one who stands closest to her origin. We must likewise live in profound agreement with the breath of the cosmos that surrounds and sustains all things, shaping the rhythm of our breathing on the movement of the bellows[7] that activates Heavens and Earth.

The example of the infant may help us to go one step further: wisdom *tends to erase and perpetually displace its own positioning*. Chinese wisdom takes its model on the infant, on the fool, sometimes on the madman,[8] and so much so because it always leads one back to the two extremes of birth and death that challenge all "positioning." Chinese wisdom thus reveals that any true quest for wisdom is based on *loss, transition and escape*. Wise men must be cautious "as the one crossing a lake in winter" (*Laozi,* 15) for it is sometimes wisdom that breaks down, "as ice

[6] "If Shun had told his parents he would not have married. A man and woman living together is a great bound of humankind. If he'd told his parents, he would have forsaken that great bound, and that would have been an act of hatred towards his parents. That's why he did not tell them." *Mencius*, V.A.2; see also IV.A.26.

[7] "The space between heaven and earth isn't like a bellows? Empty, by not shriveled up, set it in motion and always more comes out." (*Laozi*, 5).

[8] See for instance *Zhuangzi* chapter 18.

gives way to spring" (*ibid.*). Chinese wisdom locates itself just on this joint, on this passage between the solid and the fluid, at this moment when one may lose one's footing—and yet one has to continue. The prevalence of aquatic metaphors in its stories and rhetoric suggests that it does not pretend to have a "bottom", a core teaching, that it is fluid and bottomless. The surrounding culture has often betrayed, distorted or contradicted such original wisdom, but it still operates as a paradoxical teaching that finds in the text the spirit what overflows its letter on all sides—and it is after all Wisdom itself that declares: "Renounce your sageness and discard your wisdom." (*Laozi*, 19).

4 Greek Wisdom as a Spiritual Exercise

The flexible and practical character of Biblical and Chinese wisdom systems might not come as a total surprise to the reader. However, stating that Greek *philosophia* (love of wisdom, or rather: attempt at reaching wisdom) exhibits similar characteristics may sound more provocative. The vastness of the subject matter makes it impossible to deploy here a general argument. I will content myself with the presentation of the work of an author who has famously argued that ancient Greek and Latin philosophies had to be understood in relation to their status as "spiritual exercises."

4.1 Shaping the Soul

The French philosopher and historian Pierre Hadot (1922–2010) has summarized his life research in a book that develops the following thesis: ancient philosophy was primarily a set of concrete practices aimed at shaping the soul (Hadot 1995a; see also Hadot 1995b, 2002; Force 2011). Such goal was much more important for philosophers than the one of attaining doctrinal coherence. This helps one to assert why, for instance, the Emperor Marcus Aurelius (a leader with the needed qualifications for being qualified as "wise" if there ever was one) is to be seen as a professional philosopher, not as someone whose *Meditations* would merely reveal to us the contradictions and struggles of a man abandoned to solitude. Marcus Aurelius' Stoic goal of achieving peace of mind is anchored into firm thought, sound arguments and technical philosophical vocabulary (Hadot 1995a: 61). At the same time, attention to texts and methods make us more sensitive to the universal nature of the wisdom systems that these texts illustrate. Writes Hadot: "In the final analysis, there are relatively few possible attitudes with respect to our existence, and, irrespective of historical influence, different civilizations have been led to similar attitudes." (Hadot 1995a: 69[9]).

[9] I follow here the modified translation offered by Force (2011: 27).

Hadot's point of departure is also methodological: Any historian of philosophy is led to recognize that there are a number of contradictions in Plato and Aristotle. A traditional way of writing a history of philosophy has been to account for these contradictions by reconstructing a supposed overall coherence or a line of progressive evolution in their thinking. But, according to Hadot, such attempts overlook the fact that ancient philosophy was a practice grounded in the exercise of debate and dialogue: "The philosophical work is always implicitly a dialogue. The dimension of the possible interlocutor is always present within it. This explains the incoherencies and contradictions which modern historians discover with astonishment in the work of ancient philosophers. In philosophical works such as these, thought cannot be expressed according to the pure, absolute necessity of a systematic order. Rather, it must take into account the level of the interlocutor, and the concrete tempo of the *logos* in which it is expressed." (Hadot 1995a: 109).

Therefore, the goal of ancient philosophers was "to form more than to inform" (Victor Goldsmith quoted by Hadot 2002: 46). Another way to express the same idea is to say that philosophy was primarily regarded as a therapy of the soul. This healing process was linked to the *performance* aspect of a philosophical dialogue, In the oral culture of dialogue, terms and sayings were given meaning through the performance of exchange happening in a given time and space. The fact that philosophy is no longer a "speech" makes us much less sensitive to the fact that is it originally a wisdom exercise aimed at the healing of the soul.

4.2 Wisdom, Dialogue and Language-Games

For Hadot (2004), Wittgenstein had somehow recaptured this ancient tradition of philosophy as therapy: *language-game*s are a way to reintroduce the performance dimension of philosophizing. Let us follow this track by investigating the ways through which the dialogic practice is analogous to the intertwining of wisdom traditions into new wisdom practices.

Different dialogic styles can be considered as different *language-games*, the rules of which are linked with different forms of life (see Vermander 2010). As far as we agree to see in language-games "ways of using signs simpler than those in which we use the signs of our highly complicated everyday language" (Wittgenstein 1969: 17), then a basic feature of genuine dialogue comes to mind: letting my partner understand the tenets of my position and emotions will require limits upon both the extent and the use of the vocabulary and syntax that are solely mine so as to align with the frontiers of her own semantic and syntactic field—and the same will be true for her. The more our dialogue initiates on the basis of different experiences, worldviews and linguistic resources, the simpler the linguistic and cultural rules of our exchange tend to be. The first part of the dialogic process will constitute in determining the rules that govern our interchange; it is on this basis that "we {will} see that we can build up complicated forms from the primitive ones by gradually adding new forms." (Wittgenstein 1969: 17).

An early example of philosophical dialogue explicitly understood as a "language-game" relying on a set of simple rules is provided by *Gorgias*, 449c: "Will you continue to ask and answer questions, Gorgias, as we are at present doing and reserve for another occasion the longer mode of speech which Polus was attempting? Will you keep your promise, and answer shortly the questions which are asked of you?" Livio Rossetti has opened new perspectives on the Socratic dialogic method, showing that the formulation of its rules was inseparable from the sudden generalization of the term of "philosophers" at the very end of the fifth century BC: The coding of the dialogic performance and the invention of the figure of the "wisdom lovers" were part of one and the same endeavor (Rossetti 2011). Interestingly enough, the birth of the philosophic dialogue coincides with a steep decline in the production of new tragedies. Argumentative dialogues and plays already entered into the repertory may have then been performed as public readings (Rossetti 2011: 126–7).

5 Wisdom, Dialogue and the Sustainment of Life

5.1 Wisdom and Dialogic Performance

An evolution similar to the one happening in Greece had occurred in China some decades earlier. In his time, Donald Holzman made a striking observation: "It is in the discussion of particular facts of human existence that Confucius, and after him the philosophers in the conversational tradition, produce their particular insights, short, incisive stabs, into the human condition. To organize his insights into a system would be to devitalize them; therefore his disciples have tried to keep them as close to their original, particular, concrete form as possible and have preserved these Conversations or sayings on different particular occasions. The same can be said for all the later philosophers in the conversational tradition. And the fact that this can be said for later philosophers is important: it shows that the form of the Conversations is not an archaism, the fumbling attempt of the first Chinese philosophers to put their ideas, pell-mell, into some sort of order, but is an integral part of Confucius' thought, and, indeed, an important clue to the character of Chinese thought in general." (Holzman 1956: 226).

Holzman's statement needs to be somehow qualified: Confucius' dialogic style as recorded in the *Analects* was a novelty, as was the case for the Socratic dialogues. If their followers were somehow reduplicating the Masters' attempts, they also needed to constantly change the rules of the game so as to adapt to a new and enlarged field of players, keep the element of surprise essential to the dialogic interaction, and also adapt to emerging philosophical issues. This is why Mencius notably differs in style from Confucius, Zhuangzi develops rhetorical stratagems of his own, and Yang Xiong (53 BCE–18 CE) in his *Exemplary Sayings* (*Fa yan*) makes a conscious attempt at re-patterning philosophical teaching on the *Analects* model,

although he largely deletes the narrative elements that characterizes this seminal work. In the same vein, the distance taken by the latter-day Plato and, most importantly, by Aristotle vis-à-vis the Socratic method has weakened the link initially created between a given dialogic style and the philosophical endeavor per se (Rossetti 2011: 265–277). The dialogic endeavor generates and regenerates wisdom traditions while being in need of constant reinvention.

What is of special importance for us is the following: If we chose to consider dialogic styles and the wisdom traditions they express as ever-evolving "language-games" we are thus led to stress the fact that dialogic attempts *are continuously associating into a whole*, and this beyond the differences of purposes, styles and institutional contexts. To say it otherwise, dialogic wisdoms can be seen as a *continuum in time and space*, a continuum that links their expressions into an inchoate and continuous conversation. It is at this point that our preceding findings may come together: insofar as different wisdom traditions are characterized by the fluidity that make them "dialogic" in nature, they are prone to be continued, enlarged and transformed by their inclusion into "language-games" that progressively link them into a whole. It is precisely the fact that they can connect one to another into an ever-expanding dialogic network that defines them as "wisdoms."

5.2 Wisdom as Mapping

As I have made clear already, the one in charge of taking decisions for a given community so as to ensure its survival and growth—the wise leader, as it is often said—is not wise by the fact of being rich of a given amount of stock sentences and principles. He/she certainly anchors himself into a given heritage. However, at the same time, he is engaged into a constant work of reinterpretation and reformulation, a work that changing circumstances as well as contacts with other wisdom tradition encourage him to undertake. It is his capacity to engage into dialogue that actually makes him wise. Wisdom evolves, as languages do: changes are fostered by expanded contacts and social inventiveness.

At the beginning of this essay, I have warned against a "cognitivist" approach of Wisdom: specific wisdom systems are often described as informative propositions making truth claims about alleged objective realities The criticisms addressed to the cognitivist approach can be many. The most important one is that no meaning can be univocally associated to a single proposition: "referring" means to look at the syntax of a system of propositions (if you look at the Biblical wisdom system for instance, every single proposition will have met its contrary within the system itself, which obliges you to look at the way these propositions are organized into a whole). The *context* of specific wisdom claims and their *purposes* (exhorting, teaching, admonishing) are also to be taken into account, all this making the cognitivist description of a wisdom system a most tricky endeavor (Lindbeck 1984; Barrett 1988).

A second approach has been called the "experiential-expressive" model. Here, wisdoms would be described in terms of "experiences": wisdoms would be pre-linguistic, pre-thematic realities, anchored into the deep consciousness of the self or of the community. However the definition of such "essence" is often vacuous, logically flawed, and empirically useless. The line separating "experiences" and conceptual systems is murky, as the latter inform the way we experience reality A classic example of this is the one provided by color codes: the taxonomy of colors (let us think about the distinction or amalgamation between blue and green) contributes to shape their perception Said otherwise, the possession of *some* form of language is a precondition for the possibility of experience.

This is why the "cultural-linguistic" alternative may help one to make "wisdom" an operating concept: wisdoms can be defined as "idioms for construing reality", or, put otherwise, as a medium for expressing and transforming experience, knowledge and action. May we assert that wisdoms "work as languages"? Better, maybe, to say that each wisdom system resembles the grammar of a natural language: a given wisdom system exists only in the sense that the syntactic system it constitutes is used to *shape lives* in ways that can be described and accounted for. A wisdom system can also be compared to a *map* that is only useful if it is drafted in such a way as to help an intended set of people (the ones who have been trained to read the map as the rule wants it to be drawn) to go from one place to another. The truth of the map is determined by its capacity to send people where they intend to go (see Barrett 1988). The spreading of wisdom through dialogic transformation thus corresponds to the mapping of a larger territory, which more and more people are able to explore through a common understanding of the rules for reading the map (while keeping in mind that these rules are being progressively transformed throughout the interaction taking place).

6 Conclusion

As theoretical as it may seem to be, the approach sketched above is helpful for illuminating what a "wise leader" actually does: he understands and he applies rules of wisdom insofar as he is interpreting, transforming and sharing them at the same time. Interpreting one's specific wisdom tradition, thus making it more universal by blending, sharing and changing its language, are exactly the operations through which a leader is justly deemed to be wise. Coming back to our introduction: if wisdom is a *capital*, then a wise leader will make its composition change and grow (as a weaver will change a set of threads into a piece of cloth created through the use of its loom).

The attitude and operations described here are akin to the goal and fact of *sustaining life*. An ecosystemic theory of life considers it as a property of an ecological system nurtured by mutuality rather than as a consequence of the biochemical or physical characteristics of any specific organism (Morowitz 1993; Ulanowicz 2009). The web of our wisdom traditions can legitimately be seen as a

threefold reality: an experimental and mental reflection of our ecological system; a meditative conversation on its inner logic; and a common, ever-evolving endeavor for ensuring both global and local sustainability.

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Social Entrepreneurship and Social Learning: The View from Mount Nebo

Granit Almog-Bareket

1 Introduction

> And the Lord said to him, 'This is the land of which I swore to Abraham, Isaac, and Jacob, I will assign it to your offspring. I have let you see it with your own eyes, but you shall not cross there' (Deuteronomy 34:4).

The title of this article refers to "social entrepreneurship". The term that we use in English, entrepreneur, is a French word whose verbal root is *entreprendre*, which means "to start, to undertake, to take upon oneself." So, by definition, entrepreneurship involves beginnings, movements, the short term and present times. In contrast, learning is an action that is developed for the future, for the long term. The challenge that entrepreneurs have to face is how to capitalize on and accumulate for the long term the knowledge and knowhow developed to face challenges that need to be addressed in the very short term.

In the Bible, entrepreneurship is a notion that cannot be found; however, the notion of leadership is closest in its terminology for us to learn from: As a book that starts with the beginning of the world, its leaders tend far more to be leaders who "start and build" rather than those who "maintain." Maimonides, in his *Guide for the Perplexed* considers the central concept to be one of responsibility shared by figures who can assume key positions, such as the leader, the entrepreneur but also the medical doctor (Maimonides' oath) and the judge. The challenge of identifying and training leaders already arose in ancient societies and is a relevant issue for every generation. This challenge is articulated in the words of Moses, who presents to the Jewish people a pivotal criterion in the selection of leaders, including judges, worthy of taking the helm of a nation:

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_8

> Pick from each of your tribes men who are wise, discerning, and experienced, and I will appoint them as your heads (Deut. 1:13).

It is interesting to note that two of the qualities that Moses sees as imperative in this very special kind of leader (leaders who are about to create the first legal system in the history of humanity and are thus, entrepreneurs) are wisdom and profound understanding. Wisdom is naturally required so that the leaders can govern the nation in the ways of the Torah and at the same time, use their powers of judgment. However, Moses adds that they must also have profound understanding so that they can arrive at logical conclusions, initiate the activities expected of a leader and advance both their own goals and the good of their community (Rashi's commentary on Deuteronomy 1:13). However, there is another vital element needed in a leader. This element is mentioned in connection with Joshua, the leader that Moses appoints to succeed him, the man who will follow the path Moses has navigated—"a man in whom is spirit" (Numbers 27:18).

The classical commentator Rashi, the French-born Rabbi Shlomo Yitzhaki (1040–1105), explains the substance of this third required element of the true leader as "one who is capable of measuring the spirit of each and every person"—in other words, the true leader knows what role is the best for each person and relates to that person in accordance with the latter's inclinations, understanding and personality, and without relinquishing the vision that the leader champions.

Over the past few decades, the case study has become a familiar and significant teaching tool, enabling students to learn by analyzing organizational events or figures that can serve as inspirational models—for example, Steve Jobs, founder of Apple Corporation, and Richard Branson, founder of the Virgin Group. Such case studies are meant to forge a strong, relevant connection in the minds of management students, a connection that will encourage them to engage in significant learning processes. For the most part, the case study is intended to present the figure at the center of the study as a "role model" who represents a manager "in whom is spirit." In *The New Alchemists*, Handy showcases 29 British entrepreneurs, whom he describes in the following manner: "They have each created something significant out of nothing or turned the equivalent of base metal into a kind of gold" (Handy 2004: 11).

In its presentation of leaders who are complex figures and who display a variety of leadership patterns, the biblical text both praises and criticizes them, even the greatest ones. Thus, the biblical text can be considered a text uniquely suitable for offering case studies that are relevant to contemporary management issues, and which can enable readers to choose the particular worldview suitable for them.

The Bible is a universal text, which is referred to and esteemed not only in religious contexts but also in cultural and social ones. It is a rich text that presents the reader, in what appears to be an almost seamless flow, a historical narrative, individual stories of biblical figures, religious law, civil law, divine prophecy and ceremonies of a religious ritual nature. It is a potpourri of genres—stories, prayers, poetry and legal passages of a religious or civil character. Due to its canonical status

in Jewish tradition and Western culture, the Bible is often referred to in a variety of disciplines and has inspired countless readings and interpretations.

This article does not seek to delve into the various readings and interpretations of the biblical text but rather to focus on the story of Moses in order to learn from it and to thereby reach a deeper understanding of the various ways in which we think and talk about entrepreneurs and entrepreneurial initiatives. The story of Moses will enable us to think about entrepreneurship in a new context; thus, it will enable us to break down previous thinking patterns (that is, to "think outside the box") and to consider central issues and ideas in the field of entrepreneurship from a perspective that is not limited to the conventional contours of that field but which is, at the same time, not totally divorced from that field.

The value of the reading of the biblical case study will depend on the extent to which it can help readers to think and see things differently and take a reflective look at themselves, their actions and the arena in which they operate. This article is divided into several parts. First, I will briefly present the different definitions of the concepts of entrepreneur and entrepreneurship as offered in the professional literature. Next, the choice of Moses as a figure whose story and conduct can shed light on social entrepreneurial issues will be justified, followed by a brief presentation of Moses' life story. Finally, I will show how Moses' story can serve as the basis for a discussion of three aspects: Moses' image as an entrepreneurial figure, the link between entrepreneurs and their sense of mission and the entrepreneur's trap.

2 Moses, a Social Entrepreneur?

Before we analyze Moses as an entrepreneur and his actions as entrepreneurial behavior, we will define our basic concepts. Toward the end of the nineteenth century, French economist Jean-Baptiste Say described the entrepreneur as someone who "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield." According to this approach, social entrepreneurs create added value (Say [1880] 1971).

The Austrian–American economist, Joseph Schumpeter (Schumpeter and Redvers 1934) defined entrepreneurship as organizational behavior and argued that the role of entrepreneurs was to correct or create a revolution in production methods through the utilization of a new invention, through the use of a technology that had not yet been tried out, through an innovative use of existing resources, through the creation of a new product, through the creation of an old product but with the use of a new method, through the reorganization of an entire industry, etc. According to this approach, the entrepreneur is someone who creates profit through innovation.

Fifty years later, Drucker (1985) claimed that a central aspect of entrepreneurship was the identification and search for opportunities: "The entrepreneur always searches for change, responds to it, and exploits it as an opportunity." In Drucker's view, entrepreneurs have an opportunity-based orientation that enables them to see

the possibilities of using an existing resource in an innovative way and to think in terms of how to do something, instead of thinking about the difficulties and the reasons for not doing something. Light (2008) proposes another variable in the definition of the entrepreneur: the ability to destroy creatively. In his view, entrepreneurs turn things upside down and inside out in order to create social change. He argues that entrepreneurship is based on three elements: (a) the goal—the challenging of the status quo (b) the player—who will do what is necessary to change the status quo (c) the result—a new equilibrium that promises permanent advantages.

Unlike business entrepreneurs, whose goal is primarily financial profit, the goal of educational and social entrepreneurs is to bring about social change that goes beyond the solution of immediate problems. Social entrepreneurship can, for example, introduce small short-term changes that reverberate in existing systems, thereby creating long-term changes. When social entrepreneurs operate from this perspective, they must understand not only the immediate problems but also must be familiar with the larger social systems and with the interdependence between those systems. Thus, they can create new paradigms that will serve as a social catalyst at fateful turning points. Their concept of the obvious main social goal behind their actions will affect the manner in which social entrepreneurs will seize and assess opportunities. In their view, the extent of the social impact, rather than the creation of capital, becomes the primary criterion. In other words, for social entrepreneurs, capital is only the means to an end, as opposed to business entrepreneurs, for whom the creation of capital is the means for measuring profit.

Entrepreneurs as a "category" of people who have a special social role has been defined in the modern age, but there have always been entrepreneurs in human society. In the past, however, they were called visionaries, humanitarians, philanthropists, reformers, saints or simply leaders. Special attention was paid to their courage, compassion and vision, and only rarely was any thought given to the practical aspects of their achievements. A close study of history can identify the hidden hand of the social entrepreneur in the creation of many movements and institutions that we now take for granted (Bornstein and Davis 2010).

3 Why Moses?

Moses' figure and his contributions have been studied from myriad directions. Leader, supreme military commander, prophet are just a few of the titles with which his name is associated. However, as this article will attempt to show, the biblical text describes a continuum of events that offer us the opportunity to study Moses' conduct from a different angle: entrepreneurship. The examination of the life story of Moses as an entrepreneur does not claim to unequivocally establish that this is his most fitting title or to reflect the entire breadth of his accomplishments; what it does seek to do is to invite the reader to consider, on the one hand, the connection between Moses' actions and those of the entrepreneur and, on the other, what we can learn about entrepreneurs from the persona of Moses.

The presentation of Moses' life story in this article will be a free interpretation that will focus on the entrepreneurial aspect of his personality, the first working assumption being that every reading of the biblical text emphasizes certain aspects, while subordinating others. Such a reading of Moses' life story is not a commentary on Moses but rather the showcasing of one of several possible aspects that can be considered in connection with that story.

In this article, the biblical text will be treated as a literary text and no attempt will be made to establish any hierarchy between its various layers—history, mythology, fact, legend, etc. Instead, the various aspects of Moses' life story will be looked at as elements that together create a complex picture of Moses' figure and actions. The second working assumption is that—just as Hamlet's story does not establish any hierarchy between the murder of his father and his father's ghost, but rather contains both factual and fantastic elements—the various aspects of the biblical account of Moses' life story can be viewed as elements that together frame Moses' identity.

4 Formative Events in Moses' Life Story: Action to Address Moral Challenges

The Bible does not present Moses as a character who has consolidated all his moral values and his ethical beliefs before the story told by the Bible. By reading the text, we "observe" his personality taking shape. In the same way, his actions are totally unpredictable, and they develop in response to the situations he has to face.

To a certain extent, the text of the Bible meets certain hypotheses of modern psychology: for instance, Albert Bandura's Social Learning Theory (SLT) claims that, the cognitive processes to which we are exposed enable us to evaluate the results of our actions, to utilize our memories and to attempt to select what pattern of conduct is suitable for us (Bandura 1977). In this way, we each create a mental map that enables us to think along a past–present–future continuum. He maintains that we learn a significant part of our conduct by watching others, who serve as behavioral role models (Bandura 1999). In accordance with this line of thinking, we can state that Moses in the Bible takes an active role in the creation of his own individual pattern of conduct and that he learns that pattern by observing the world in which he lives.

Moses was born into a family of slaves; his parents were part of the Hebrew nation. He was brought up in the palace of Pharaoh, ruler of Egypt, as an Egyptian prince after his biological mother Jochebed placed him in a tiny ark, in the waters of the Nile when he was a baby. Pharaoh's daughter found the ark and adopted him. The Bible alludes to this duality in Moses' personality: on the one hand, his awareness of his origins and ethnic identity and, on the other, a young man of privilege who has grown up in Pharaoh's palace. His personality is reflected in three events recounted in the Bible. The sequence of events begins with:

> Some time after that, when Moses had grown up, he went out to his kinsfolk and witnessed their labors. He saw an Egyptian beating a Hebrew, one of his kinsmen (Exodus 2:11).

The young man Moses, living in Pharaoh's palace, apparently conscious of his Hebrew origins, sets out to see his enslaved brothers and sisters when he encounters an Egyptian overlord beating a Hebrew slave. Moses decides not to look the other way in the face of what he considers a gross injustice and therefore acts to change the reality that has now been revealed to him.

The second event in this sequence again attests to the fact that Moses is a person who cannot remain indifferent to injustice. In this event as well, he takes the initiative and intervenes:

> When he went out the next day, he found two Hebrews fighting; so he said to the offender, 'Why do you strike your fellow?' He [the Hebrew] retorted, 'Who made you chief and ruler over us?' (Exodus 2:13–14).

On this occasion, instead of the role of the avenger and punisher, Moses takes upon himself the function of a judge who arbitrates and educates as he seeks to correct the behavior of a Hebrew man quarreling with and beating his neighbor.

Because of the murder he committed, Moses flees to Midian, an arid land located west of Egypt, and a place in which he becomes a refugee bereft of status and pedigree. However, even in a foreign land he cannot refrain from acting when he sees injustice, despite the fact that his actions might endanger him. For the third time, he finds himself spontaneously initiating action in the name of justice:

> "When Pharaoh learned of the matter, he sought to kill Moses; but Moses fled from Pharaoh. He arrived in the land of Midian, and sat down beside a well. Now the priest of Midian had seven daughters. They came to draw water, and filled the troughs to water their father's flock; but shepherds came and drove them off. Moses rose to their defense, and he watered their flock. When they returned to their father Reuel, he said, "How is it that you have come back so soon today?" They answered, "An Egyptian rescued us from the shepherds; he even drew water for us and watered the flock." He said to his daughters, "Where is he then? Why did you leave the man? Ask him in to break bread." Moses consented to stay with the man, and he gave Moses his daughter Zipporah as wife. She bore a son whom he named Gershom, for he said, "I have been a stranger in a foreign land"" (Exod. 2:15–22).

Although he is a refugee, Moses cannot stand idly by when he sees how the weak are oppressed and when he sees a social injustice. This is why he comes to the rescue of Jethro's (Reuel) daughters. So, his personality was formed by responding to situations that he could not have anticipated. Each situation is for him an occasion for the beginning of a new endeavor. The term that the Bible uses, "*vayoshi'an*, and [he] saved them", alludes to his future role as the one who saves his nation from a life of bondage in Egypt. Moses waters Jethro's flock without waiting for the male shepherds to finish watering their flocks, as had been the daily practice of Jethro's daughters.

One can identify the gradual process of the development of Moses' sense of justice as the years go by. In the first story, he had a personal interest (an Egyptian was beating a Hebrew, a member of Moses' people); in the second story he intervenes in a dispute between two Hebrews. In the third story with Jethro's

daughters, although Moses was a refugee and had no personal or ethnic connection, he cannot remain indifferent to injustice.

Jethro invites Moses to his tent and gives him his daughter Zipporah; Moses becomes a shepherd. Here ends the story of the young Moses. When the reader next encounters him, Moses is a mature man called upon by God to lead the Hebrew nation and to bring about its exodus from Egypt. The Bible does not inform us as to the events of Moses' life in Midian. Why then is the story of the young Moses important for understanding his future? Grumet (2014) explains that the Bible chooses to tell us about Moses before God reveals himself through the burning bush in the Sinai desert in order to demonstrate that Moses' zeal for justice—that is, his uncompromising commitment to his values and his readiness to act in accordance with them—is the reason why God chooses him. And beyond that, it appears that the qualities of leadership for which he was chosen, rather than being innate, developed and grew. In other words, the Bible insists that a leader or an entrepreneur is not born; it is something that can be learned and that a period of meaningful education is required.

Moreover, when God summons Moses to undertake the leadership of the Israelites and bring them out of their bondage in Egypt, Moses has serious doubts about his ability to persuade Israel's elders to believe in him and to accept that God has appointed him leader of the Children of Israel. This is how the Bible shows us that even after the necessary training period, continuous re-enforcement is required to continue to develop further leadership ability.

Moses' role and life story end a moment before the Jewish people's entry into the Promised Land and just before the fulfillment of the second part of the mission he received from God at the burning bush in Sinai: to lead the Israelites out of Egypt and to bring them to Canaan, the land of milk and honey that God promised to their ancestors. Moses is the leader of the desert generation, a generation still bound by the chains of slave mentality, a generation whose ancestors lived and died as slaves and for whom liberty was a distant dream, if, in fact, they ever even dreamed about it. The Israelites' long journey through the wilderness is a journey of renewal in the course of which the older generation is replaced by a new, younger generation. Liberty is an essential component of the identity of the generation entering the Promised Land, and the idea of building and consolidating a nation is part of its collective vision. Moses, who displayed profound wisdom in his leadership of the Jewish nation up to the threshold of the Promised Land, understands that just as this stage in the nation's development requires a new generation and new thinking, there is also a need for a new leader, one whose agenda revolves not around liberation from slavery but around settlement of the Land of Israel and the establishment of its kingdom.

According to Jewish tradition, Moses died at the age of 120 and his place of burial is unknown. The Bible sums up his life's work in the following manner in the final verses of the Book of Deuteronomy:

> Never again did there arise in Israel a prophet like Moses—whom the Lord singled out, face to face, for the various signs and portents that the Lord sent him to display in the land of

> Egypt, against Pharaoh and all his courtiers and his whole country, and for all the great might and awesome power that Moses displayed before all Israel (Deut. 34:10–12).

It is interesting to note that this summary of his life's work as a social entrepreneur emphasizes the signs and wonders, the mighty hand, and the great awe that Moses wrought. These are the instruments that Moses used in his mission, those that enabled him to act, lead and impose his authority on the Jewish nation. At the same time, these same elements perhaps rendered his leadership style unsuitable for the next period in the nation's development.

5 Entrepreneurs as the Instrument of Their Own Mission: What We Learn from Moses

Moses undertook a huge entrepreneurial project: crystallizing a nation. By referring to this text, we do not consider the Bible to be an entrepreneurship handbook. Still, it is interesting to stress that this approach can teach us about entrepreneurship in a much larger context.

On Passover night, at the festive Seder table, Jewish families have for generations observed the commandment, "And you shall explain to your son on that day" (Exod. 13:8), by recounting the story of the Exodus from Egypt on Passover. Children are the target population of this narrative because the intention is to convey the story of the Exodus from one generation to the next, as it is written in the Passover Haggadah: "For in each generation we should regard ourselves as if we also were part of the Exodus from Egypt."

We have seen that the central story in Moses' life is reflected in the mission God assigns him: to liberate the Hebrew slaves from their bondage in Egypt and to lead them through the desert to the Promised Land, the Land of Israel. This story has been especially adapted for the Passover Haggadah, which Jews read on Passover at the Seder table in order to fulfill the commandment of annually recounting the story of the Exodus:

> We were slaves to Pharaoh in Egypt, and the Lord, our God, took us out from there with a strong hand and an outstretched arm. If the Holy One, blessed be He, had not taken our ancestors out of Egypt, then we, our children and our children's children would have remained enslaved to Pharaoh in Egypt. Even if we are all wise, knowledgeable and know the Torah, we would still be obligated to discuss the Exodus from Egypt; all those who discuss the Exodus from Egypt at length are praiseworthy.

Moses's achievements as a leader therefore are given a formative status in the identity of the Jewish people and he is presented as part of the historical and collective memory that is passed on from one generation to the next. However, there is a wide gap between the story of the Exodus from Egypt as it is recounted in the Bible and the one that is related in the Haggadah: Whereas in the biblical text, Moses is depicted as the main protagonist in the Exodus, in the Haggadah he is mentioned only once by Rabbi Yossi the Galilean in his debate with two other

rabbis, neither of whom mention Moses in their remarks. Immediately following this debate, the text of the Haggadah introduces the words of Rabban Gamliel, who argues:

> All those who have not said these three things on Passover have not fulfilled the commandment of recounting the story of the Exodus on Passover. The three things are: Passover (that is, the Passover sacrifice), matzah (the unleavened bread eaten on this festival when leavened bread and its associated products are forbidden) and maror (bitter herbs).

In other words, according to Rabban Gamliel, the obligation to recount the story of the Exodus does not entail any mention of Moses.

We can see that the Haggadah has adapted the biblical text, in which Moses plays a pivotal role, and recounts the events of the Exodus without referring to Moses:

> And it was God that took us out of Egypt—not by means of an angel, not by means of a seraph, and not by means of an emissary. It was God Himself in all His glory who took us out of Egypt.

The reason for the difference between the biblical and Haggadic texts should be traced not to Moses but rather to the mission God assigned him. It is quite possible that the Haggadah wanted to avoid the possibility that Moses might become a cult figure, and instead enabled us to focus on Moses' vision and ideas, rather than on him as a private individual. The special connection between the individual, the mission and its fulfillment is implicitly referred to toward the end of Moses' life story when he is prohibited from entering the Promised Land with the Israelites and is forced to remain behind on Mount Nebo. Although this situation is very distressful to Moses, there are those who would argue that sometimes it is better to die with your vision unrealized than to live its realization. From this standpoint, it could be claimed that God actually displays great compassion toward Moses, the entrepreneur who is left with the unrealized vision: The fruit that Moses' mission has produced—a life of freedom in a land of milk of honey—is denied to Moses. The mission was not intended to serve him; he was intended to serve the mission. By adapting the biblical text and by removing any reference to Moses in connection with the events of the Exodus, the Haggadah emphesizes this concept.

A close parallel to "mission," in entrepreneurial discourse, is the word "vision," which relates not to the entrepreneur or to his or her skills and achievements, but rather to the entrepreneur's goal. As is the case with the mission, the vision takes precedence over the entrepreneur: Entrepreneurs do not seek to advance themselves but instead aspire to provide a solution to a problem they have identified. Senge et al. (2000) describes the beginning of the vision's creation as an element that is produced in a process of imaging. Entrepreneurs must have a picture in their mind of a future reality that they want to help create. It is a detailed picture and it enables entrepreneurs to operate from a position of personal commitment and to move in a specific direction. Generally, entrepreneurs are defined as people of vision who have a new approach to the solution of problems and who establish or use organization in order to realize their vision. In doing so, they redefine concepts and can

change the dynamics of an entire industry (Smith and Petersen 2006: 21). The main point in the discourse on entrepreneurship is thus the entrepreneurial project itself, the new ways of thinking it entails and the unconventional modus operandi it generates and its influence on the society rather than the entrepreneurs themselves. That the vision and the mission take precedence over the entrepreneur takes us to another interface point between Moses and entrepreneurial theory: the story of Mount Nebo and the entrepreneur's trap.

6 The Entrepreneur's Trap as It Is Alluded to in the Mount Nebo Narrative

Entrepreneurial activity is initiated by entrepreneurs after they have identified a need or a problem that cannot be adequately dealt with by conventional means. It is closely connected to the breaking down of the routine frameworks of economic or social activity and entails a considerable degree of innovation. The activities of entrepreneurs have a unique character: Unlike institutionalized systems, where the pattern of conduct is fixed within the context of institutional work procedures, entrepreneurs operate outside these procedures. They deliberately avoid institutional protocols because they want to have enough room for dynamic action, which is sensitive to new and different approaches (Samuel 2012: 293; in Hebrew).

Hannan and Freeman (1989) define the term "founder" as a person who is involved in the establishment of an organization and who takes steps in order to establish it. The extent and character of the activities of entrepreneurs distinguish them from other people involved in the same entrepreneurial project but who are not entrepreneurs (Nelson 2003). The nature of the activities carried out by entrepreneurs allow them not to be tied down to any specific method of doing something, when it emerges that this method is inadequate, and to quickly move on to experimenting with a different method (Levy 2008; in Hebrew). However, when entrepreneurs do find the modus operandi that does the trick and does enable the realization of their goal, they must then act quickly to preserve and consolidate it. At this stage, what the entrepreneurial project needs is a new way of thinking that is characterized by a lesser degree of dynamism and innovation and by a greater degree of routine, order and organization. A successful entrepreneurial project will seek to preserve the success of its innovativeness through the structuring and arrangement of work procedures in the course of developing the entrepreneurial innovation and making it more professional (Samuel 2012; in Hebrew).

Organizations reach a stage in their life where they must leave behind their entrepreneurial leadership and adopt more stable and more conservative procedures and arrangements. This transition is very painful for entrepreneurs who are gently pushed aside since they have become superfluous to the very organization they were responsible for creating. We are aware of situations akin to the story of the Golem (an expression in Hebrew used to describe a situation that has "gotten out of hand"),

in which the maker loses control over the very thing that he has created. This is the case of an organization that has "outgrown" its entrepreneur and consequently distanced him from the organization.

We can find expression for the difference between these two ways of thinking in Moses' story. The mission God assigns to Moses is to bring the Israelites out of their state of bondage in Egypt, that is, to completely change the manner in which they live and in which they think about themselves—the management of social and communal arrangements, their attitude toward the central regime, etc.—and to lead them to the Promised Land, where they will build themselves up and consolidate as a nation and kingdom. The difference here exists not only between a life of slavery and a life of liberty but also between a desert-based nomadic way of life and a permanent way of life in the Kingdom of Israel. These are very different lifestyles that require new forms of leadership; thus, with the Israelites' entry into Canaan, Moses, the entrepreneurial leader, must remain behind. This is an important part in the personal journey made by Moses, who recognizes that his style of leadership is unsuitable for his nation's new needs and that he must therefore step aside in order to make way for new patterns of thinking and leadership.

Moses structured the laws reflecting the Jewish concept of values, outlined a system of social norms and laid the foundations for the nation's social structures and for its future. His achievements articulate entrepreneurial concepts that demand the shattering of existing contexts. A leadership style that can regularly generate deeds of great magnitude accompanied by signs and wonder, can lead a nation through a desert, plant in that nation a firm religious belief and reveal God to all its members at Mount Sinai is inappropriate for a totally different era that consists of day-to-day toil, religious rituals and obedience to laws in compliance with strong religious beliefs, and which is bereft of any divine revelation or any miracles attesting to God's greatness.

In order to understand all the conclusions to be drawn from Moses' story, we must also understand the one thing that he did not do—namely, that he did not enter the Promised Land together with the Israelites. His history and the history of his vision would have been very different had he entered Canaan. In order for them to become teachers and Moses' spiritual heirs, his disciples—the Children of Israel—must continue to translate his vision while going about their everyday duties. Thus, Moses' entrepreneurial initiative takes flight and enables the consolidation of the nation and the transmission of the Written Law (the Torah) to future generations (Wildavsky 1984).

Moses pleads with God to be allowed to enter Canaan, the "Let me, I pray, cross over and see the good land on the other side of the Jordan, that good hill country, and the Lebanon" (Deut. 3:25). God refuses to accede to this request and orders Moses never to repeat it; instead, God proposes that Moses ascend Mount Nebo and says to him:

> Go up to the summit of Pisgah and gaze about, to the west, the north, the south, and the east. Look at it well, for you shall not go across yonder Jordan (Deut. 3:27).

In her poem entitled "Standing Opposite," the great classical Hebrew poet Rachel turns the above event into a symbol for all of us:

Take flight, stand opposite it,
He will not go there,
He must remain with his Mount Nebo
Overlooking a magnificent land.
(Rachel, "Standing opposite," 5690/1929-30)

The words of this poem express the built-in conflict in entrepreneurs' achievements, which will ultimately culminate in their looking at their creation from the outside once their enterprise has been fully realized. It can help us understand situations in which entrepreneurs often do not limit themselves to a single enterprise. Although an entrepreneurial initiative can continue for an entire lifetime until it finally "takes off" and enters the institutionalized stage, many entrepreneurs manage to establish several entrepreneurial projects in the course of their lifetime and are therefore left behind several times. The lifecycle of entrepreneurs is unlike that of a journey through the desert that ends on Mount Nebo; instead, it is a journey from one Mount Nebo to another, with each journey ending with the entrepreneur making peace with the fact that, at a certain stage, his or her contribution is no longer relevant to the advancement of the entrepreneurial project.

7 Conclusion

As we have seen, entrepreneurship is first and foremost the entrepreneur's decision to undertake an initiative, whether he or she recognizes an opportunity or is reluctant to take on a mission. This situation, as defined in the professional literature, is the entrepreneur's vision—a picture of a different future reality in which the entrepreneurial initiative corrects the existing equilibrium in order to create a new and better one.

Generally speaking, such enterprises are becoming increasingly prominent in the world's economic, diplomatic and social spheres. Instead of focusing on minor problems, entrepreneurs choose large-scale challenges, aspiring not only to provide solutions to immediate problems but also to structure effective strategies that will have an extensive impact and promote change. The goal of entrepreneurs is to create a new balance and to institutionalize it through direct action in order to change reality.

They choose to achieve that goal through innovative methods that combine elements from various spheres such as the business world or the world of social services, in the hope that their enterprise will be able to advance a twofold goal: the creation of economic value and the creation of social value. Their approach is that the use of the business world's methods of funding, management and assessment can effectively and consistently lead to desirable social impact. Moreover, they are making an ethical and moral choice to work toward the correction of social

injustices. Such a courageous choice demands daring, awareness and a readiness to take risks and to pay a high personal price; it also demands persistence and judgment.

This article proposes that we try to understand the figure of the social entrepreneur from a different perspective—through the use of the biblical story of Moses as a tool for clarifying a management worldview. As noted above, the purpose of this article is not to suggest a different interpretation of the biblical text or to create a homily based on a story in the Bible, but rather to attempt to study this text in order to deepen our understanding of the way we think about and understand entrepreneurs and entrepreneurship. God chose Moses to lead the Israelites out of bondage in Egypt to liberty, forge them into a nation and structure a system of social laws to serve as the foundations for a strong, unified society. As God's emissary, Moses had to have absolute faith in the justness of the path he navigated and to be committed to the service of his nation and to its representation before God.

According to the professional literature, social entrepreneurs are individuals who act to change the order of things in the world or to create a revolution in society's behavioral patterns through the creation of new perceptions and in accordance with a determination to creatively destroy the existing order of things. The goal of social entrepreneurs is to influence society in order to correct a distorted status quo. The article demonstrates how the legend of Moses can serve as the basis for a discussion of such issues as the entrepreneurial personality, the link between entrepreneurs and their mission, and the entrepreneur's trap.

As is the case with entrepreneurial initiatives and modern social entrepreneurs, Moses' initiative continues even after his active role as entrepreneur has ended. Each year, Moses' story reverberates during the reciting of the Haggadah at the festive Passover Seder table and in the course of the entire year, when the Torah is read every week in the synagogue. Moses' mission also leads him to the entrepreneur's trap: He stands at the top of Mount Nebo, knowing that he will never enter the Promised Land to which he has led his nation. God informs Moses that his successor and disciple, Joshua, will lead the nation in the next stage of its history: the settlement of the Land of Israel.

This article does not aspire to deal with biblical initiatives or grapple with theological issues. Its goal is to consider how a biblical story can potentially contribute to studies in entrepreneurship and in management training and to express full support for all those who believe that transparency, introspection and solipsism are essential, and that it is the teacher's responsibility to include them in the syllabus.

The danger of studying only certainties (or what is termed "beneficial experiences") in management courses is well known: Courses that teach us "how to do it," without emphasizing the importance that should be attached to the consolidation of a vision, emphasize the "how" and forget the "why." Obviously, this does not mean to say that subjects such as risk taking or chances of failure are not taught in business administration schools. Nonetheless, all too often such topics are omitted in courses on entrepreneurship and management, and are instead taught in courses

dealing with statistics and sometimes, funding. These courses do not discuss risk but instead teach the student how to assess it.

When we use pedagogy that enables a dichotomous view, we are taking the risk that this dichotomy could become a part of the approach and practice of graduates, when they embark on their respective careers. Too frequently, as a result of this situation, students who are full of ambition and energy, who are excited as they stand on the threshold of entrepreneurial projects, become despondent and experience a crisis in their professional life because they do not know how to deal with their first obstacle or failure. The ability to consolidate a vision and the methods for coping with failure and uncertainty must be taught in the management courses in which students acquire leadership tools and skills.

This article seeks to demonstrate how the biblical text that deals with Moses can contribute to the enrichment of management studies and to the broadening of the discussion of entrepreneurship. Jewish texts are an invaluable source for this purpose. Such an approach could be relevant for any formative text, and this assessment of Jewish texts should not be understood as a rejection of the value of other textual traditions. In fact, the attitude of Jewish texts to other texts displays a more nuanced and open approach. For instance, in the Talmud, the Hellenistic approach is presented with admiration although Hellenism is also openly challenged. One approach in particular—Epicureanism—is presented systematically as a "rival" approach that should be viewed with skepticism. Thus, this article can conclude with a Greek quotation—not an Epicurean one, but rather a citation from a student of Diogenes Laertius—from Heraclitus, who argued: "One can never enter the same river twice." With this statement, Heraclitus took the precise reverse position of Shakespeare, who wrote "To be or not to be"—things either exist or do not exist. It is within this expanse that we must teach our students entrepreneurship, and both the Jewish and Hellenistic traditions can contribute significantly to this goal.

Exegetes and scholars have debated the question of God choosing Moses. In the context of social entrepreneurship, a further interpretation may be suggested that relates to him as an impassioned entrepreneur. The seeds that hint of Moses's entrepreneurial nature can be seen in his earliest actions. Accordingly, Moses's first action involved a decision to take a risk and act in order to change and amend the existing social order. His intervention was aimed at changing the balance of power between two people: the Egyptian oppressor, who represented the regime, power and authority; and the Hebrew slave, who represented the group of weak Hebrew slaves, who lacked rights and formal power. Moses's choice, a natural and self-evident one, emanates from his passion, his willingness to take risks and to act as an entrepreneur. The next obvious step is to expand his circle of influence and scale the entrepreneurship up from the individual to the collective level. To achieve the level of scale needed to help hundreds of thousands or even millions of people, Moses must establish an enduring and sustainable system that will scale the impact and enable effective intervention for the whole nation. The story contains a message for entrepreneurs today: If at the start, Moses took risks and acted impulsively, his growth and development were crucial tools in scaling up his influence.

On the day of his death, Moses assembles the entire nation and, for the last time calls upon Israel to observe the Torah's commandments. In his final address, Moses places personal and group responsibility on the nation's shoulders:

> Perchance there is among you some man or woman, or some clan or tribe, whose heart is even now turning away from the Lord our God to go and worship the gods of those nations (Deut. 29:17).

This is the turning point in the Israelites' social learning as they become a nation. "Today," says Moses, "You bear responsibility for one another, as well as for the realization and implementation of the vision." This verse, which appears, in the weekly Torah portion of *Nitzavim*—which in most years is read together with the subsequent Torah portion *Vayelech* on the same Sabbath—expresses the main idea behind this article. It shows that even in the absence of the entrepreneur, the vision continues to exist, as in the case of Moses after Mount Nebo. The title of that double weekly portion has two central components: *Nitzavim* and *Vayelech*, which are linked by the theme of the entrepreneur: First *Nitzavim*, which means "[you are] standing"; the entrepreneur must stand and ponder, expressing the need to understand, be aware and plan the vision. The second portion is *Vayelech*, which means "[he] went," expressing the mobility of and actions taken by the entrepreneur in the pursuit of an entrepreneurial vision. This article strives to enable those who wish to embark on an entrepreneurial journey to first halt and ponder, in order to clarify their worldview before beginning to act; after they have done so, they can bring about the change that they seek in order to change our world/make a difference in our world.

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Diversity Management from an Islamic Perspective

Mouna Izelmaden

1 Introduction

The purpose of this chapter is to shed light on the values and wisdom that the religion of Islam provides with regards to diversity, equity and equal opportunities in the workplace. This chapter will attempt to discuss a humanistic approach to diversity management emphasizing the religious and spiritual achievements through human development, based on the Islamic teachings. First, an introduction about diversity management will be given, as well as a descriptive of the major critics reported in the literature on diversity management. Second, an overview of the concept of work and management from the Islamic tradition will be given, as well as their significance for the spiritual and material life. Third, the concept of diversity and diversity management will be explored from an Islamic perspective based on the major sources of prescription in Islam which are "The Qur'an" and "Sunna". The Qur'an is the Holy book of Muslims that contains the revealed words of God, and the Sunna is the sayings and doings of the prophet Mohammed. The last part of this chapter will discuss the implications of the wisdom and values of the Islamic perspective of diversity management in contributing to the enrichment of the humanistic management approach. Furthermore, the Islamic perspective of diversity management will be presented as an alternative approach to counter the drawbacks of the economic case of the actual diversity management discourse.

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*, CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_9

2 Diversity and Diversity Management: Overview and Discourse

Currently, there is a gradual increase in the debate about diversity management and inclusiveness in the workplace because of globalization. Managing people on a global scale requires organizations to face challenges of cultural obstacles regarding achieving competitiveness and the expected return on investment. However, many questions arise regarding the motivations of organizations and businesses in managing diversity namely the degree of importance of ethics and respect of human dignity versus profit maximization. This section will first give an overview about the actual discourse concerning diversity management benefits which is expected by companies, then discusses the major critics reported in the literature, and finally suggests some alternative approaches for promoting ethical and moral diversity management.

Traditionally diversity was focused on racial and gender differences (Grant and Kleiner 1997). The term "Diversity" is the state of being different and varied (Kisin 2013, p. 817). Williams and O'Reilly (1998), defined diversity as being any attribute that is salient and that makes a person perceive that he or she is different from the others. In an organizational context, diversity refers to a varied combination of demographic attitudes, characteristics, and expertise contributed by individuals. Diversity embraces difference(s) and propagates the inclusions of so far underrepresented groups, be they women or ethnic, religious, national or sexual minorities, as well as individuals of different professional or educational backgrounds, on teams and on all hierarchical levels of the organization (Kisin 2013, p. 817).

Workplace diversity has become a common reality in many companies across the world in today's global market. In a diverse and heterogeneous workplace environment, individuals can show a discriminatory and hostile behavior towards people representing a minority group in the organization. Such behavior usually leads to problems such as a decrease in employees' performance, de-motivation, high turnover, and an increase in workplace conflicts (Tayeb 1997). This diversity in the work place made it necessary for organizations to change their culture to recognize the heterogeneity of their labor force. Businesses are then encouraged to implement a culture in which every employee can pursue his or her own career goals without being constrained by gender, race, religion, nationality, or any other factor that is irrelevant to work performance (Curtis and Dreachslin 2008).

Diversity management refers to the planned and systematic commitment of organizations to recruit, retain, reward and promote their heterogeneous employees with diverse backgrounds and abilities (Thomas 1992). This is done through the implementation of strategies and interventions that allow the involvement and integration of all employees. Such interventions could be in the form of training, mentoring, performance appraisal, or team building. The objective of diversity management is to create a multicultural organization that does not focus its efforts

Table 1 Diversity management as a business case

Economic rationale
–Improves productivity, and encourages more innovative solutions to problems and thus profits
–Assists the understanding of a great number of customer needs, thus increasing the customers' base and turnover
–Enhances corporate competitiveness and continued survival
–Helps lower the likelihood of litigation

Source: Lorbiecki and Jack (2000)

of the dominant group of employees but rather establishes equal opportunities for all (Süss and Kleiner 2007) and fosters a productive and friendly work environment.

The increasing diversity in the workplace has been recommended and suggested as a mean of enhancing organizations' performance. Effectively managing a diverse workplace can have economic benefits and achieve competitive advantage. Potential benefits include higher creativity and innovation, better decision-making, problem solving, success in marketing with more insights and cultural sensitivity, and improved distribution of economic opportunity (Cox 1991; Cox and Blake 1991; Lorbiecki and Jack 2000). Further literature suggests that managing diversity may result in higher organizational productivity, and ultimately in higher profits (Cox and Smolinski 1994). Table 1 summarizes the main arguments for making diversity management an economic case.

As the diversity management topic has gained momentum in the global market, its business and economic argument has become the focus (Curtis and Dreachslin 2008; Gilbert et al. 1999; Jamali et al. 2010; Lorbiecki and Jack 2000). It has been argued that such orientation of the debate was hoped to account for the interests of the most powerful organizational stakeholders (business owners/managers) to entice them to find ways to improve the treatment of historically excluded and disadvantaged groups (Konrad 2003). Consequently, moral arguments were lagging behind, leaving the floor to the economic arguments to dominate a debate that is essentially humanitarian, and view diversity management as a tool that uses people's diversity as a mean for achieving economic goals (Lorbiecki and Jack 2000).

Consequently, the above discussion underlines the need to emphasize individuals in organizations and re-establish the moral and ethical concerns of diversity management discourse for promoting integrity, human dignity, and equality in the workplace. Humanistic management has been introduced as an alternative perspective to the economic case of management. Melé (2003) defines humanistic management as management that stresses the human condition and is oriented to the development of human virtue, in all its forms to its fullest extent. It suggests that businesses should respect the humanity of people by treating them as an end and never as a mere means, involve them in business in a way appropriate to each situation, and create a culture where people can exercise freedom with a sense of responsibility and an awareness of making a real contribution to human well-being (Melé 2013; Spitzeck 2011). In the context of this chapter, and reflecting on the humanistic management approach, it could be suggested to return to spirituality and

Islamic religious teachings to foster virtue and wisdom for a humanistic approach of diversity management.

The following sections will describe the values and wisdom that Islam offers to diversity management through the understanding of the dimensions of diversity and work—at the individual and societal level, and their implications for believers as a moral obligation. This aims to address the drawbacks of the economic case of diversity management by providing insights on the expected spiritual achievements of Muslim believers rather than the material success and wealth accumulation.

3 Islamic View of Diversity and Equity

Islam means the peaceful "submission" and "obedience" to the orders of God and his messenger with love, hope and fear. It is not only a religion prescribing to prayers, worshiping and rituals, but it is more a way of life that shapes the entire existence and behavior of every individual believer as a single person and as a member of the society (Beekun and Badawi 2005; Syed and Ali 2010).

Islam is considered by Muslims as a non-human made institution; as the Qur'an contains the words of God revealed to his Prophet Mohammed more than 1400 years ago. The deeds of its believers are therefore inseparable from the divine commandments. Qur'an asserts that humans are held responsible for the consequences of their deeds, and that they are able to choose and to intervene in their own destiny. However, they have been given guidance to manage their life, with the Qur'an and the traditions of the Prophet Mohammed which they should use to steer their actions and beliefs (Tayeb 1997).

4 Diversity: A Sign of Divine Creation

Based on the Islamic teachings, human diversity is a sign of divine creation. God has created all humans equal and forbids any form of discrimination between people. Only God can judge people and his judgment is based on the deeds that people perform in their life. According to the Qur'an, the creation of the heavens and earth and the creation of diverse people with different colors and languages scattered around the world, is one of God's divine signs. As the following verse of the Qur'an (2010) confirms:

> One of His signs is that He created you from dust—lo and behold!—you became human and scattered far and wide. Another of His signs is this that He created spouses from among yourselves for you to live within tranquility: He ordained love and kindness between you. There truly are signs for those who reflect. Another of His signs is the creation of the heavens and the earth, and the diversity of your languages and colors. There truly are signs in this for those who know (. . .) (30:20–23).

According to the Islamic teachings, life is a test for human beings in which they have been given guidance and freedom to make choices about their actions, until the day of judgment in which everyone will be rewarded for his deeds, as it is stated in the following verse of the Qur'an: *"We have adorned the earth with attractive things so that we test people to find out which of them do best"* (18:07).

Humans were created with different races and appearance, wealth and possessions, abilities, and social classes for the purpose of testing on who follows God's guidance and performs best in deeds. Those differences create a challenge for humans throughout their lives as they are expected to help, support and protect each other.

5 Islam and Multiculturalism

The diversities of races, tribes, colors are not without a purpose. God has blessed humans with diversity as it is for a constructive purpose. The Islamic prescriptions teaches Muslims that human diversity is expected to encourage them learning and understanding each other. Diversity is meant to improve and develop human conditions though hard work and increased knowledge.

> People, We created you all from a single man and a single woman, and made you into races and tribes so that you should get to know one another. In God's eyes, the most honored of you are the ones most mindful of Him: God is all knowing, all aware (Qur'an 2010, 49:13).

The Prophet Mohammed, in his last sermon to the pilgrims of Makkah highlighted the equality of human beings and emphasized the acceptance and respect of diversity:

> All mankind is from Adam and Eve, an Arab has no superiority over a non-Arab nor a non-Arab has any superiority over an Arab; also a white has no superiority over a black nor does a black have any superiority over white except by piety and good action (Amatullah 2014).

Acknowledging and managing diversity can be traced back to the history of Islamic governance in which several examples can be found. The recognition and respect of diversity can be observed when the Prophet drafted the Medina (the medieval city) Charter in conjunction with the 22 Arabian and Jewish tribes, he accentuated pluralism and multiculturalism. The Medina Charter promoted the equal status and rights between Muslims and non-Muslims and gave them equal rights to intervene in governmental matters. Further examples can be drawn from the history of the Islamic dynasties; the Ummayad (661–750 AD) for example appointed non-Muslims to run finance, diplomatic and administration positions. The Ottoman dynasty (1281–1923) appointed non-Muslims in many key governing positions, which is in accordance with the teachings of Islam on the respect of equality and diversity of humans (Muhtada 2012).

6 Islam and Gender Equality

The Qur'an prohibits discrimination based on gender. Many verses in the holy Qur'an reflect the gender equality and treat men and women equally without any discrimination.

> For men and women who devoted to God—believing men and women, obedient men and women, truthful men and women, steadfast men and women, humble men and women, charitable men and women, fasting men and women, chaste men and women, men and women who remember God often—God has prepared forgiveness and rich reward (Qur'an 2010, 33:35).

This verse of the Qur'an stresses on the equality between the two genders and states "men" and "women" distinctly and repeatedly in order to emphasize it. In fact, other verses in the holy book give guidance about different aspects of life by employing words such as people, believers, humanity, or community. However, we can find different verses about gender equality clearly mentioning the two genders, in which God gives believers evidence of the equality of men and women before him.

Additional verses of the Qur'an that strengthen the gender equality state:

> If any do deeds of righteousness, be they male or female, and have faith, they will enter paradise and not the least injustice will be done to them (4:124).
>
> I will not allow the deeds of any one of you to be lost, whether you are male or female, each is like the other (3:195).

The Qur'an emphasizes the idea that good deeds of all humans will be rewarded regardless of their gender. It also promotes the equal partnership between men and women that should respect and protect each other. Such emphasis on male-female equity can be found in the traditions of the Prophet. In the previously cited last sermon to the pilgrims of Makkah, the Prophet mentioned the importance of women in society: "O People, it is true that you have certain rights with regard to your women but they also have rights over you. . .Do treat your women well and be kind to them for they are your partners and committed helpers. . ." (Amatullah 2014).

Islam is not a religion that gives men supremacy over the public and private life, nor does it limit women to the private sphere (Syed and Ali 2010), but rather calls for an ethical behavior of Muslims based on God's guidance. One of the most valuable examples and role model for Muslim women is Khadija, the first wife of the Prophet Mohammed who was one of the important business women in the ancient Arabia. Khadija owned a flourishing business caravan. In addition to performing her duty as a mother and wife, she co-managed the business with her husband and supported him in his mission to spread the message of Islam. Furthermore, she was of constant financial and moral support for the Prophet and had an active presence in the public space (Syed and Ali 2010). Likewise, the second Caliph Umar Ibn Al Khattab (634–644 AD) and one of the greatest companions of the Prophet, appointed a woman Shaffa Bint Abdullah as a market supervisor in Medina (Al Khayat 2003).

Based on the above, the case of gender equality presents ample evidence in the Qur'an and the traditions of the Prophet that seem to grant women and men equal rights and promotes gender equality in the economic activity of believers. On the other hand, the discourse about gender equality and women modesty is much larger than what is covered in this chapter, due to the scope of our discussion. However, it is important to mention that there are different interpretations of the Islamic sources about the concept of female equity which is contested by the Islamic scholars. The orthodox Islamic scholars refer to a number of traditions of the prophet to support their patriarchal views on female seclusion and gender segregation. Various traditions are cited to project a restrictive account of female modesty (e.g. collection of the saying of the Prophet by Tirmidhi). However their authenticity and contexts are a matter of debate in Islamic research (Syed 2008).

7 Islam and Brotherhood

Despite the concept of diversity of human beings, Islam makes a great emphasis on the concepts of unity and brotherhood. Helping each other in the light of social virtues and righteousness is a duty for every member of the Muslim community "Umma".

"*(. . .) Help one another in the righteousness and virtue; but help not one another in sin and transgression*" Qur'an (5:3). The Prophet said: "Go to the help of your brother whether oppressor or oppressed", he was asked "We know what is meant by going to the help of brother who is oppressed, but how shall we help a brother who is oppressor?" The prophet replied: "By restraining him from oppressing others" (Khan et al. 2010).

Some of the main values that should be respected and guide the believers' lives while dealing with others regardless of their diversities are; God-consciousness (taqwa), Love, doing good (ihsan), justice (àdl), and equality (musawah). The religion stresses the virtue of mutual support and help of the community as a duty for every believer to maintain the equilibrium of a fair and just life. Islam provides a framework within which people can live their life and fulfill their duty of serving God with piety, justice and equity. The Qur'an and the teachings of the Prophet (Sunna) clearly give enough evidence that Islam considers diversity as a sign of the divine creation and supports equality of human beings without any form of discrimination be it gender, race, cultural, or other forms of diversity. Those teachings offer guidance for the personal, social and economic life of every Muslim.

8 Islamic Approach of Work and Management

Work from an Islamic perspective is an obligatory activity and a virtue in light of the needs of human beings and the necessity to establish equilibrium in one's individual and social life (Ali 1988). Individuals who have the mental and physical ability are exhorted to work in order to earn their living and are not allowed to become a liability on their families or on the state through idleness. Hard work in Islam is highly valued and considered as a religious observance and a spiritual fulfillment. Individuals seek God's reward in life and the hereafter through their contribution to the development of their society by lawful (halal) activity. According to the traditions of the Prophet Mohammed, he said: "Work is worship". Also, in another tradition, the Prophet was once sitting with his companions, who, when seeing a strong young man, said: "Alas for that man! Had it been for his power and sturdiness to be for jihad in the cause of God". The Prophet then replied: "Do not say so! For he is striving to obtain himself from begging people, he is in the cause of God. And he is striving for the sake of weak parents or progeny to suffice them; he is in the cause of God" (Syed and Ali 2010, p. 457).

In order to assure a healthy and effective work environment, the Islamic tradition sets the pillars and guidelines of work ethics that should be respected by the believers. The religion calls for an equitable and fair distribution of wealth in the society and urges for honesty and justice in trade and business management. Therefore, a manager should perform his work following the ethical guidance that the Islamic tradition dictates. "Akhlaq" is the appropriate term in Arabic that stands for the translation of the word ethics. Ethics, according to western sociologists is relatively dependent on individual perspective in order to determine good or bad. However, in Islam, the source of ethics is its religious institutions, transmitting a divine revelation to mankind. In other words, the Qur'an and Sunna automatically become the source of Akhlaq in Islam. Thus, all modes of behavior and character traits derived their goodness or badness from the sanction or otherwise of the holy book and the sayings and practices of the prophet Muhammed who himself has been described as the best model of behavior for all believers. In the context of management and leadership the values of business ethics are extracted from the teachings of the previously cited religious prescriptions that shape employers and managers behavior.

Obligations and duties are defined for the worker towards his or her work as well as towards his employer. A believer must be dedicated to his work to justify his earnings and at the same time to be a role model for believers and non-believers. Islam makes it an obligation for the worker to perform the tasks which he has contracted to the best of his ability, but since individuals are endowed with different abilities and talents, their productivities will differ and none is expected to do more than his capacity. According to the Qur'an, believers are expected to respect their written contracts and accomplish the agreed terms of their employments. "*O you who have attained faith, Be true to your covenants*" Qur'an (5:1). Muslim employees are expected to be honest while performing their work and trustworthy,

for example with regards to the protection of the information or material related to their work.

As a matter of fact, obligations apply on the employers as well. Employers and managers must be just and equitable toward their employees, honest, respectful, trustworthy and seek consultation. Managers are expected to be just in their management practices. For example, recruitment and employee selection must be based on competencies. Employees should not be appointed based on their race, age, gender, wealth, or alike, but rather on their skills to perform the work. The Qur'an states: "*God commands you (people) to return things entrusted to you to their rightful owners, and if you judge between people, to do so with justice: God's instructions to you are excellent, for He hears and sees everything*" (4:58). Accordingly, managers are then expected to be just and fair in the compensation of their employees. Wages have to be decided based on skills, quality and quantity of work to be performed avoiding discrimination.

Honesty is one more value that managers have to have towards their employees. As to illustrate; managers should inform the truth about the job to perform while hiring, in addition to any other information pertaining to the activity, to make sure that applicants will not be expected to perform beyond their capacity (Hashim 2010).

Based on the concept of equality between human beings, managers have to respect their employees and protect their dignity. The hierarchical positions within the organization do not justify harsh treatment nor help increase notoriety within subordinates (Beekun 2012). Managers are called to be kind and respectful to their employees. The Prophet said: "One who mistreats those under him will not enter paradise" (Syed and Ali 2010). Managers are expected to keep their word and assume their responsibilities for which they were entrusted. Trustworthiness in Islam has an additional meaning related to man's role of trustee on earth that must bear responsibility for his own actions.

Additional values promoted by the Islamic business ethics are consensus-build or consultation in decision making (Beekun 2012). According to the Qur'an and the tradition of the Prophet, decisions in management of business and in public affairs should be done on consultation. In the Qur'an God commends "(. . .) *Keep up the prayer; conduct their affairs by mutual consultation; give others out of what We have provided for them*" (42:38). In addition, the Prophet said: "He who consults is guarded against regret" and said also "Meet your obligations while not overlooking your entitlements." This means that consultation should be based on mutual trust, good intention and within the scope of the contract (Syed and Ali 2010).

Islamic tradition considers the resources and wealth to which man has access to not being his, but rather a loan by God to fulfill his responsibilities using them in a fair and correct manner (Beekun 2012). Therefore, and as stated by Beekun and Badawi (2005), managers must delegate the responsibilities associated with their position toward other stakeholders as a sign of trustworthiness.

9 Discussion

Moral business in Islam can pursue its economic goals but not at the expense of its moral duties to individuals and to the society. Islamic work ethics provide a set of guidelines that promote lawful and just economic activities. According to the previously discussed values that are drawn from the Islamic teachings, diversity management with equity and justice is more than a managerial task, it is a religious obligation for every Muslim believer. Respecting the moral and ethical duties while working is considered as an act of worshiping which necessitates piety and equity motivated by the desire to please God.

Giving the values and precepts drawn from the Islamic tradition, it is clear that the religion orders business managers to treat employees equally based on their skills, and seek their well-being by protecting their human dignity. In addition, the Islamic teachings on diversity management promote justice regardless of the differences in the hierarchical levels or any other form of diversity. Besides, the discussed values make an important focus on individuals and on the development of the human condition while seeking the excellence and great reward in this life and the hereafter.

It is important to mention that there is a congruence between diversity management based on the Islamic work ethic and the humanistic management approach. The Islamic traditions offer rich and insightful values that can deepen the debate on diversity management within a humanistic approach. Furthermore, it can offer a spiritual source of motivation for both managers and employers, for a higher commitment for implementing a value-based management.

The recent research on humanistic management suggested several contributions for the reinforcement of the individual-orientated management view aiming to more respect for the humanity of people within organizations. Melé (2013) discusses a number of managerial approaches that contribute to the development of the humanistic approach; for example the increased focus on people with more involvement and participation within the organization, considering the organization as a human community, giving importance to peoples' involvement in organizations, giving more importance to personal competences, and value-based management. Such contributions could be enhanced through further research on the topic of diversity management based on the Islamic traditions and contribute then to further developments for an alternative approach to counter its economic case of diversity management.

10 Conclusion

The present chapter has given an overview about the concepts of diversity, management and Islamic work ethics. The interface of those three concepts is aimed to draw values and wisdom to promote a humanistic approach to diversity management, based on the Islamic teachings.

Islam values diversity and considers it as a sign of the divine creation. Diversity should not create barriers or cause animosities among people, but rather enable human beings to better know each other, and strive for the development and the improvement of the human condition while preserving inner and outer peace. It is also a religion that calls for the development of human beings through continuous learning and hard working and puts great emphasis on work that is considered as a form of worshiping. Engaging in economic activities is an obligation in order to fulfill one's needs, foster personal growth and establish equilibrium in social life. The idea of personal development goes beyond the improvement of the material life, but rather emphasizes the enrichment of the spiritual needs. This enrichment is done through the good deeds that are performed by believers throughout their lives and the satisfaction that they gain having followed the guidance of God and seeking His blessings.

Islamic work ethics has set guidelines and rules for governing the relationship of organizations with their employees and set obligations for employees vis-à-vis their employers. Fundamental concepts in business management have been dictated such as equity, justice, human dignity and fairness and insist on the engagement in lawful work while protecting and preserving the interests of the individuals and the community. Islam presented those central concepts regardless of gender, race, or ethnic groups, and made the unique basis to differentiate people before God their piety and righteousness. Islamic work ethics give importance to cooperation and consultation in work as an efficient way of overcoming obstacles and avoiding mistakes. It also puts an emphasis on the accompanying intentions rather than the results of work.

Given that Islam is an important component in everyday's life in an important number of Muslim Majority Countries (MMC) and has dominant role in shaping business practices (Syed and Ali 2010; Syed et al. 2010; Syed and Özbilding 2009), the Islamic faith is likely to have a significant influence on diversity management practices in those countries. Values that are promoted by the Islamic teachings can be used in order to shift people's paradigm about diversity acceptance and the implementation of managerial best practices, especially regarding gender issues and women's equal opportunities in the job market. Organizations can cultivate values based on Islamic teachings of diversity, multiculturalism, equity, justice and fairness. Values such as tolerance (tasamuh), understanding (Ta'aruf), fairness (adl) and clarification (tabayun) can be used within organizations in order to promote diversity management within MMCs.

In today's business context of capitalistic orientations that seeks wealth accumulation and profit maximization, applying the Islamic principles of management

faces great challenges. According to Ali (1988), treating employees' interests as complementary to employers', as suggested by the Islamic prescriptions is far reaching in contexts marked by economic pressure. The existing literature on the influence of Islam on management practices argues that there is a gap between the theory of Islamic principles of management and the actual practices in the Arab Muslim world (Branine and Pollard 2006; Syed and Ali 2010). The major reason is that organizations in Muslim countries are highly influenced by western business practices. In addition, national culture values and non-Islamic traditions exercise a considerable influence on management behavior in those counties. For that, it is highly interesting to engage in further research for specific Muslim contexts in order to explore and understand the national and cultural considerations for the contribution to the literature on ethical diversity management practices.

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Islamic Roots of Corporate Social Responsibility

Duygu Turker

1 Introduction

Religion has become a significant social phenomenon and appeared in almost every society throughout the history of humanity (Giddens 2008: 579). Although many archaeologists assume that religion is a "by-product of other events such as agriculture" (Rusello 2013: vii), the recent archaeological discoveries at Gobekli Tepe, in eastern part of Turkey, challenge this ideas and shed some new lights on the role of religion on the formation of society (Rushby 2012) with letting agriculture and domestication—not vice versa (Curry 2008). In addition to focus on its role in primitive societies, there is a need for new scientific studies that will show its impact on our modern societies. Today, the religious doctrine and its practice affect the current nature of politics, economy, culture, art or even sport. Despite the positivist approach of Comte and its implications through secularism, the religion continues to affect vast majority of people from different continents, regions, and countries.

It is clear that the tension between divine and secular is particularly apparent in politics and economy (Akşit et al. 2012). In most countries, religion is significantly affecting the business practices. For instance, in the countries that have predominantly Muslim population, this impact manifests itself in many ways from the weekly holidays of business organizations to Islamic banking practices or halal certifications of food products to chapels (mescit) for employees at the workplaces etc. Beyond these discernible practices and visible artefacts in business world, religion affects the overall worldview of society as well as business community through embedding into their value system (Schwartz and Huismans 1995). From the perspective of institutional theory (DiMaggio and Powell 1983), the belief

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_10

system of a community is among the sources of institutional pressures in the organizational environment (Scott 1987: 498) and religion, together with political and philosophical thoughts, holds the norms (Donaldson and Dunfee 2000), which construct the macro-social contract among business and society (Garriga and Mele 2004). Considering its possible impact over the business community, there is a need to uncover how religion affects the current business aspects and practices.

As one of these business aspects, corporate social responsibility (CSR) has become very popular during the last decades depending on the increasing environmental and social problems. Although there are some conceptual and empirical studies on analysing the link between Islam and CSR, none of these studies systematise the impact of Islamic paradigm within a viable framework. The purpose of current study is to provide a conceptual analysis of how Islamic perspective affects CSR based on the CSR pyramid of Carroll (1979, 1991). Based on the four components of this model, the reflections of Islamic paradigm on economic, legal, ethical, and philanthropic responsibilities are articulated with reviewing the core Islamic texts. Then a revisited model of Carroll's framework is proposed to understand how this perspective affects CSR notion in line with the stakeholder conception. The study also provides a discussion on whether this perspective is adopted by the business community in predominantly Muslim countries.

2 Islam at *Theory* and *Practice*

Religion has attracted the attention of most philosophers and sociologists since it affects the lives of millions of people. For instance, according to Durkheim (1972: 219–221), inter-social factors play a significant role in the birth of religious sentiments and then they turn into religious ideas, which are independent from the logical and scientific judgement. Relating it to "the overall nature of the institutions of a society" (Giddens 2012: 681), Durkheim (1995: 44) defines religion as "collective thing" which refers to a system of beliefs and practices to unite people into "one single moral community" for increasing social cohesion, social control, and providing meaning and purpose (Macionis and Plummer 2005: 489). On the other hand, Weber views religion as a factor that might inspire or inhibit social transformations; while the source of capitalistic values can be traced back to the rise of Protestantism, the religions such as Hinduism or Confucianism give little or no importance to the material world (Giddens 2012). In fact, there are some overlapping themes, ideas, and values particularly among the monotheistic religions. For instance, while Christianity took over and incorporated many Judaic views (Giddens 2012: 686), it is clearly stated in some sections of Qur'an [such as Ahkaf (9-10-12) or Mâide (49)] that it has not a new content, whereas it shares the other prophets' holy messages (Şerif 2014: 191). "Islam recognizes an important continuity with the Judeo-Christian lineage, viewing its predecessors not so much as alternative religions, but rather as incomplete, misunderstood or corrupted versions of itself" (Groff 2007: 110). Therefore, this *overlapping* and

complementary nature of monotheistic religions should be kept in mind when analysing their views on CSR.

In addition to the above-mentioned sociological meaning of religious experience, the Islamic perspective mainly manifests itself in two expressional ways as aqidah (belief or faith), which explains its doctrine or theory and ibadah (worship) that indicates the practical dimension (Wach 1995). The roots of aqidah and ibadah can be found not only at Qur'ân, as the sacred source of Islam, but also in the narratives about Prophet Muhammad's (570–632) life and actions (sirahs) and his own words for specific circumstances (hadiths). Despite the debate over the reliability of some hadiths or significant variances among the interpretations of Islamic prescriptions, they are taken as the main references of Islamic paradigm by many interpreters. As the Arabic word meaning 'submission' and 'peace' (Giddens 2012) or "submission to the will of God" (Groff 2007: 110), Islam builds its main tenets on the ideas of Allah (god), world, humanity (Günay 2014) based on these sources. Therefore, it is believed that Qur'ân, the submission to god as the path to inner peace (Macionis and Plummer 2005: 495), provides the *universal truths* about these aspects and their interactions on the philosophical questions about reality, space and time, good and bad, freewill, afterlife etc. in a very clear manner (Şerif 2014). According to Şerif (2014), the uniqueness of Allah, the creative power of Allah and the relations of Allah with humanity is at the hearth of Islamic doctrine; Allah wants the excellency of human being (Tevbe, 32), which lies at the internalization of Allah's all attributes (Bakara, 138) such as *Life* (Bakara, 255), *Eternity* (Hadîd, 3), *Unity* (Bakara, 163; Mâide, 75; En'âm, 19 etc.), *Strength* (Bakara, 29, 117, 284; Âl-i İmrân, 29; En'âm, 12–13, 65, 73 etc.), *Truth* (Bakara, 284; Âl-i İmrân, 5–29; Nisâ, 26 etc.), *Beauty* (A'râf, 180; İsrâ, 110; Tâhâ, 8), *Justice* (Nisâ, 40; Mâide, 45; A'râf, 29,167; Yûnus, 109 etc.), *Love* (Âl-i İmrân, 150, 174; Nisâ, 26–28, 45; Mâide, 77 etc.) and *Benevolence* (Nasl, 53; Lokmân, 26; Haşr, 23). Therefore, in theory, "every act that a Muslim undertakes should be done in a spirit of pious consciousness of God's oversight of all one's deeds" (Ali and Leaman 2008: 152). It can be seen that Islamic doctrine emphasizes an ethical stand for its adherents and invite them to develop an individual identification with Allah through adopting these positive attributes.

This strong emphasis on the adoption of positive values and attributes for human beings can be also viewed at the practical dimension of Islam. The five pillars of Islam include the basic practices that are required for every adherent as recognizing Allah as the one, true God, and Muhammad as God's Messenger, ritual prayer, giving alms (zakat) to the poor, fasting during the month of Ramadan, and making pilgrimage at least one in a lifetime to the Sacred House of Allah in Mecca. It can be noticed that these practice of Islam can be divided into three main groups as physical worship (such as prayer, fast etc.) financial worship (giving alms, sacrificing, etc.) and both physical and financial worship (pilgrimage) (Günay 2014: 247). Some forms of these worships impose to the adherents of Islam to actively help each other without any reciprocal return. "These observances function as a kind of external sign of submission to the will of God, but Muslims generally agree that it must be accompanied by an interior faith or belief (iman) as well" (Groff 2007:

111). Therefore, the practice of Islam supports its theoretical parts on making people better for the sake of world and humanity.

3 Islamic Paradigm on CSR

As the combination of both theory and practice, Islamic belief system can provide a significant reference for believers to perceive and respond the social, economic, and environmental problems during the last decades. Dusuki (2008) states that against the materialistic approach of Western world, which relies on empirical findings and theoretical construct, this holistic and spiritual Islamic paradigm can also guide to business organizations in their conducts. A systematic analysis of how Islamic perspective affects CSR can be provided based on the CSR pyramid of Carroll (1979, 1991). In his framework, Carroll (1979) proposes a four-dimensional framework of CSR, which includes the economic, legal, ethical, and philanthropic responsibilities—in order of importance. The following section attempts to capture how these components and their compositions can be interpreted from the Islamic paradigm.

3.1 Economic Responsibilities

Carroll (1991) indicates that this component of framework is "the basic building block notion that economic performance undergirds all else". Most people think that Islamic worldview limits the activities of a modern economy. For instance, Tulder and Zwart (2006: 254) state that "Islamic CSR regime stimulates managers and civilians to adopt a relatively active ethical stance towards business, with only limited reference to economic efficiency". However, economic activities have been highly valued in the Islamic paradigm also. Qur'an indicates that all resources on the earth were created by Allah to serve for fulfilment of human needs (Bakara, 29; A'râf, 10; Ra'd, 3 etc.) who has the right of private ownership (Bakara, 275, 279, 282 etc., Nisâ, 2, 4, 7, etc.). The illegal and unethical behaviours are clearly indicated and certainly forbidden when involving any economic activity. For instance, it is stated in Qur'ân that "O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent" (Nisa, 29) or "It is not [attributable] to any prophet that he would act unfaithfully [in regard to war booty]. And whoever betrays, [taking unlawfully], will come with what he took on the Day of Resurrection" (Âl-i İmrân, 161). Şerif (2014: 257) indicates that the fundamental economic principles of Islam mostly converge to a liberal economy rather than socialism, which requires collective ownership. Following Chapra (1992), Rice (1999: 346) mentions the existence of a moral filter in which "people would pass their potential claims on resources through the "filter of

Islamic values" so that many claims would be eliminated before being expressed in the marketplace".

3.2 Legal Responsibilities

This dimension constitutes the second largest layer of Carroll's (1991) framework and indicates that a business must comply with the ground rules of a legal system. Today, most Muslim countries have integrated the concept of legality with Islam through a divine law, shari'a. While Qur'ân and the hadiths are central in the formation of this law, it makes known "God's will and specifies certain beliefs and practices in the form of legal commandments and prohibitions" (Groff 2007: 176). However, "different schools of jurisprudence (fiqh) arose and argued not only about what the Islamic law is on a particular issue, but also on how to produce legal judgements". According to Dusuki (2008), shari'a is composed of aqidah, akhlaq, and fiqh; while former two are performants for all times and societies, fiqh as the legal rulings governing the acts of human beings, may change over time and space. It surely increases the flexibility and dynamism of jurisprudence depending on the specific needs of societies (Dusuki 2008). However, one thing is clear that obeying the legal framework is still essential for all human beings. Particularly in the economic life, it is expected to respect the legal framework to maintain order among people. The notion of justice is not only a supreme virtue, but also a key phenomenon to maintain this legal order. Qur'ân emphasizes the importance of justice in several times, such as "My Lord has ordered justice and that you maintain yourselves [in worship of Him] at every place [or time] of prostration, and invoke Him, sincere to Him in religion" (A'râf, 29) or "Indeed, Allah orders justice and good conduct and giving to relatives and forbids immorality and bad conduct and oppression" (Nahl, 90).

3.3 Ethical Responsibilities

In the Carroll's (1991: 43) framework, "ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral right". This broad scope of ethical dimension can be also captured in Islamic paradigm. According to Ahmad (2003), the divine guidance of Islam through shari'ah on what is right or wrong can also strengthen the ethical stand of individuals and organizations. The notion of taqwah (God-consciousness, righteousness, or dutifulness) is closely linked with CSR conception (Dusuki 2008). It can be basically interpreted as to be a good person without committing any sin (Şerif 2014). Therefore, the essence of Islamic ethics might be consistent with the universalism values (Beekun and Badawi 2005),

which refer to "enhancement of others and transcendence of selfish interests" (Schwartz 1994: 25). Williams and Zinkin (2010: 519) find significant overlaps among the basic tenets of Islam and United Nations' Global Compact and even "Islam often goes further and has the advantage of clearer codification of ethical standards as well as a set of explicit enforcement mechanisms".

On the other hand, the last day belief (yawm al-qiyama) of Islam is also providing the notion of individual judgement by God with evaluating whether or not a person lived in accordance with His will (Groff 2007). This rewarding and punishment through paradise and hell in Islam (and other monotheistic religions) can be interpreted as a mechanism that always reminds people the consequences of their behaviours. Although it might be linked with consequentialist perspective of ethics, which focuses on ends or consequences and "includes both egoism (promoting the good of an individual) and utilitarianism (promoting the good of society)" (Schwartz and Carroll 2003: 512), Qur'ân states that people should be good without expecting any reward; "Is the reward for good [anything] but good?" (Rahmân, 60) or "[He] who gives [from] his wealth to purify himself... And not [giving] for anyone who has [done him] a favor to be rewarded... But only seeking the countenance of his Lord, Most High" (Leyl, 18–20). Therefore, Islam requires adopting an individual ethical conscientiousness with being a good person and conducting ethical behaviours with an implicit motivation. Prophet Mohammad is shown as the standard of moral action and conduct for everyone; "there has certainly been for you in the Messenger of Allah an excellent pattern for anyone whose hope is in Allah and the Last Day and [who] remembers Allah often" (Al-Ahzab, 21). On the other hand, the emphasis on the positive values such as justice, truthfulness, benevolence etc. in Qur'ân provides which set of values constitute the foundations of akhlaq.

3.4 Philanthropic Responsibilities

Carroll (1991) indicates that these responsibilities encompass corporate actions that aim to promote human welfare and goodwill. The pyramidal structure of framework illustrates that this component is the least important part of CSR. According to Schwartz and Carroll (2003), the economic and legal dimensions are the *required*, ethical dimension is *expected*, but philanthropic dimension is only *desired* dimension of CSR. However, philanthropy as the love of humankind (Turker 2013) are strongly emphasised in Qur'ân like "...And do good as Allah has done good to you..." (Kasas, 77); "And spend in the way of Allah and do not throw [yourselves] with your [own] hands into destruction [by refraining]. And do good; indeed, Allah loves the doers of good." (Bakara, 195); "Indeed, Allah is with those who fear Him and those who are doers of good." (Nahl, 128). In practice, one of the pillars of Islam (giving alms) also ensures the equality among rich and poor people; "And they ask you what they should spend. Say, 'The excess [beyond needs]'" (Bakara, 219). The term of zakat is repeated in 38 times in Qur'ân and provided an obligatory

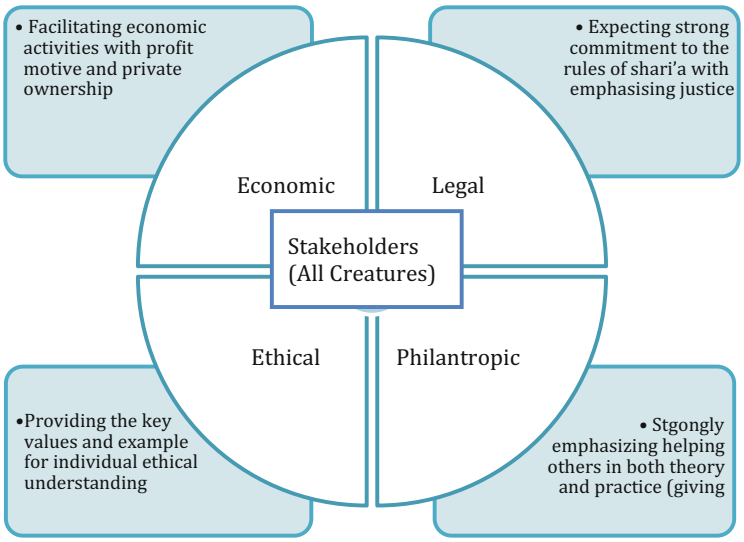

Fig. 1 Revisiting the Carroll's CSR framework from Islamic paradigm

duty (Şerif 2014: 251), which represents "an institutionalized version of CSR—and an alternative to taxes" (Tulder and Zwart 2006: 254). However, Qur'ân clearly states that this type of philanthropic contributions should be done for only Allah; "Never will you attain the good [reward] until you spend [in the way of Allah] from that which you love. And whatever you spend—indeed, Allah is knowing of it." (Âl-i İmrân, 92) or ". . .They [poor] do not ask people persistently [or at all]. And whatever you spend of good—indeed, Allah is Knowing of it." (Bakara, 273).

Although Carroll (1991) provides a pyramidal structure, which reflects the level of importance of each dimension from economic to philanthropic, the evaluation of Islamic perspective on CSR shows a more integrated and holistic approach on CSR dimensions. Figure 1 presents that all dimensions are equally emphasized and provided as the essential to be a good followers of this religion. Moreover, they are closely integrated into each other. For instance, it can be difficult to distinguish the concept of economic dimension from ethical, legal, or philanthropic dimensions. In most section of Qur'ân, they are mentioned in a closely interrelated manner.

Although it is not clearly mentioned in his model, the stakeholder conception is seen as a major element of Carroll's (1979, 1991) framework. Therefore, considering the natural fit between CSR and stakeholder conception (Trebeck 2008), stakeholders are placed at the centre of this model and also captured in Islamic perspective in a wider sense. For instance, the question of whom a person should give charity is responded as everyone who needs help: ". . .[true] righteousness is [in] one who believes in Allah, the Last Day, the angels, the Book, and the prophets and gives wealth, in spite of love for it, to relatives, orphans, the needy, the traveler, those who ask [for help], and for freeing slaves; [and who] establishes prayer and

gives zakat; [those who] fulfill their promise when they promise; and [those who] are patient in poverty and hardship and during battle" (Bakara, 177). However, the idea of that all *resources* were created by Allah for human being (Bakara, 29; A'râf, 10; Ra'd, 3 etc.) as the most honourable of all creatures might provide an anthropocentric view of stakeholder conception—similar to Judaeo-Christian doctrine (Canan 1995; Izzi-Dien 2000). However, this does not mean that Islam neglects the existence or right of other creatures. According to Kula (2001), Islamic texts emphasize "being on respect for creation, the protection of the natural order and avoidance of all wasteful activities which may cause injury to the environment". In their study, Aribi and Gao (2012) also identify the section of Qur'ân, which shows responsibilities towards environment, employees, customers, and community.

4 CSR Practice in the Islamic World

In the previous section, the reflections of Islamic paradigm on CSR have been articulated with reviewing the main references of this belief system. However, the dynamic structure of every society makes it open to change over time and place. Particularly considering the impact of globalisation over all countries and societies, the similarities among approaches of individuals and organizations towards CSR practices might converge to each other. For instance, Moosa (2004: 224–225) states that the term of ethics has changed from premodern Islam to modern period; while in the former, ethics was concerned about formation of the self through conducting good behaviours, in the latter, the concept is "conceived of as a set of abstract values, derived from sources that do not always completely resonate with the historical self, given the massive global transformations of cultures and values". This modern meaning of ethics in Islam is very similar to the understanding of other organizations. Therefore it is also important to understand how CSR is practiced in Islamic world and whether these philosophical roots of Islam affect the perception of businesspeople.

It is clear that both the theory and practice of Islam support the private ownership and permit economic activities that generate profit for owners of these equities within the legal and ethical borders. The historical evolution of business practices in Islamic world has been in line with these key principles, which support the viable trading activities for centuries. While the earliest form of some trading activities can be found in Islamic world (Çizakça 1999), many people including both men and women involve in business activities during the Ottoman Period (Faroqui 2002). Even Mohammad involved in trading activities during a part of his life and such business activities have been seen as 'socially useful function' (Rice 1999: 349). However, in Islam, "a balance in human endeavors is necessary to ensure social well-being and continued development of human potential. . .social good should guide entrepreneurs in their decisions, besides profit" (Rice 1999: 348–349). Therefore, CSR is inherited to the business activities and traditionally appears in the form of philanthropy in most Muslim countries.

Depending on the strong emphasis of Islam to the under-privileged, the philanthropic CSR has been accepted as a norm in the Middle East (Hopkins 2007) and widely practiced in countries such as Turkey (Eren-Erdoğmuş et al. 2014). Jamali and Sidani (2012: 1) indicate that "CSR in the Middle East build on deeply rooted traditions of philanthropic giving. . . philanthropy in the Arab region continues to be rooted in strong religious and cultural traditions". The authors mention various forms of giving in those societies such as zakat, marabba (benevolent work) or takaful insani (humanitarian giving) etc. (Jamali and Sidani 2012). This form of CSR has been institutionalised through waqf or awqaf (foundation) since the Period of Mohammed (Faroqui 2002) and became very common during the Ottoman period. "A permanent endowment set up with property the income from which is to be used for charitable purposes", a waqf is dedicated to God as a gift to serve for the benefit of humanity (Mandaville 1979: 293) and today many family-owned companies in Turkey have such foundations for social or educational purposes.

It is stated above that giving charity is expressed as an activity, which is in between the receiver and sender who wants to work in the way of Allah in Qur'an. However, considering how they communicate (even advertise) their philanthropic activities, it seems that the motives of involving philanthropic activities among corporations in Islamic world might be not linked with the religious meaning of such activities. Depending on the increasing competitive and institutional pressures over companies, they might involve such activities with the motives (like legitimacy or profit-orientation) similar to their counterparts in Western world. Jamali and Sidani (2012) also mention a transformation of traditional philanthropic approach on CSR through the impact of Western concepts. According to the authors, this more institutionalized and strategic form of giving might ensure "a more effective channelling of resources to serve the greater public good through addressing regional social ills and problems" (Jamali and Sidani 2012: 2).

On the other hand, the ethical understanding of Islamic world is also converging to western world. In his famous study, Weber (1974) proposes that Protestant work ethic (PWE) can be taken as the main stimuli of capitalist development with affecting many people to engage in work in the secular world. The recent studies show that the characteristics of PWE are also emphasized in other religions (Uygur 2009) and even Muslim businesspeople can show higher scores than their Protestant counterparts (Arslan 2000). In the literature, some researchers attempt to distinguish PWE from Islamic work ethic (IWE) clearly (Ali 1992; Ali and Al-Owaihan 2008; Yousef 2001). However, Uygur (2009: 223) states that "Islam-related economic/business model do not appear to be significant factors in the emergence of this new business class" at least in Turkey, as secular country. Therefore, there might be a significant convergence among the ethical values of people in different countries in parallel to the globalisation movement.

5 Conclusion

CSR has become widely recognized in the various countries from different regions or religions during the last decades. There is a significant tendency towards CSR among businesspeople in predominantly Muslim countries. The current study tries to capture whether Islamic paradigm explains CSR conception and how this paradigm is practiced by the businesspeople in our modern organizations. It can be noticed that the core texts of Islam provides a holistic perspective on CSR with paying attention to all dimensions of Carroll's CSR framework. Instead of focusing one of these dimensions, this perspective reflects a balance among different matters of life as economic activities, legal issues, ethical conduct, and philanthropic charities. Considering human and all other creatures as the core element of this four dimensional framework, the idea of CSR has been built in the twofold structure of this system as theory (aqidah) and practice (ibadah). However, the evaluation of current business conduct on CSR in the Islam world reveals that philanthropic CSR has become the most frequently applied ways of doing CSR. Following the traditional form of foundation mechanism, today, many companies engage in philanthropic CSR in Muslim countries.

Like any other social phenomena, religion is dynamic in nature. Therefore, despite what Weber says on religion, we should consider the interaction among society and religion; therefore it might be not "Islam that shapes Muslims, but rather Muslims who, through discourses, practices, beliefs and actions, shape Islam in different times and spaces" (Marranci 2010: 368). For instance, despite the great emphasis of ethical conduct in all activities in Islamic doctrine, there are many Muslim countries that are listed with their high corruption index scores (Transparency International 2014). Therefore, the link between Islamic paradigm and business conducts might be not as strong as it is assumed. Based on the result of their large scale survey on 20,000 observations across 21 countries, Williams and Zinkin (2010) state that, despite the Islamic teaching on business ethics and Islamic laws for high standards from all stakeholders, "Muslims are less concerned about CSR than non-Muslims". While some scholars explain this discrepancy between normative ethics and practices in Muslim societies with "the lack of well-developed and effective institutions which would be able to translate the normative concepts into practice" depending on the flexible needs of different context or times (Ismaeel and Blaim 2012: 1092), some others mention to a return to Islamic ideals for the issues such as environmental protection (Wersal 1995). However, Giddens (2002: 41) states that "there is no such thing as a completely pure tradition. Like all the other world religions, Islam drew upon a dazzling variety of cultural resource—that is other traditions". Therefore, what Islam says about god, world, and humanity closely overlaps with other religions' basic ideas. Therefore, the best way might be to synthesize the overlapping themes of this heritage to arrive at a universal set of values and, more importantly, increase the recognition of these principles among all businesspeople by supporting them with strong institutional framework.

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The Islamic Principle of *Maslaha* as Practical Wisdom for Human Development

Jochen Lobah

1 Introduction

Since the beginning of the last century Muslim thinkers have taken a common stance on the evident backwardness of Muslim societies in comparison with Western societies. It was less the benchmark of the industrialized and developed West, but rather the widespread shortcomings with regard to the genuine principles of Islam which had been the target of deep criticism by Muslim jurists and intellectuals. The Islamic reform movements towards the end of the nineteenth century had been founded and developed by Jamal ad-Din al-Afghani, his disciple Mohammed Abdouh and his follower Rashid Rida. It paved the way for a large critical discussion vis-à-vis some inherent features and attitudes within Muslim societies. Furthermore, the very famous claim of the French historian and orientalist Ernest Renan during a lecture given at the Sorbonne University in 1882 that Muslim societies are backward because they lack a fundamental reform process and enlightenment, unlike Western Christianity, had been immediately counterattacked and contradicted by al-Afghani and Abdouh. Both considered the evident phenomenon of *decadence* within Muslim societies from a completely opposite viewpoint: Muslim societies were backward due to their negligence of religious values and proper Islamic practices, i.e. their backwardness had been the result of the Muslims' forgetfulness of the very fundamentals and principles of original Islam. They stated that the "golden era of Islam" from the seventh to the thirteenth century was a time of widespread Muslim orthodox practice and religious awareness which had been the main reason for the highly developed Muslim societies in the early years of

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_11

Islamic history. Modern Muslim thinkers like Muhammad Asad, Malek Bennabi, Fazlur Rahman and currently Tarik Ramadan extended their analyzes of the intrinsic social and economic problems of Muslim societies to the very reasons of colonialism. All these eminent Muslim intellectuals highlighted the fact that Muslim societies must have been colonized for the simple reason of their aforementioned lack of awareness and capacities with regard to a deeper understanding of their own cultural Muslim values and genuine Islamic teachings. These values had once in history an immense impact on the development of civilizations in the East as well as in the non-Muslim West. Nowadays these values have lost all powers and creativity to form and to sustain cultural, social and economic development at a first glance, especially referring to the disillusioned HDI-Index of Muslim countries. But there can be no doubt that the history of Islam shows clearly, without euphemizing it, that Islamic values contributed immensely to scientific, economic and human development in general until the beginning of the fourteenth century which had seen in Ibn Khaldun the last great Muslim scholar for many centuries to come. Yet the reason for this intellectual standstill in the course of Islamic civilization is not to be searched mainly in outward factors like Mongol invasion of the Middle East or the crusades alone. "Centuries before any contact with the West, a reactionary movement took place, and the elaborate dynamic intellectual stream came to an abrupt standstill after the closing of the doors of ijtihad (free investigation/independent reasoning). The Sharia became static and confined to the voluminous traditions of the four schools of thoughts (Hanafi, Maliki, Shafi, Hanbali). Furthermore, the Universal phenomenon of exploiting religion as a tool of suppression has been fully employed in various periods in history by Moslem rulers." (Yamani 2006).

One of the most relevant issues of all Muslim reformers is therefore the quest for opening of the doors of *ijtihad* with regard to the central sources of Islam, the Koran and the traditions of the Sunna, in order to find adequate solutions for problems and challenges of our present day life. Unfortunately there has also been established an unanimous consensus that the doors of *ijtihad* have been closed from the fourteenth century on, after the last great theological and juristic contributions of Al Ghazali, Ibn Taymiyya and Ibn al Qayyim al Jawziyya. All these eminent thinkers of Islam tried to contribute, despite their different approaches to spiritual, juristic and social questions of Islam, to a further development of Muslim societies, stressing the fact, that Islam provides "the" framework in order to cope with individual and social challenges, removing hardship on the individual as well as the social level. It is obvious that the practice of *ijtihad* has been applied not merely with regard to the interpretation of the Islamic sources, namely the Koran and the Sunna, but also a great deal with regard to the daily concerns of Muslim societies which had not been encompassed by clear-cut text references of Sharia ruling (ahkam). Although the very basis of Sharia is not alterable from Muslim's point of view (ibadat/rules of worship) and therefore valid for all times. Therefore it should be stressed again that the legal aspect of the Koran does not exceed 8 % of the whole text which means approximately 500 of the 6236 verses of the Koran at its best. So far as the Koran stresses again and again the fact that it has been revealed for people who think

(li quamin yatafakkarun),[1] juristic reasoning with regard to different challenges of completely various societies had been based on a sound application of reason, aiming to promote *maslaha* (public interest) especially regarding issues where clear text evidence (*nusus al Koran*) were not available. Fostering public welfare has ever been considered as acting in favor of the general meaning and intentions (*maqasid*) of Sharia (the path who lead to the water-source/life-source) even when the Sharia text references remain silent. The principle of *maslaha* must be regarded as one of the most famous and most influential tools for human and social development within the history of Islamic civilization, although its development has been neglected due to the tremendous intellectual stagnation mentioned above. The main reason of the closing of the doors of *ijtihad* was primarily a political one, protecting rulers from new interpretations of the Koran and the Sunna as well as from Muslim jurists who had to subscribe to one of the four major Islamic legal schools (*madhahib*) and their "eternal" established opinions. The immense stagnation on the economic, social and scientific level within Muslim societies from the late twelfth century until the modern age is also mainly the result of the a widespread practice of *taqlid*, i.e. blind imitation or following one expert in legal affairs, despite the fact that the legal ruling concerned had been issued centuries ago in completely different social as well as geographic contexts. The closing of the door of *ijtihad* has been commonly accepted despite the fact that neither a scholar, nor the average Muslim, let alone a ruler, has the right to declare that the interpretation of the very sources of Islam have come to a definite end. But this is until the present day one of the most important contemporary challenges and issues of Muslim societies, intellectuals, scholars and rulers. Yet, the proper and sustainable application of *maslaha* as a key factor for social and individual development cannot be treated separately from the question of the re-opening of the doors of ijtihad: "This, and nothing else, was the attitude of great Islamic thinkers whom we describe as imams ("leaders"). The never pretended to be infallible; they were learned men devoted to the search for truth, ant they knew that the duty of thinking could never cease to be a duty for man." (Asad 1981).

2 The Meaning of *Maslaha*

Within the context of Islamic principles the notion of *maslaha* must always be grasped in relation to the general intentions and objectives of the Sharia (*maqasid al Sharia*). Despite its bad connotation for non-Muslims and the West in general it should be remembered again that literally it means the way to the watering-place, or "the clear path to be followed and the path which the believer has to tread in order to obtain guidance in this world and deliverance in the next." (Kamali 2008, p. 14). Regarding the contemporary tendency of narrowing and exploiting the meaning of

[1] Koran, Surah 45:13.

Sharia through extremist groups and jihadists in the course of internal seditions within the Muslim society (fitna) as well as the establishment of the concept of an enemy, the deeper meaning of Sharia cannot be highlighted enough regarding the meaning of *maslaha*. The derivation of its meaning "refers to a beaten track by which wild animals come down to drink at their watering-place. It is the road which leads to where the waters of life flow inexhaustibly." (Gai Eaton 1994). From this orthodox and widespread consensus regarding the meaning of Sharia results that the "principal object of Sharia is realization of benefit to the people concerning their affairs both in this world and the hereafter." (Kamali 2008, p. 32). There is an overwhelmingly common opinion among scholars and ordinary Muslims that the prevention of evil and corruption must be considered as the most relevant aim of the deeper intentions of Islamic law in general. In his famous work *Al Muwafaqat fi Usul al Sharia* one of the greatest Muslim scholars of the golden age of Islam, Al Shatibi (?–1388), stressed the fact that within the framework of the deeper objectives of Sharia benefit for people, namely *maslaha*, is of outmost importance within a Muslim society. At the same time the great Muslim theologian Ibn Qayyim al Jawziyya developed a similar definition with regard to the relationship between Islamic Law and the notion of Maslaha, describing the "Sharia as a system based on welfare of the individual in the community. It is all justice, all compassion, all benefits, and all wisdom (hikma); thus any principle which becomes unjust, uncompassionate, corrupt and futile is not a part of Sharia, but inserted therein by false interpretation." (Yamani 2006). Resulting from this conclusion there is a general reasoning of Muslim jurisprudence with regard to problems and challenges of the society without referring explicitly to the Sharia due to its silence concerning the matter dealt with. Despite the absence of a clear-cut Sharia ruling the principle of guidance must correspond to the deeper meaning of the Sharia which is focused on people's benefit and removing all kind of hardship. The literal meaning of *maslaha* is indeed benefit or preventing harm.

3 The Historical Development of *Maslaha*

Maslaha owes its development to the propagation of Islam into different regions and cultural contexts. Islamic principles were facing consequently new challenges within new social orders, traditions and cultural habits. Furthermore, Muslim jurists and theologians discovered that nor the clear text of the Koran (*nass*) nor the Prophet's Sunna do indeed deal with all social, economic and cultural problems of societies at various times and places, consequently no concrete and binding ruling (ahkam) from the genuine Islamic sources could be directly applied to them. One of the main contributions to the development of the fundamentals of Islamic law (*usul alfiqh*) must be attributed to the great Imam Abu Hamid al Ghazali (died 1111) who tried to categorize former attempts to clarify the principles and the higher objectives of Islamic law:

> In its essential significance, *maslaha* is a term that means seeking something useful (*manfa'ah*) or warding off something harmful (*madarrah)*. But this is not what we mean, because seeking what is useful and preventing harm are objectives (*maqasid*) sought by creation, and the good (*salah*) in the creation of mankind consists in achieving those *maqasid*. What we mean by *maslaha* is preserving the objective (*maqsud*) of the Law (*shar'*) that consists in five ordered things: preserving religion (*din*), life (*nafs*), reason (*'aql*), progeny (*nasl*) and property (*amwal*). What ensures the preservation of those five principles (*usul*) is *maslaha*; what goes against their preservation is *mafsadah*, and preventing it is *maslaha*. (Ramadan 2009, p. 62, in Arabic).

It is evident that Al Ghazali established a horizontal categorization of the higher objectives of Islamic law, making them broadly applicable for different social, cultural and economic contexts, integrating "the human and social context into their reflections as to the concrete and practical implementation of rulings." (Ramadan 2009). Despite the fact that the door of *ijtihad* (free investigation/independent reasoning) had been closed shortly after Al Ghazali, Islamic law underwent an immense development toward the implementation of legal rulings at a given time and/or in a given context, without losing the faithfulness to the objectives of Islam's general sources, the Koran and the Sunna. From a modern viewpoint it seems that Al Ghazali had also narrowed the "scope of public interest (*maslaha*) as a source of legislation, but yet inherent in this definition is a very wide scope of application for public interest considerations." (Yamani 2006).

Al Ghazali's categorization clearly highlights the fact that Islamic civilization contributed during its early stage to concepts which promoted a sustainable human and social development. Analyzing Al Ghazali's second category of his essentials, preserving one's life, there is already evidence for the presence of the later principles of human rights since "safeguarding the right to life includes protecting the means which facilitates an honorable life such as the freedom to work, freedom of speech and freedom of travel." (Kamali 2008). The same holds for the third category of *maslaha*, the safeguarding of reason or intellect (*aql*) which presupposes a social ambiance which is favorable to learning and the right of access to education. The realization of the forth category, the safeguarding of lineage or progeny, necessitates a "favorable environment for the care and custody of children." (Kamali 2008). The last category corresponds to the second, the right to life which implies the right to work and to ownership, presupposing fair-trade and good work conditions in general.

4 *Maslaha* and *Ijtihad*: Contemporary Development Prospects

It is interesting and astounding at the same time that particularly three jurists and eminent Muslim thinkers which nowadays are commonly affiliated to Islamic fundamentalism were keen advocates of *maslaha*. Ibn Hanbal, famous for having founded one of the four remaining and official schools of law (madhab) in Islam, the Hanbali law school or Hanbalism, which is the prevalent school in the Arabian

Peninsula, "relied extensively on considerations of public interest, maslaha, and many rulings have been validated on this basis." (Kamali 2008). This stance shows that the so-called most conservative and literalist law school like Hanbali Madhab never agreed with the closing of the door of *ijtihad* (independent reasoning) since relying explicitly on *maslaha* means to rely on an independent and fresh interpretation of the Islamic sources, Koran and Sunna, at any given time and circumstance in order to provide legal rulings corresponding to new economic or social challenges. An astonishing example for *maslaha* which in this case promotes tolerance and farsightedness with regard to social peace and balance is the famous anecdote of Ibn Taymiyya's pupil Ibn Qayyim al Jawziyyaconcerning some wine drinking Tatars in Damascus during the fourteenth century. Ibn Taymiyas disciples wanted to "forbid them doing so, but Ibn Taymiya did not allow this, his reasoning being that God prohibited wine because it distracts from prayer and devotional rituals, but in the case of the Tatars, wine distracts them from murder, loot, and rape, which is an excellent example of public interest consideration" (Yamani 2006). This example shows first of all that Ibn Taymiya was not a theologian whose first worry was to cope with infidels (kafirs), (since he is widely seen as a key figure of global and modern salafism) but to provide legal rulings which correspond to Al Ghazali's second category with regard to *maslaha,* to safeguard life, whether of a Muslim or a Non-Muslim and to promote social balance and peace, even if it necessitates the permission of drinking alcohol within a Muslim social context. Ibn Taymiyas disciple Ibn Qayyim al Jawziyya adopted a very distinguished attitude regarding man's economic activity. For him, maslaha must guarantee excellent work and trade conditions within a Muslim society due to their importance with regard to the standard of life and individual development prospects.

Like all jurist of the Hanbali school of law, Ibn Taymiya and Ibn Qayyim considered *itjtihad* a necessary practice in order to foster human, social and consequently intellectual development. They considered the *bab al ijtihad* open to anyone who was competent enough to exercise it (Kamali 2008). They never advocated for stagnation and over-legalization although within the present day context these eminent thinkers as well as the Hanbali law school are mainly identified with them. It shows rather the deep intellectual crisis not only Muslim societies but rather Muslim intellectuals are facing nowadays. Their approach to contemporary issues at that time was never narrow minded or dogmatic, but on the contrary, creative and innovative in a sense that they tried to find a solution for relevant problems without harming or contradicting the very objectives of Sharia itself.

It remains a paradox that while looking at the corruption and HDI-Index Muslim countries are struggling hardly to attain better positions. The same applies to the immense challenges Muslim societies are facing with regard to educational and environmental issues. The deep crisis of the present day Muslim societies has many different and complex reasons that cannot be analyzed within the context of this short contribution. To rediscover its wisdom and creativity in order to deal with the fundamental changes of life conditions as well as political challenges (question of power, administration, vision of a modern society) it will be of utmost importance

for the Muslim society that its jurists, intellectuals and its civil society as well re-open the doors of free investigation and independent reasoning, the *bab al ijtihad*. As Muslim civilization clearly shows, there is no need to imitate or to adopt only ideas and legislations from outside. First of all there is a need of renaissance (*Nahda*, *tadjdid*) of its own wisdom (hikma) and intellectual capacities within Muslim societies in order to cope with its genuine problems in a global world context. It is the Indian Muslim thinker Abul A'la Mawdudi which reminds Muslims on the basis of the Sharia rulings that there are Rights of all Creatures and that "all creation has certain rights on man. They are: he should not waste them on fruitless ventures nor should he unnecessarily hurt them or harm them (Mawdudi 1980)." With regard to a sustainable environmental responsibility Muslims are urged to treat nature and creation in an extremely careful manner so that "Islam does not approve even of the useless cutting of trees and bushes. Man can use their fruits and other produce, but he has not the right to destroy them. Vegetables, after all, possess life. Nor does Islam allow waste among lifeless things; so much so that it disapproves of the wasteful flow of too much water. Its avowed purpose it to avoid waste in every conceivable form and to make the best use of all resources—living and lifeless (Mawdudi 1980)."

To mobilize Islam's deeply ethical and moral concerns for human development as well as for a sustainable protection of the environment, i.e. nature and creation in general, there is an urgent need for Muslims to rediscover the capacity of their cultural values and heritage to "educate their hearts and minds to resist the aberrations of humankind and societies and seek to transform and fashion the world into what is best for human beings: dignity, justice, love, forgiveness, welfare, and peace." (Ramadan 2009). In this sense Islam and its law have always advocated the middle way (*al wassatiyya*) and it is an ethical and spiritual imperative for Muslims to resist against two fundamental threats: "Against evolution and progress devoid of conscience or soul on the one hand, and against literalist immobilism (rigid imitation, taqlid) and misleading formalism on the other." (Ramadan 2009). Reanimating their deeper meanings the principals and ethical values of Islam are undoubtedly proper tools to contribute to mankind's sustainable development as well as to social and environmental responsibility. *Maslaha* has always been understood as practical wisdom for the sake of humanity's development alone. It is worth to strengthen the rediscovery of its methodology and creativity.

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Dialogue, Skill and Tacit Knowledge: Practical Knowledge and Corporate Social Responsibility

Richard Ennals, Bo Göranzon, Björn Nelson, and Daniel Alvunger

1 Introduction: Knowledge Economy and Knowledge Society

Recent debates on Corporate Social Responsibility have started by considering externally visible initiatives by companies, each going beyond the minimum required. Those minimum requirements vary greatly.

In this chapter we try to look at organisations from the inside, drawing on a period of interest in knowledge economy and knowledge society. We provide a distinctive approach to the philosophy of knowledge.

In the 1980s it was claimed that new generations of information technologies could transform the handling of knowledge in organisations, using Artificial Intelligence. The knowledge of human experts was to be captured and represented in computer programmes, so that the human experts were no longer needed. In the context of businesses, this was to be combined with Taylorist scientific management, where managers could exercise strong control.

These assumptions were challenged, with arguments grounded in the philosophy of knowledge, and reinforced by Dialogue between disciplines. The techno-centric approach turns out to have been fatally flawed, and indeed irresponsible (Ennals 1986, 2014). A series of cases from working life have cast light on important issues of Skill and Tacit Knowledge. Recognition is now growing that explicit knowledge is only the tip of the iceberg in organisations.

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_12

Today we might argue that information technology has dropped out of separate consideration, as it has become integral to organisational strategy and operations. Revisiting our own literature re-equips us for new debates. We find strong foundations on which to base fresh accounts of culturally informed Corporate Social Responsibility.

2 Culture, Language and Artificial Intelligence

The European Commission supported an international conference in Stockholm in May 1988, with high profile international speakers, workshops and debates. The conference provided the basis for a series of six volumes on "Skill and Technology" (Springer 1988–1995), which were designed to support a new PhD programme at the Swedish Royal Institute of Technology. There was a conscious effort to build a literature. This has underpinned subsequent research. The literature deserves renewed attention in the context of the cultural roots of Corporate Social Responsibility.

2.1 Knowledge, Skill and Artificial Intelligence

This first volume (Göranzon and Josefson 1988) was published in time for the Stockholm conference. It provided a rich set of accounts of knowledge in practice. The book argued that mathematical and engineering models of knowledge are not sufficient to explain the effects of computers on the concept and exercise of knowledge. Bo Göranzon considered the use of computers. Ingela Josefson explored the role of the nurse as knowledge engineer. Peter Gullers investigated the dream of the automated factory. Maja Lisa Perby reflected on weather forecasting. Richard Ennals discussed the transfer of skills. Mike Cooley presented human-centred systems. Olav Ostberg discussed the division of labour and division of knowledge.

2.2 Artificial Intelligence, Culture and Language: On Education and Work

This volume (Göranzon and Florin 1990) followed the conference, and included outstanding papers by international philosophers: John Searle, Kjell S. Johannessen, Allan Janik, Dag Prawoitz, Tore Nordenstam, Hubert Dreyfus and Bengt Molander. There were also case study chapters on engineering, farming, and intelligent tutoring. Questions were asked about the social, moral and cultural value of Artificial Intelligence, and not just about its contribution to advanced integrated manufacturing.

2.3 Dialogue and Technology: Art and Knowledge

In this volume (Göranzon and Florin 1991), Stephen Toulmin examined the dream of an exact language. Allan Janik, Magnis Florin, Bo Göranzon and Pehr Sällström explored Dialogue. There were further papers on translation, art and knowledge, and on literature, theatre and skilled carpentry. This volume linked the 1988 conference with the ongoing Dialogue Seminar at the Royal Dramatic Theatre. It challenges the traditional barrier between philosophy and technology, and forced the two sides to meet.

2.4 Skill and Education: Reflection and Experience

This volume (Göranzon and Florin 1992) explored issues of tacit knowledge, and the philosophy of Wittgenstein. There were papers on law, information society, Diderot, Shakespeare and "The Two Cultures". The implementation of information technology is assessed, and enlightenment, skill and education are proposed as the basis for a humanised and productive use of new technology.

2.5 The Practical Intellect: Computers and Skills

This book (Göranzon 1992) was co-published with UNESCO. It introduced the epistemology of professional knowledge: a research field which is concerned with the development and maintenance of professional knowledge at the individual, work group and community levels. One of the major aims was to illustrate the effect of information technology on professional knowledge, and to create the basis for a sound social and productive implementation of new technology in the workplace.

2.6 Skill, Technology and Enlightenment: On Practical Philosophy

The final book in the series (Göranzon 1995) explores the problem of developing a perspective on technology and society, on the limits of enlightenment, the relationship between cultural criticism and the epistemology of Practical Knowledge, and the role of the arts as a basis for reflection. Among the highlights are Stephen Toulmin's "Imaginary Confessions", and "Beyond all Certainty" by Bo Göranzon and Anders Karlqvist. Many chapters explore applications to working life and

university courses. The objective had been to build a curriculum for an international programme in the area of Culture, Skill and Technology.

3 Dialogue

After such herculean efforts to develop a research field, which has then been taken forward by researchers and PhD students at the Swedish Royal Institute of Technology and Linnaeus University, we might have expected to see the research field of Skill and Technology recognised in the mainstream internationally. To date, however, the impact has been relatively limited. The field arose from concerns regarding the implementation of technology. We now suggest that the arguments can be re-purposed for current debates around Corporate Social Responsibility, as we seek to go beyond a techno-centric approach, and identify cultural contexts. The critique which addresses the cultural context needs to be informed by the rich literature. This also requires us to open fresh dialogues. Information technology can take a less prominent role.

3.1 Dialogue Seminar

From 1986 the Royal Dramatic Theatre in Stockholm hosted the Dialogue Seminar, in partnership with the Swedish Royal Institute of Technology and the Swedish National Institute for Working Life. Proceedings were published in the award-winning journal "Dialoger". A culture of cross-disciplinary encounters developed, in which the objective was not necessarily simply to reach agreement, but to learn from the different positions expressed. The consistent quality of the contributions sustained the series.

3.2 Dialogue Seminar Method

The Dialogue Seminar Method developed from experience of the Dialogue Seminar, but with a focus on working with host organisations. Rather than simply exploring interesting ideas as presented by invited speakers, the key focus was on reflective responses by participants from the organisation, who would prepare and read as an input to an ongoing process of Dialogue. This can create a distinctive Dialogue culture, which can transform the organisation.

3.3 Dialogue, Skill and Tacit Knowledge

This book (Göranzon et al. 2006) challenged concepts of knowledge. Everyone in an organisation, from cleaner to CEO, has expert knowledge, yet only a fraction of it can be codified and expressed explicitly as facts and rules. A little more is visible implicitly as accepted procedures, but even this is only the beginning. Submerged beneath the explicit and implicit levels is a vast iceberg of Tacit Knowledge that cannot be reliably accessed by traditional analytical approaches. Without it, organisational learning means little. The book looks at the importance of Tacit Knowledge, and shows the use of analogical thinking methods, and in particular the Dialogue Seminar Method, in which learning is seen as arising from encounters with differences. Several chapters report on the impact of the Dialogue Seminar Method at Combitech Systems.

3.4 From Slavery to Citizenship

This book (Ennals 2007) was prompted by work on Dialogue, Skill and Tacit Knowledge. It was an exploration of issues behind the celebrations of the bicentenary of the Abolition of the British Transatlantic Slave Trade. The experience of slavery was humiliating to both slave and slave owner. 200 years later there are large areas of silence, for example regarding financial benefits to individuals, organisations and communities in the UK. It has been more convenient to remain in Denial, acting as if the slave trade had never taken place. The book complements the historical account with impulse texts contributed by experts on human rights, workplace health and work organization. It highlights the fact that there are more slaves in the world than 200 years ago, and locates slavery in a wider context of autonomy and participation in the workplace.

3.5 Responsible Management

This book (Ennals 2014) was written for a Business School audience, and was fired by frustration with conventional approaches to CSR. The book argues that much management is fundamentally irresponsible, and many CSR initiatives can be seen as merely cosmetic, applying lipstick to the capitalist pig. Genuine responsibility requires engagement, and organisational strategies which derive from Dialogue.

4 Corporate Social Responsibility

In current companies, knowledge is the new natural resource. Workplaces may be virtual rather than physical. Issues of human centredness are as important as ever.

The Skill and Technology research tradition challenged conventional techno-centric approaches to IT in business, where the technology reinforced management control. Those techno-centric approaches to scientific management have often continued behind a surface veneer of Corporate Social Responsibility. Taking a starting point of a fresh look at knowledge, we can recognise that there is much which is not normally discussed. Where we can identify Denial, decisions will be taken without considering inconvenient truths.

4.1 Older Workers

One key issue for companies today concerns older workers (Ennals 1999; Ennals and Salomon 2011). Skill and Technology research since the 1980s has highlighted the impact of changes such as automation, downsizing, restructuring, outsourcing, and early retirement. Often workers leave the workplace without consideration being given to their experience, skill and tacit knowledge. The impact on the organisation may be felt about 3 years later, when little can be done.

The Swedish owned international power generation company Vattenfall has been using the Dialogue Seminar Method as a tool to address issues of an ageing workforce. As with Combitech, company staff have earned PhDs in Skill and Technology, and it has an important role in company culture. In a time of turbulence, especially in nuclear power generation, the importance of the knowledge of the workers is being recognised.

4.2 Universities

One complication is that the universities in which the research on Skill and Technology is conducted are themselves organisations, with a need to develop increased internal and external dialogue. They have to regard themselves as businesses. A cross-disciplinary approach such as Skill and Technology may not fit easily with traditional disciplinary structures (Toulmin 2001). Organisations may have shared values, for example regarding Sustainability, but only at a Tacit level, and there is a case for using the Dialogue Seminar Method to gain access, making this vital hidden resource of knowledge visible.

4.3 The Dialogue Seminar Method in New Contexts: Linnæus University

At Linnaeus University the work of Skill and Technology has addressed vocational education, international collaboration, and work with product engineers at IKEA, with innovative pedagogical approaches. At the heart of these approaches is the conviction that we all are on our way in our own "life journeys" and we carry narratives within us. We can learn through reflecting upon and sharing our experiences. Critical Dialogues, research and collaboration lead to our empowerment as individuals, and prepare us for change, so that we can make a difference for a better world. The Dialogue Seminar Method is a fruitful method for making visible and exploring professional skill, and conducting well qualified discussions about the specific character of practical knowledge in different professional activities. It can consequently be seen as a condition for initiating and underpinning a process of reflection, within and between individuals, where the language of the practitioner/practice dominates. The Dialogue that evolves may be described as "Dialogues between practitioners".

An example at Linnæus University is Vocational Teacher Education, which has incorporated the Dialogue Seminar Method in its basic structure, along with project-based work and work-based learning modules. Some of the salient features of the programme are: to build on the previous experiences and professional skill of the students (the students are experienced workers within their professions); let the students use forms of self-assessment, reflection and analysis in order to visualise, articulate and illustrate different conceptions of knowledge in the practice of the vocational teacher, that is the tacit dimensions of professional knowledge (mostly practical wisdom); care for a progression and an interaction between best practice and a scientific approach; and make the students participants in a seminar culture based on Dialogue which can be used for the development of creative meeting places among colleagues and pupils in their future work life. A specific aspect is the mentoring system, which means that a teacher from the university follows the same groups of students over 2 years, offering support and guidance for the students and leading the Dialogue Seminars.

The work with Dialogue Seminars has been extended into international collaborations with countries in the South Baltic Region. The COHAB-project (Co-operation and Integration of Higher Education and the Labour Market around the South Baltic Sea; Alvunger and Nelson 2014) was the first mobility project in the South Baltic Sea region with the design of a combination of study visits and virtual teaching/blended learning for teacher students (and nurse students). Another significant aspect was that Dialogue Seminars never had been used to such a great extent in international projects, especially not in terms of teacher education. Important questions in this project were when students leave their home country and encounter another culture, what do they really experience and feel? How should they find words for their emotions? The project thus studied and grasped the more "soft" values and aspects of mobility. The Dialogue Seminar Method, round table

discussions, reflection blogs and so on were methods that helped the teachers "get into the heads of the students" and give them a better understanding of processes in cultural encounters. All the participants shared their experiences, thoughts, impressions and reflections on the project, through a personal narrative. By combining the metaphor of "the journey" and "the Baltic Sea Teacher" the learning objectives, the different assignments, the progression and explorative dimensions in terms of intercultural encounters in the project a solid structure for the project was created: Journeys in Search of the Baltic Sea Teacher (Alvunger and Nelson 2014).

The work at Linnæus University with vocational education and the COHAB project represents a new context and direction for working with the Dialogue Seminar Method. Together with the teachers' own experiences, they have refined and transformed the method, because it has been applied along with other methods that promote reflective and analogical thinking, and provide a platform for experiential learning: log writing; a systematic method for planning, performing and evaluating internship for students, their supervisors and mentors; a critical dialogical model combining Dialogue Seminars together with critical seminars/studies, in line with theoretical and methodological foundations of critical hermeneutics.

Further insights into skill have come from research with product developers at IKEA. In 2009 IKEA and Linnaeus University started close co-operation in a project called "The Bridge". One focus for the future co-operation concerned the mutual interest of developing new courses and programmes. In the case of possible education for product developers, the challenge was to look into the skill of today's product developers at IKEA as a brief background for further development.

The method of Skill and Technology gives the case study (Dialogue Seminars, interviews) as the most important role to look into Skill in different occupations. In our case interviewing 7 product developers (of the total of approximately 60) pointed out some interesting directions towards where their Skill as professionals rested.

To begin with, a challenge lies in different meanings of the word Skill, and how it is achieved. Is it only possible to achieve Skill in Action through Education? If we follow the Central Bureau of Statistics (SCB) in Sweden, it is pointed out that Skill could be developed only by theoretical education.

One main assumption follows the theory from Skill and Technology that points out that the core of Skill is Tacit, and can only be achieved in action. The resulting knowledge is implicit and tacit, which leads us to expressions as metaphors, analogies, narratives etc. The results from the studies (interviews) raised questions similar to the problems and dilemmas dealt with in the research led by Prof. Bo Göranzon at the Royal Institute of Technology, and later at Linnaeus.

The first dilemma was trying to answer the question: if you acquire an academic education, is this a guarantee that you will be successful as a product developer? The persons we talked to at IKEA do not think so.

The next question deals with the importance of the students having experiences before they start their education. The educational "life journeys" for many IKEA associates is sometimes expressed as that they have joined the "IKEA school". You start at "the bottom" and work your way up: in this way many have reached the top

as executives at IKEA. The persons we have interviewed have all different backgrounds; building engineers, designers, craftsmen, economists etc. Some of them have an academic degree, and some have not. As mentioned above, we think that the students "memory sediments" serve as a starting point for us, meaning that cases presented in courses should have wide frames trying to meet the students "where they are". This is the path we have tried to follow in the vocational teachers' training mentioned above.

The second challenge lies in predicting the future role for product developers, and what skill is needed during their period in the particular occupation. Conditions can be seen with a rapidly increasing degree of complexities, for example what the customer needs, industrial conditions etc., changing the picture of what a product developer are. Besides facing the range of complexities from the part to the whole, IKEA as a company grows. The consequence of every mistake increases dramatically.

The question about balance in the use of formalised knowledge and professional skill is a challenge for IKEA, and for nearly every enterprise in the world. The underlying philosophy of thinking follows two different paths first pointed out by the old presocratic Greek philosophers, Herakleitos (you can only step in to the same river once) and Parmenides (showing that this could be done).

It is obvious that the question as to what could be formalised or not, must be taken into account when we talk about education for product developers. To handle this in the vocational teachers' training, we at Linnaeus University have tried to place a red thread through all courses in the programme, dealing with the balance between on one hand deterministic, formalised knowledge and on the other, Tacit Knowledge. In action this means that students work with different cases, for example development of contacts between working life and the school, to give better education to their pupils. In this case, the processes in reducing complexities are more important than the actual result.

Skill and Technology has given us the necessary theory and important tools (for example the Dialogue Seminar Method) to go through with our ambitions. The student evaluation of courses and the whole programme shows that we are on the right track. The students point out that Skill and Technology has been of the greatest importance.

Perhaps the wheel has now gone full circle, from the Workshop on Vocational Education at the Stockholm Conference in May 1988. Fresh approaches offer prospects of effective international dissemination.

4.4 CSR Assumptions

It is assumed in this chapter that CSR is not simply a matter of superficial management activities with an outward facing emphasis. The Scandinavian model, within which Skill and Technology sits, recognises the importance of the knowledge of workers at all levels (Ekman et al. 2011; Johnsen and Ennals 2012; Johnsen 2014).

There is a tradition of social partnership, respect for work and Skill, and a commitment to social equity. It is tacitly assumed that these values are shared. However, readers in other contexts may lack that framework.

Our approaches to dissemination through vocational education need to take account of the diversity of contexts. Dialogue Seminars have proved popular and effective. The use of motivating analogies has encouraged engagement and creative writing. Following this argument we also need to continue to extend into international contexts, building bridges and breaking down barriers. There are challenges, but we do not face them alone. Since they are of a cross-border character, we need cross-border collaboration to take them on and solve them. Nations have different histories and cultural patterns, even within nations there are various narratives. Dialogue Seminars, and reflective reading and writing, provide ways to access those narratives and make meaning. Diversity becomes our common ground.

Personal and physical meetings are still an essential setting for dialogue and for learning but as me move on into the twenty-first century new and fascinating interfaces and meeting places are born out of the technological revolution of ICT. In a matter of seconds a Swedish student may enter the world of a German student, and discuss the issues of a Caribbean country with a teacher in Shanghai. The world reaches into our living rooms, calling for a responsibility that stretches over the borders of both enterprises and continents.

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Entrepreneurial Wisdom

Thomas Walker

The important entrepreneurial decisions . . .

. . . **are based on practical wisdom!**

When entrepreneurs are asked how they reached their most important entrepreneurial decisions—they generally have trouble explaining.—Why?—Because these decision are based on following foundations:

The conscious knowledge of entrepreneurs and their organizations. This part is earier to explain.—It is founded on hard facts, figures, research, plans, tests, simulations, management skills, etc.

The subconscious wisdom of entrepreneurs. This is much more difficult to explain. It is based on life experience, intuition, practical wisdom, values, soft facts, visions, a belief in the future, meaning, heart, responsibility, liability, etc.

What does this mean for the development of Entrepreneurship?—In addition to all the knowledge of successfully managing a company, a second part is essential.—The Entrepreneurial Wisdom. Some scientists are thinking this cannot be taught.—It is the genetic ability of entrepreneurs which was passed down from the parents/grandparents. On the one hand they are right and on the other hand practice shows us that many more people than assumed have this capability. They can develop and practice these important entrepreneurial skills if the right framework is offered. This framework needs on the one hand smart management structures and on the other hand values, learning methodologies and room for practical wisdom. This enables the upgrading of management- and business-models into a third dimension.—We call this the "Integrative Management Approach"[1] which is based on a meaningful foundation.

[1] Walker (2013).

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© Springer International Publishing Switzerland 2016

A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_13

Especially when focusing on Resilient Entrepreneurship a holistic and three-dimensional framework is essential. To have an entrepreneurial vision is one part, to bring that vision alive is the other part of success. An entrepreneur has the ability to do both. She or he is able to develop goods/services which are able to satisfy the future needs of society. Wise entrepreneurs focus on society not only as "markets".—Markets are virtual parts of the society. The society itself is based on humans and their needs as a whole.—In the old management literature and education the practical wisdom pattern—"Economy has to serve humans"—had been taught. Successful entrepreneurs got this wisdom from their parents and grandparents!—But why is it so essential to focus on the whole system, not only on parts of it?—The system theory teaches us, that natural systems are always trying to become balanced.—Therefore . . .

. . . **are gut decisions or intuitive decisions**

. . . societies are in a continuous state of motion.—On the surface, it seems that this motion is happening in waves. A deeper look shows that a constant cycle founds this movement. This cycle is called the adaptive cycle.[2] Research in the area of resilience talks about the following four stages: exploitation or fast growth, conservation, release and reorganization. The Austrian School of Economics is naming the stages in this continuously and alternating cycle: boom (which is similar to fast growth) and bust (which is similar to release). The main difference between the two models is the concept that business has a responsibility for their impacts on society and that the societal change is influenced by business and vice versa. Today societal innovations should be a part of daily business to enable the sustainable and long-term development of enterprises.

Wise entrepreneurs are not only focusing on "markets"—which are virtual parts of the society. Only focussing on market developments is highly risky, because the on-going change cannot be identified in a holistic way. So why do so many enterprises choose this risky strategy?—The answer is easy.—The on-going progression of societies is highly complex and cannot be explained in a conscious way. Other skills of management are needed to be able to handle this complexity. The Austrian School of Economics calls this the "heterodox approach". This is a non-linear and humane focused approach, which combines the conscious and subconscious sources of wisdom.

One foundation for this approach was figured out by Alfred Adler.[3] Based on his research about depth psychology we gained the knowledge that there is a subconscious part of wisdom. What does this mean?—Everyone knows the phenomenon by itself: You try to remember the name of a person, but you cannot remember. The harder you try to think about it, the further the answer. So you are starting to do something different. After some minutes or hours or days you have a "flash" and the name of the person you tried to remember is in your mind.—So what happened in the background?—Your conscious mind could not do the job, so your subconscious

[2] Gunderson Lance and Holling (2002).

[3] Adler (1931/2009).

mind started to search for the name in the huge memory of your brain and nerves. This memory is vast and arranged in a chaotic and paradoxical order. The conscious mind is not able to deal with this chaos in your memory.—Only the subconscious mind is able to store and search information in these parts of your brain and nerves.—Some researches assume that some parts of this knowledge is stored in the solar plexus near the belly—That is the reason why people say—"This was a gut decision". In a healthy and balanced body the conscious and subconscious mind have a healthy relationship and work closely together. After figuring out the required information the subconscious mind is able to deliver the results to the conscious mind (but only in a healthy body).

How could this huge memory be used to come to wise, intuitive and sustained decisions?—One answer is paradox or heterodox questioning. The bridge between the conscious and subconscious delivers wise answers for absurd questions (for simple questions, just simple answers). Entrepreneurs very often saw in their childhood their parents and grandparents dealing with complex situations and discussing challenging subjects on a heterodox way. This education and training fosters the ability for heterodox questioning.

But there is more.—A deeper look into the behaviour of successful entrepreneurs shows that these people are able to find and use a language that fosters heterodox questioning inside their organization. They have the ability to empower their leading staff to figure out important questions—in relation to their responsibilities.

How are able to establish this capability?—The main patterns behind it are:

Walk the talk/the entrepreneurs are able to conduct honest and critical self reflection

The language/entrepreneurs are forming a language which has paradoxical elements—very often this is shown by a certain kind of self-critical humour in the organization

Flexibility and agility/the management and the people in the organization know that good answers can come with delays and therefore they are willing to adapt plans—humane interactions are more important than following a plan/structure

In highly complex situations they trust their "gut" or "intuition"—They know that the answers are not visible at the moment, so they follow their intuition—an intuition that holds a deeper meaning to them and is founded . . .

. . . on ethics, values and virtues.

. . . **have a meaning for humans**

What makes sense for humans?—How are people able to find a deeper meaning in their life?—Victor E. Frankl delivered not only answers to this questions, he showed us how to form questions that help humans to find the fitting answers.[4]—The founder of the "Logotherapy" demonstrated how humans can find a deeper meaning in life.—One important part of his approach is freedom of thought. This is in a direct relation with the shown behaviour of entrepreneurs.—For many

[4] Frankl (1946/2000).

entrepreneurs freedom is an important part of their personal wellbeing. But freedom always includes liability and responsibility. This is the second side of the coin. If you want to have the one you also have to accept the other.

For humans this is really a hard and on-going learning process, which already should be started in childhood. Wise parents form boarders and rules—which allows their children a kind of freedom that fits to their maturity level. Of course youth tries to push these boarders, which produces a relevant inconsistency between the rules and their behaviour.—Here begins the ethical part of education. Pushing boarders leads to the growth of self-responsibility. Only in a dialog-based conversation can young people learn what this possible change in their responsibility framework means for their personal life. This meaningful dialog reduces the relevant inconsistency.

Freedom (which allows for inconsistencies) is essential in the maturity process of young people—Inside this freedom, possibilities are showing up and they have to learn to find responses to open-ended questions. Of course they will make mistakes in their decisions, but this is also an essential part in the learning process. To be able to learn from mistakes and errors they need a strong backbone formed by values and virtues, mainly demonstrated by the behaviour of their parents. This developing backbone should later enabling wise decisions.—And they need the love of their parents and grandparents; otherwise they are not able to learn from their errors. Only in an appreciative setting sustainable learning can take place and wisdom can grow!

Wise entrepreneurs are acting like wise parents. They know that their organization is embedded in an ongoing maturity and learning process. The conditions in society and the environment are changing continuously. Big changes in society referred to as a paradigm shift. We are currently in the midst of such a paradigm shift. To be able to handle the upcoming big challenges a learning and maturity process of the organization is necessary. Now the question is, how can enterprises become prepared for this big challenge?—One answer was supplied by Heinz von Foerster[5] when he defined the ethical imperative:

> Act always so as to increase the number of choices (for a mutual benefit)

But how can entrepreneurs and managers increase the number of choices, to find fitting answers for the ongoing change? To answer this, a deeper look into Cybernetics is useful. One of the most fitting definitions of Cybernetics is coming from Rodney E. Donaldson, the first president of the American Society for Cybernetics. He defines cybernetics as: “The science and art of the understanding of understanding”. This sentence includes a paradox message: “the understanding of understanding”. How are we able to understand what is changing in society/markets?—Which understanding of this understanding has the society itself and—especially the next generation?

[5] von Foerster (1993).

This paradox is very useful for management. Why?—It helps to form questions on the level of cybernetics second order, which directly empowers the subconscious mind to generate wisdom. An example, which shows the difference that makes the difference, is:

Cybernetics I. Order: "What is the problem?—How should we solve it?" → Linear answers are the result which reflects on the exiting problem (but nobody asks if the problem is really the problem)

Cybernetics II. Order: "What do we have to solve here and now, that helps most to meet future needs?" → No quick fixes are possible, because the situation is now related to the larger focus. Based on this question not only one answer is possible, because people have to figure out, what helps most. Now a dialogue can start. During this dialogue nonlinear answers (which are coming from the subconscious—but people do not know this because the subconscious is working invisibly in the background) will show up. At least a decision between more useful answers is necessary. Enabling decisions means living and fostering responsibility.

The idea of Cybernetics is founded on the science of metaphysics. In Holland for example metaphysics is an integrated part of high school education. In other countries people have to learn this kind of thinking on their own or with the help of religion.—Nearly all leading religions in the world have a heterodox language in their charters and documents. This language is founded on the idea of metaphysics. In international education programs (e.g. the reap26 program from the United Nations Industrial Development Organization) metaphysics and cybernetics are also essential parts in the education programs. In many programs in the area of change management and organizational development, elements of cybernetics are included.—Why?

It bewares people of making the same mistakes again and again and again. Very often recurring patterns of making mistakes are part in an organizational culture and behaviour. A deeper looks shows, that they have developed efficiency in consistently the same mistakes.—This is like a vicious cycle, which constrains the necessary maturation process. Cybernetics second order and further on third order (in relation to the integrative management approach) can put an end to this dangerous cycle. In many local societies mechanisms for ending the vicious circle is a part of practical wisdom.—This mechanism helps people to find a deeper meaning in their life, but only if they are established by . . .

. . . **are orientated on humane values and virtues**

. . . values and virtues.—Values and virtues are the foundation of practical wisdom. Human activity always orientates from values and virtues. That is the reason why values are an important part of the foundation of organizations and societies.—Without a common set of values (mainly 3–7) actions inside an organization will be chaotic and uncoordinated. A common set of values enables operations in the same direction without reducing the freedom of self-responsibility. This sounds logical, easy and clear.—But it is not easy and clear.—The way to identify and live a common set of values is hard work.—Why?

Victor E. Frankl figured out, that values cannot be taught on a conscious way: "We cannot teach values, we just can live them."[3]—Practice shows us, that he is right.—Values are forming a kind of backbone inside the subconscious wisdom. This backbone helps the subconscious mind to figure out the right answers on heterodox questions. Heinz von Foerster[4] mentioned: "Only those questions that are in principle undecidable, could be decided by us". To come over this paradox a personal countenance is necessary. This mind-set finds its orientation in humane/organizational values and virtues. The main question is—Which set of values and virtues are the most useful to enable a beneficial mindset for complex decisions?

For Europeans the set of "Kardinalstugenden"/"cardinal virtues" is useful.—These virtues form the foundation of the practical wisdom in the European society:

Justice:—In the meaning of balancing societal order.—This virtue has a strong relationship to the values of **Solidarity** and **Integrity**.

Temperance:—In the meaning of enabling the wellbeing of the "whole society".—Wellbeing can only show up, when people can live in freedom with their own personality—in liable interactions with others. Therefore the values of Respect, Appreciation, Personality and **Freedom** are strongly related to this virtue.

Fortitude:—In the meaning to enable humans to decide principle undecidable questions.—This virtue has a strong connection to the value **Subsidiarity**, which is a key value for Innovations.

Prudence:—In the meaning of practical wisdom.—People should proof all visible and invisible impacts of their decisions before they start acting. This virtue has a strong connection to the values **Responsibility**, Accountability and Liability.

What about other areas of the world?—Each culture/continent has a nearly similar set of virtues.—For example the Chinese constant/cardinal virtues define as essential: humaneness, righteousness or justice, proper rite, knowledge or wisdom and integrity. It is interesting to see that people in China are recalling these virtues. Another useful set can be found in the "Declaration Toward a Global Ethic". It was formed by the "Council' of the Parliament of the World's Religions". This declaration includes principles like: nonviolence, solidarity, justice, tolerance, truthfulness, equality, humanity and responsibility.

The closer a society comes to a paradigm shift, the more people search for orientation. Today many people, especially youth, are searching for a deeper meaning in life. Today for companies it is highly important to offer respectable products and services, an interesting workplace and opportunities for career development. Young people are always critical (like each youth was in the past), but this kind of "thinking out of the box" can be a door opener to reach the next maturity level in the organizational development. At least the youth (or young-minded people) are essential for the maturation of an organization.

1 The Maturity Model in Relation to Entrepreneurial Wisdom

Each entrepreneur knows that she or he has to invest in the development of her or his company, to enable the next generation to run a good business. The main question of many entrepreneurs today is: "Which investments are more useful to enable sustainable development that helps my children or grandchildren run a good business?" Is it investment in efficiency or in the effectiveness of the organization?—A wise entrepreneur knows that it is both.

"Reactive entrepreneurs"[6] are not really investing in the future development of their organization.—Two main groups are visible in this category: The first group doesn't see a deeper meaning in living responsibility for the next generations.—Most of them just want to get rich (money) quickly at the cost of others. At the end of their life they are rich in money and poor in reputation. Normally they are unhappy with their life, but then it is too late to change and invest differently. For the second group the credibility and reputation of their family name is very important.—Mainly they are craftsman, tradesman or small sized companies. They try to deliver high quality with fair prices. They don't have the time and the capability to invest in structures and a systematic management in their organization. At the end of their life they are rich in reputation (as a kind of a local brand of their name) but poor in money. If the next generation is taking over the responsibility in business they have a good foundation in reputation, but mainly weak management and low capital.

To increase equity capital, efficiency, product quality, innovation and credibility management systems are used by "active entrepreneurs". Installed management systems like Innovation Management, Quality Management, Environmental Management, Lean/Kaizen Management, Risk Management, Health and Safety Management, CSR/Sustainability Management and others have grown over the past 20 years and are more or less functioning well. These investments are good investments, because they help the organization to bounce back from normal disturbances from the markets/society/environment. Very often these systems are running parallel and uncoordinated in the organization. BAT (Best Available Technology) today combining them into an integrated—linear designed—management system. Especially the idea of CSR/Sustainability, with its holistic and stakeholder orientated approach, can be a door opener for this next logical step. The main question now is: Is this enough to ensure the long-term survival of a company?—I am sorry to say: The answers is NO!

A "proactive entrepreneurial" behavior is necessary.—Why?—In good times (e.g. in times of a prospering economy) an active behavior normally is enough to ensure the long-term survival of an enterprise. In times where the society and economics are in a kind of a shift of paradigm—a proactive behavior has to be

[6] Walker and Schmidpeter (2015).

shown, that the organization can be prepared for future disturbances. This should be part of a shown responsibility for the next generations—it is also called sustainability. To be able to develop this proactive behavior in entrepreneurship new management dimensions are needed.

All the installed management systems have to be brought together into an integrated management system and then this integrated management system has to be expanded into the third dimension of management—the ethical or meaningful dimension. The management approach moves from integrated (two dimensional) to integrative (three dimensional—including the humans) management. This change process opens new opportunities to develop practical and entrepreneurial wisdom. It leads to new forms of innovation. Beside classical innovations, societal innovations are showing up and fostering the effectiveness of the company.

A wider lock on long time existing enterprises (some of them are existing 150, 250 or even 400 years) shows an interesting fact. A common pattern gets visible.—At the latest by each second generation an evolutionary development of the core business took place. Of course they normally stayed in the main domain of their business (e.g. working with leather, brewing beer, working with glass, construction industry, food industry, working with wood, . . .) but they innovated and deeply changed their business and management models. How were they been able to do this without losing their purpose, identity and license to operate?—Who made these wise decisions and—these are key questions—when, why and how?—The common patterns shows, that wise entrepreneurs or wise top managers made these decisions, long before the shift of paradigm took place in the society. They had the ability to listen to the people and to see what was coming up.

But how they had been able to figure out what was coming up?—Was it a decision behind closed doors or together with others?—Was it one huge decision or the sum of many small and wise decisions?—You will not believe it.—It had been both.—A meaningful vision came deep from their subconscious entrepreneurial mind. This vision leaded to many, many small agile steps and empowered others to follow. A lot of trials and errors leaded to an appreciative based learning organization, which was enabling them to re-question their own core business and purpose. At least their own organizational DNA.[7] changed (as part of a kind of evolution).—This evolution came before the societal change took place.—At least they influenced, with their own organizational behavior, the societal shift of paradigm. Such developments need time.—At minimum 5–7 years, in most cases one to two decades.

[7] Walker and Beranek (2015b)

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Abb. 6.1 The Maturity Model of Corporate Resilience

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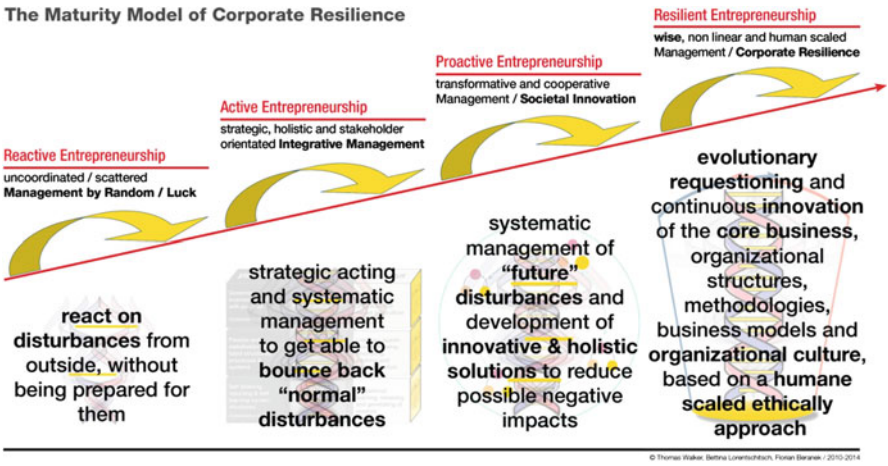

Today we call this kind of entrepreneurship: "Resilient Entrepreneurship".[8]—To reduce the costs of trials and errors and to shorten the time in the ongoing change process, new dimensions of management are useful. The foundation to be able to do this is the "Integrative Management Approach". The integrative management approach is fostering the management skills on a level of cybernetics second order. But this is not enough to mature an organization into this dimension of entrepreneurship. Additionally critical thresholds have to be managed, to be able to bridge the ongoing adaptive cycle of change. To be able to handle these invisible thresholds management on cybernetics third order is useful. In this management approach apparent invisible things were made visible to be able to measure and control them. Practical wisdom enables the visibility; entrepreneurial wisdom enables the management!

[8] Walker and Beranek (2015a)

2 The Integrative Management Approach: A Framework to Foster Entrepreneurial Wisdom

The Integrated Management, which operates mainly on a two dimensional management level, should be part of BAT (Best Available Technology) in each management model of mature enterprises. What is included in this BAT (Best Available Technology) in the year 2015?

The holistic approach of management.—The common pattern of this holistic approach (based on the ISO 26000, UN Global Compact, OECD Guidelines, German Sustainability Codex, GRI, . . .) includes the following: Organizational Governance, Human Rights, Labour Practices, the Environment, Fair Operating Practices, Consumer Issues, Community Involvement and Development and Taxation

The stakeholder orientation to enable the control of the impact on society/environment

The Integrated Continuous Improvement Process, attended by internal and external audits

The idea of a Learning Organization to foster knowledge and competences

Integrated Reporting along international standards

Ethical behavior—in the meaning of following international accepted ethically standards of behavior like anticorruption, antidiscrimination, equality, transparency, paying taxes, ensuring living wages, ensuring human rights, following the precautionary principle, . . .

"Active Entrepreneurs" are already on the way to ensure this BAT (Best Available Technology) or they have already implemented it. For them this was a good investment, because they now have a stable two dimensional framework which ensures the capability to bounce back from "normal" disturbances—which are coming from ongoing changes in society/environment.

But they are still dealing with a huge problem.—It is called the "relevant inconsistency" between governance and behaviour. In chapter 1.1.3 this problem already showed up.—The inconsistency between parents and children.—In these small systems the meaningful dialog was the key to reduce this dangerous gap.—But how is it in the organizational context?—To be able to explain it, the St. Galler Management-Model had been chosen:

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Abb. 6.2 The two dimensional St. Gallner Management-Model

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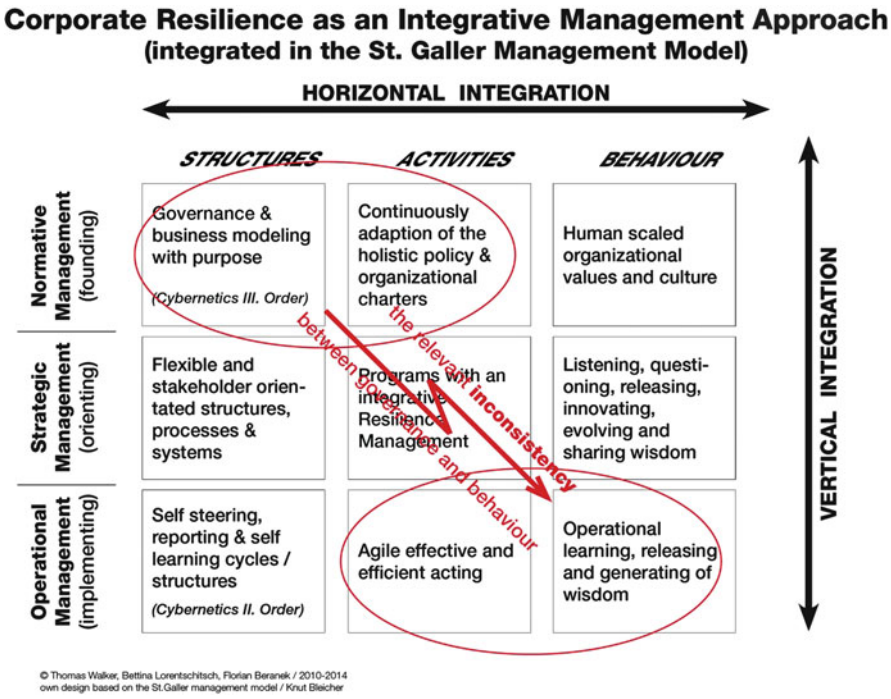

The main activities and investments developed by combining the different management approaches and systems into an integrated management system affect and strengthen the structures of enterprises (in the St. Galler Model the left column). Stable structures are an essential foundation, if they are designed well.—Today these structures are too limited to enable innovations, practical wisdom and self-responsibility. They are hindering freedom—and freedom is needed to enable a maturity process. The structures, norms, policies, figures, compliance rules, laws, codes, charters, documents are too excessive. People inside the organization cannot follow these structures or they do not understand the meaning behind them. Based on this lack of understanding and/or meaning, the shown behaviour in daily activities differs completely from the designed and planed behaviour on the normative level.

In some organizations this inconsistency between governance and actual behaviour is about 66–80 %. Every gap that is higher than 1/3 (33 %) is dangerous for the organization and, at the least, represents a waste of the investments into the structures of an organization. A wise entrepreneur knows this.—The main question now is how can this relevant inconstancy be reduced?

There are some patterns identified which are useful in this:

Reduce governance to a useful minimum. On the way to an integrated management system many redundant structures, processes, procedures, figures, papers and documents become visible.—This waste has to be removed and . . .

. . . the governance charters have to be translated into a corporate language.—Many enterprises are making the mistake of using old language of international norms (or in the language they saw used by their competitors).—People are however, not able to understand this "strange language".—They need their charters (policy, code of conduct, strategy, process descriptions, procedures, leading documents, check lists . . .) in their language, stated in a simple way. A reduction to only the essential is hard work, but it is possible and highly useful!

Clear rules are necessary for how to deal with violations. For some violations hard punishments are useful and others should be treated as a learning process.—At least, the organizational charters should follow changes in behaviour and society/environment. Therefore a learning organization is not only creating knowledge, it is also continuously adapting the structures to be able to deal with the upcoming needs of the future. To make this work the structures have to be designed in a humane way[9]

The "new freedom" in the structures may confuse people in the organization.—Therefore new methodologies and skills in leadership are necessary. The people should to be empowered to fill the new freedom with innovations based on practical and entrepreneurial wisdom. Especially methodologies that follow the idea of cybernetics second order are very useful to enable wise and sustainable decisions.

If these patterns are implemented in an organization it can be considered an integrative management approach.[10]—The management is now acting in three dimensions that include the humans and their purpose to form an ethical foundation.

[9] Kohr (2002).

[10] Walker (2013).

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Abb. 6.3 The Integrative Management Approach

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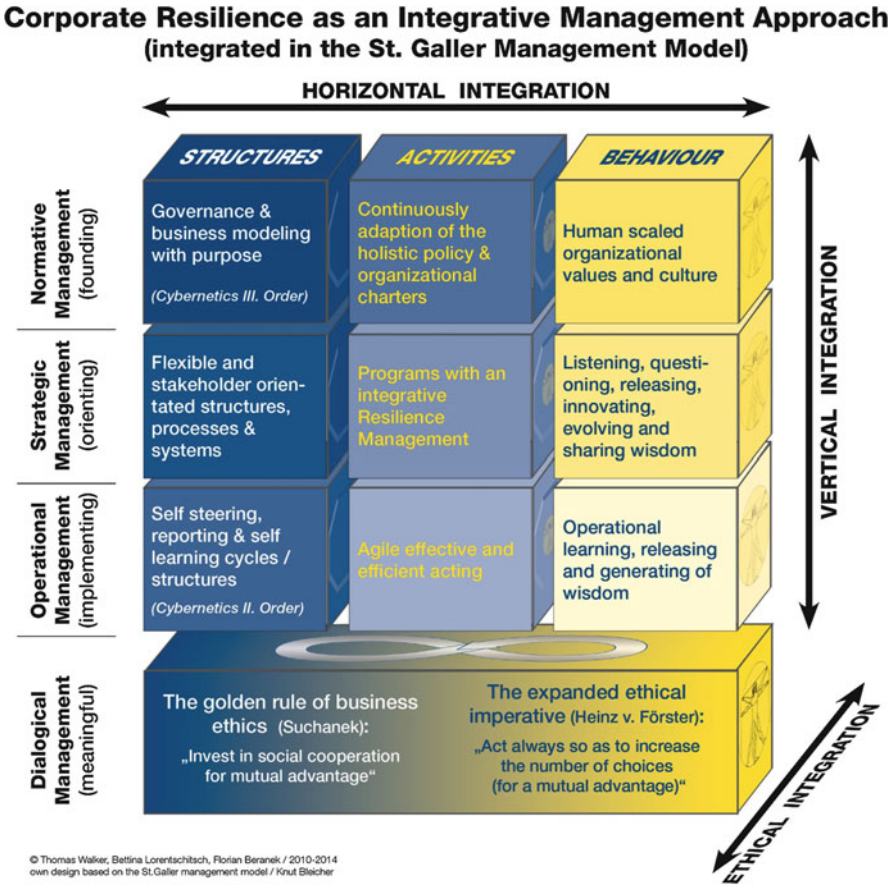

At least there is still one open question: How must this foundation be structured, so that all that was described until now can happen?—The circle is closing and we are back to entrepreneurial wisdom.—Referring to chapter 1.1.2—where heterodox questioning, intuition and empowerment by using entrepreneurial wisdom had been discussed.—Perhaps you remember.—What is necessary to enable practical wisdom inside the organization?

Walk the talk/the entrepreneur and top management need an orientation to be able to figure out the right way to proceed.—The golden rule of business ethics[11] helps them.—Therefore they have to consider the impact on society that important decisions have. Only if it is an investment into a social/societal cooperation for a mutual advantage—it is a meaningful decision. At least the society will honour that decision with trust and credibility.

The language/the entrepreneur, top management and leading staff are forming a language, which opens opportunities for all relevant stakeholders. Therefore, the language needs elements which enable self-reflecting and self-responsibility based on appreciation. Therefore the ethical imperative from Heinz von Foerster [4] is useful: "Act always so as to increase the number of choices (for a mutual benefit)".

Flexibility and agility/the entrepreneur, the management and the people in the organization know that the best answers can come with a delay and therefore they are willing to be open to changing plans—humane interactions are more important than following a plan or the organizational structure.—If the existing structure hinders employee actions more than once, it has to be adapted to be able to ensure a mutual benefit in the future. This agility needs the methodologies of an integrative learning organization, otherwise people get lost in it.

In highly complex situations they trust their "gut" or "intuition"—They know that the answers are not always visible at the moment, so they follow their intuition—to enable others to do this . . .

. . . a common set of organizational values is useful. This set of values has to fit together with the purpose, the vision, mission and the long-term objectives of the organization. A common corporate language ensures that these values and virtues have deeper meaning for the people in the organization.

Based on this described pattern a "proactive entrepreneurship" can be developed. The relevant inconsistency between governance and behaviour still exists, but is reduced to a healthy margin. Inside these tensions an ethical force can exist, which enables an integrative learning organization.—On this foundation entrepreneurs and top managers are able to make wise and brave decisions. If now appreciative feedback loops enable circularity, the organization automatically starts a heterodox re-question process.—This circular re-question process makes critical thresholds visible. The answers to overcome these thresholds are stored in the capability of autopoesis, which is deeply located in the core of the organizational DNA. This core starts to change itself, which is an evolutionary process of a resilient organization.

[11] Suchanek (2007).

3 Summary and Conclusions

This was a short overview of a useful journey to corporate resilience. One the one hand the integrative management approach was explained and, on the other hand the door to the important source of unconscious wisdom was opened. It became visible, that the structure of entrepreneurial wisdom (unconscious mind) follows humane virtues and values. All together—combined in a professional way—this enables the management of enterprises and societies to achieve a new level of cybernetics third order. Critical thresholds became visible and manageable. Based on these insights the immune system of enterprises (and societies) is strengthened. Founded on this learning process the organizational DNA will develop. A development that influences our future and the future of coming generations. Wise entrepreneurs (and politicians) should have an idea how to professionally handle the on-going societal paradigm shift. Through a holistic understanding of entrepreneurial wisdom an advantage has been created.

If my appreciative investment into this article increased the number of choices for you, I did a good job. Now it is your responsibility to use these ideas in practice. Following the actual BAT's (Best Available Technologies) is one of your responsibilities. To foster an on-going maturity process, by using the idea of the integrative management approach is another. Please trust in your competencies, your intuition and your own entrepreneurial wisdom!

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Spiritual Capital and Leadership in the World of Modern Commerce

Nicholas Capaldi

1 Introduction

There are three explanations for the origins of prosperity:
one, prosperity is the product of magic;
two, prosperity is the product of conquest;
three, prosperity is rooted in the human creative capacity.

The first two views presume that wealth is pre-existing; the third view posits that prosperity can be created by human effort, whereas spiritual capital reflects the third explanation. The kind of knowledge and effort involved in creating wealth (goods and services) cannot be captured by the neoclassical economics assumption of a completely rational, utility maximizing, fully informed *homo economicus*. In the past, attention has focused exclusively on financial capital and physical capital as static, limited assets to be accumulated and managed. The source of economic prosperity was taken for granted as an existing condition to be exploited. Economics was modeled more on the basis of resource management in large systems, with growth and development coming largely from management of costs. Economic growth is not reducible to a mechanical model that can be planned at the macro level. It requires freedom, it requires inspired effort, and it requires commitment to a larger spiritual vision.

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A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_14

2 Spiritual Capital

We are accustomed to thinking of 'capital' as a purely financial resource in the same way that we are accustomed to thinking of property as real estate. Just as we have come to understand that there are many different kinds of property so we have come to recognize that there are many different kinds of capital. Adam Smith himself distinguished among different kinds of capital: financial capital, human capital (abilities and skills of workers), and social capital (social networks and relationships). All of these are potential resources that factor into the production of wealth. Spiritual capital is sometimes construed as a form of social capital, but we prefer to think of it as something even more fundamental: our beliefs concerning who we are and the meaning of our lives, with special regard to how those beliefs relate to our professional careers and to economic engagement.

Max Weber, in *The Protestant Ethics and the Spirit of Capitalism*, provided the landmark exploration of the relation between spiritual belief and economic and political activity. Weber contended that our consciously held beliefs were the real causes of why we behave as we do. Spiritual beliefs were among the most important such beliefs. *According to Weber, those who worked hard because they saw themselves as doing God's work in the world were inspired to become more creative and economically successful.*

If I may pursue this theme further, I would contend that, despite the pretensions of scientists, philosophers, and even journalists, when we have reconstructed the whole of our knowledge it does not form a self-explanatory system. If we wish to make sense of the world it is important to draw attention to our attitude toward the world. Our whole relationship to the human drama is not a matter of scholarship but of spirituality. In the end, our interpretation of the whole human drama depends on an intimately personal decision concerning the part we mean to play in it.

A large part of our lives is focused on some relatively small and specific tasks. Every once in a while, however, we all try to see the big picture—*Weltanschauung*. What does it all mean? Not only every individual but every organization, every culture, has to answer the big questions: "Who are WE?" "What is the world all about?" and "How do "We" relate to the world, both human and physical?" Our answer to those questions constitutes our spiritual capital.

3 Spirituality in Modern Commerce

What distinguishes the world of modern commerce is the *Technological Project*, the transformation of nature for human benefit (Capaldi 2004). Rather than finding order in the external world and conforming to it, we find order within ourselves and transform the world to conform to that internal model. As Locke (1988) (*Second Treatise*, Chap. 3) put it:

> God, who has given the world to men in common, has also given them reason to make use of it to the best advantage of life, and convenience. . .. it cannot be supposed. He meant it should always remain common and uncultivated. He gave it to the use of the Industrious and Rational. . . not to the Fancy or Covetousness of the Quarrelsome and Contentious. . .. for it is labor indeed that puts the difference of value on everything. . .. of the products of the earth useful to the life of man nine tenths are the effects of labor. . .[1]

The role of God as it evolved in Western thought has been insightfully summarized by R. G. Collingwood in his *The Idea of Nature*. Specifically, Renaissance science took its idea of God from the Bible, namely, that *God is a transcendent Being who created the world as well as human beings in his own image, and moreover, that the created world is both knowable and benevolently disposed to human interests*. More specifically, "Renaissance natural science was based on the analogy between nature as God's handiwork and the machines that are the handiwork of man (Collingwood 1960, 9)." In Galileo, in Descartes, and in Locke, "Nature, so regarded, stands on the one hand over against its creator, God, and on the other over against its knower, man. Both God and man are regarded as transcending nature; and rightly so, because if nature consists of mere quantity its apparent qualitative aspects must be conferred upon it from outside, namely by the human mind as transcending it; while, if it is conceived no longer as a living organism but as inert matter, it cannot be regarded as self-creative but must have a cause other than itself (Collingwood 1960, 102–103)."

Descartes himself saw and proclaimed the spiritual dimension of this project. The idea behind the Technological Project is that the physical world has a hidden structure, that the hidden structure can be discovered by physical science, and once we discover that structure we can manipulate that structure to produce the results we want. In order for us to be able to speak intelligibly about manipulating the structure there must be some sense in which we are *outside* the structure. Since our bodies are clearly part of the physical world, then our *minds* (souls) must in some significant sense be outside of the structure. Descartes enunciated a (much maligned) dualism of mind and body and clearly alluded to the spiritual significance of the mind. It is through our mind that we come to know God and God's creation of a world that is at once intelligible and hospitable to humanity. If "we" are not in some sense apart from nature, then the technological project makes no sense.

Economic development is, as Peter Berger (1976) reminded us in *Pyramids of Sacrifice*, a "religious category." Economic development is a vision of redemptive

[1] See also Pope John Paul II: "The original source of all that is good is the very act of God, who created both the earth and humankind, and who gave the earth to humankind, so that we might have dominion over it by our work and enjoy its fruits (Gen 1:28). . .. The earth, by reason of its fruitfulness and its capacity to satisfy human needs, is God's first gift for the sustenance of human life. But the earth does not yield its fruits without a particular human response to God's gift, that is to say, without work. It is through work that we, using our intelligence and exercising our freedom, succeed in dominating the earth and making it a fitting home. In this way, one makes part of the earth one's own, precisely the part which one has acquired through work; this is the origin of individual property." Centesimus Annus (1991, paragraph 31).

transformation. This sense of spiritual capital is founded on an understanding that all resources are entrusted to people. That both individual persons and groups are called to preserve and develop a wealth of resources for which they are accountable here and later. Spiritual capital is about this entrustment of responsibility and a care for the creation it exhibits.

We can now identify two definitions of spirituality particularly relevant.

1. The presence of a relationship with a higher power that affects the way in which one engages the world.
2. An animating force that inspires one toward purposes that are beyond one's self and that give ones' life meaning and direction.

These two definitions capture key ideas—a higher power than oneself and a force that gives meaning and direction to life. We believe that is in the expression of ones' unique spirit in life's actions that individuals create their identity and do so for two audiences: themselves and others.

The Technological Project within a free market economy is the greatest engine of economic growth in the history of the world. It is the combination of the Technological Project, the Market Economy, and the rise of a heighted appreciation of humanity's role in co-creating the universe that account for the appearance of a new persona, the entrepreneur. In the sixteenth-century we find the first use of the term entrepreneur, from the French verb *entreprendre*—to undertake something. The entrepreneur discovers (Israel Kirzner's view) or imagines (Schumpeter's view) new ways of combining resources to create new products or new methods of production; the entrepreneur creates, as Bastiat said, new forms of wealth or new resources; the entrepreneur engages in what Joseph Schumpeter was to call creative-destruction.

Modern science, and the Technological Project that emerges from it, is different from classical science. Classical science was a matter of careful observation. For example, an agricultural economy needs a calendar and observational astronomy is the basis of the calendar. Modern science requires two very different activities in addition to observation. Modern science requires hypothetical modeling of what we hypothesize is the hidden structure of the world (e.g., molecular theory of gases, atomic theory, germ theory, etc.). It also requires experimentation, that is, the deliberate manipulation of the world to test for results or to confirm the hypotheses. Both the formulation of hypotheses and experimental design require inner-directed individuals (autonomy) cooperating to produce innovative ideas (scientific and technical thinking) for understanding and controlling natural processes. We are, in Descartes' words to make ourselves "Masters and Possessor's of Nature." The Technological Project is not just a new way of engaging the world. It is also a new way of understanding ourselves. Descartes also provides and advocates a method, a self-imposed form of inner discipline, for promoting this kind of independent thinking. We believe this inner discipline bears a distinct analogy to Weber's notion of the inner-directed individual.

The emergence of this disposition to be an individual is the pre-eminent event in modern European history. Autonomous people are inner-directed and therefore

capable of participating in the TP in a creative and constructive way. In fact, *the ultimate purpose of the TP is not simply to create wealth but to allow autonomous people to express their freedom and how such freedom might reflect God's Will*. Wealth is a means to achievement and freedom, not an end in itself. It is in this sense that **the TP is now to be understood as the spiritual quest of modernity**. The ultimate rationale for the technological project is not consumer satisfaction but the production of the means of accomplishment. O*ur greatest fulfillment comes from freely imposing order on ourselves in order to impose a creative order on the world. We have now come full circle. We started with the TP and now we have explained* that even the TP is an expression of spiritual capital.

It is a matter of empirical and historical fact that modern commerce emerged as an expression of spiritual capital. This does not mean that there is one and only one canonical way of acknowledging and articulating that insight. That is, one is not required to accept a particular metaphysical or theological/religious framework in order to acknowledge and articulate the insight. One of the greatest modern philosophers Immanuel Kant secularized these insights by calling attention to the categorical imperative and by revealing that our fundamental assumptions are about **God, Freedom, and Immortality (Posterity).** Now that reductive and positivistic social science have been widely discredited, it is possible for scholars not only to proclaim the existence of a spiritual dimension but to re-conceptualize its role.

4 Leadership

There are certain constants in leadership, reflecting the fact that any effective organization is in some sense an enterprise that needs a clear goal. The leader is the individual or group that articulates the goal and persuades others to pursue it. This is why we attribute authority to that person(s). With regard to motivation, leaders offer the opportunity for self-validation and when they do so successfully they are said to possess charisma.

Over the centuries, many writers have persistently advocated that the whole of society (or humanity) be considered an enterprise association so as to avoid internal conflict. **Modern market societies have rejected that classical model in order to enjoy the benefits of healthy competition**. Just as Newtonian physics replaced Aristotelian physics by emphasizing that motion, and not rest, is natural, so Adam Smith introduced the notion of the dynamic and not static harmony of a market.

Modern market societies are characterized politically as civil associations, i.e., they do not have a collective goal; rather such societies exist for the sake of the ever-evolving goals pursued by private individuals. At the same time, such societies permit within themselves a potentially infinite variety of enterprise associations in which entry and exit is voluntary. Among these voluntary enterprise associations are commercial enterprises wherein individual economic organizations both (a) have a specific collective goal, e.g., producing a profitable product or service,

and (b) compete with each other. Even non-profit organizations share some of the same characteristics of commercial enterprises.

To what extent does the existence of a larger "free" society affect the meaning of leadership? What does it mean to lead any organization in a free society? What does it mean to lead a competitive organization such as an individual company or organization within the larger free society? What is the difference between entrepreneurial leadership and management leadership? What are the similarities and differences between political leadership and economic leadership? How does one lead individuals who are themselves autonomous, i.e., free and responsible?

The major distinction is among (a) entrepreneurial leadership, (b) management leadership, and (c) management. The first emphasizes creativity and risk taking (i.e., formulating a novel collective goal; the entrepreneurial dimension is especially evident in the focus on adapting to changing circumstances and embracing risk); the second assumes a clear collective goal and then goes on to emphasize learning from competitors as well as avoiding giving competitors advantages and exploiting the weaknesses of the opposition. It is widely held that Asian companies excel in management leadership as opposed to entrepreneurial leadership. The third activity, management, emphasizes hierarchy and compliance within a stable context. All three emphasize the optimal utilization of resources; the second focuses on mergers, acquisitions, and sometimes hostile takeovers; the third concerns itself with outsourcing and succession.

The additional virtues needed for leadership of modern autonomous individuals include sharing in the menial tasks, making greater sacrifices than those requested of subordinates, and the ability to handle failure. In fact, failure to reach the original goal does not detract from being recognized as a successful leader (taking care of subordinates). Leading in a free market society is like being in a jazz band—the need for improvisation and multiple forms of creativity. There is the importance of intake—choosing people who fit the mission; the characteristic of a leader include communication (and the ability to listen when dealing with autonomous subordinates), prudent risk-taking, and having an imaginative vision of the future. Within this context we can even identify the stultifying bureaucrat as someone who loves regulation for its own sake and engages in superfluous entrepreneurship.

5 Leadership in the Modern Market Society

Although modern market societies are politically structured as civil associations (no collective goal), within such societies there are enterprise associations (families, religious organizations, athletic teams, the military) and most especially business enterprises. Such societies demand on the political level some form of management, not leadership as understood here. We do not want our political leaders to become military and economic entrepreneurs! Political democracy and the rule of law are meant to inhibit the abuse of power.

The role of management (or government in an enterprise association) is to manage the relationship of the individuals to the collective goal. In a *civil association* the individuals do not share a collective substantive goal. On the contrary, what the individuals acknowledge are a personal good and a common good, where the latter is understood to encompass rules prescribing the conditions to be observed in making choices about how to pursue one's chosen purposes. Individuals in a civil association may thus share a common good in the formal conditions to be observed but it is not a substantive collective good in which their interests are subsumed. Within an enterprise association, the law (or rules) that are instrumental in advancing the collective goal are articulated by the government (or management). The politicized, managerial and/or totalitarian implications of law within an enterprise association are manifest. Within a civil association, the law (or set of rules) is formal, not instrumental, and the rule of law prescribes the conditions within which individuals pursue self-chosen purposes.

The market economy is part of the free sphere. Not only have we created wealth but we have created new forms of property and we have transformed the scale of production. One such new form of productive organization is the modern corporation. Firms are to be understood as *enterprise associations* within a larger civil association. A firm is an enterprise association, that is, individuals are voluntarily involved in the pursuit of a *common substantive purpose*, specifically a productive undertaking. In a free market economy, the goal of the firm is usually to produce a profitable product or service. The goal cannot be 'equality' or 'fulfillment', etc. because these are not substantive purposes. Moreover, as an enterprise association, a firm cannot have two or more discrepant purposes; if there are multiple purposes, then they must be prioritized or systematically related. A modern business corporation is not a political organization but it is also not a monastery!

The enterprise association that constitutes a firm is an historical artifact, the creation of contracting individuals. The firm is, therefore, a nexus of contracts (Coase). Given the need for and the nature of limited liability, the core of this nexus is management. There must be a decision procedure for deciding how to pursue the common purpose, i.e., there must be management. Neither the structure of management nor specific managerial decisions are entailed (i.e. deducible) from the common purpose. They are contingent, and therefore subject to evaluation and re-evaluation. Nevertheless, whatever the structure of management, its decisions, once made, are *compulsory*, for the same reason that no divergence is permitted from the common purpose. Management is, therefore, *hierarchical* even when the managers themselves are chosen by others. The issue is not how and when management consults the staff; the issue is who makes the final call when the consultation is over.

Managerial decisions involve (i) a response to external factors and to (ii) internal factors. The over-arching external factors are the Technological Project, which, in principle, cannot be planned and is unpredictable, and the actions of others in a market (Hayek's thesis about why planning will not work). No firm will remain profitable and therefore in existence unless it accepts the constraints and discipline of both the Technological Project and the free market economy.

The major internal factor is the presence of other agents (e.g., employees or associates). One of the consequences of the Technological Project is the development of what is now called a 'knowledge economy'; the most important contribution of employees is not their physical labor but their technical skill and knowledge as well as their imaginative capacity. *The most desirable employees are therefore autonomous ones; however, that means that they have their own personal goals and who, if they are inner-directed and creative, are autonomous beings whose cooperation and productivity cannot be coerced.* Therefore, dictatorial management models are inherently defective. Our general conclusion is that in a knowledge economy we necessarily have a management structure characterized by hierarchy with delegation. Totalitarian societies committed to the Technological Project (e.g., the former Soviet Union and an earlier Communist China) eventually found it necessary to cater to such individuals. A knowledge economy → hierarchical but non-dictatorial management.

Does the need for a non-dictatorial management imply democratization? The answer is no. What we have is a situation in which firms (organizations) cannot replace markets. The reality is a dynamic market of trial and error with the continuous re-grouping of firms and individuals within those firms. Good management can only exist within a firm that has a clear conception of its present collective goal. At the same time, that clear conception is subject to modification because of the dynamics of the market process, something over which no manager can have control or unerringly predict. Good management of employees consists in choosing people who either have the "right" preferences vis-à-vis the overall common purpose of the firm (this involves 'judgment') or who can be persuaded (this requires bargaining skills) through incentives to shape their own preferences to be consistent with that common purpose or at least not antithetical to it. Neither the managerial judgment nor the skills can be imparted simply through information. Moreover, a successful 'team' under one set of market conditions is not guaranteed success under another set of conditions.

The personal autonomy of the individuals involved is preserved through voluntary contracts. Collective bargaining is becoming an anachronism. In a knowledge economy, a skilled individual can and does negotiate a relationship with management that is far more satisfactory to that individual than something deliberated according to communitarian advocates. Such negotiation is easier precisely in those cases where management has a clear conception of its goal or agenda. I think this aspect of modernity was best captured by Hegel when he described the State's collective goal as promoting the autonomy of each and every individual!!!

People in advanced economies are beyond the Darwinian motivation to survive and reproduce. Today, People have the freedom to create themselves and are moved by the desire to flourish as autonomous individuals. Thus, the interface between our modern workplace and those working in it has brought about questions of the relationship between ones' work and the expression of one's spirit. So it is that leaders face the challenge of "opening up space" for others to grow, to express their spirit, to hone their talents, and to live their purpose so as to create meaning in their lives. What has to be kept in mind is that this is true of management; managers who

are entrepreneurs need freedom. The dynamic modern corporation is director-centric, not shareholder centric, and not stakeholder centric.

The modern corporation is, in Coase's terms, a nexus of contracts. What is inside the corporation and what is outsourced depends on many factors that can change quickly in a market economy. Leadership if it means anything at all only applies to situations where management directs employees. A corporation does not lead its creditors, its shareholders, suppliers or its customers, etc. Even in the case of some so-called employees, the relationship could be primarily contractual.

For management to lead, it means one of two things:

1. (Enterprise Association): Management provides a larger encompassing goal such as the production of a product or service such that the employee can pride in his/her relationship in the production process. For example, a pharmaceutical company can seek to discover and produce a cure for cancer.
2. (Sub-enterprise): for those employees with an entrepreneurial flair, management can seek to create subdivisions or internal structures within which some employees can exercise their creativity and other entrepreneurial skills (Autonomy). Where employees are self-consciously autonomous they both take pride in their personal professional performance and grow in the range and depth of their skills, management can cultivate them.

The paradox (and obvious reality) is that no individual can be totally fulfilled by identifying with the performance of a specific function for a specific firm. Given the complexities of the human imagination, fulfillment lies, in part, outside of the specific economic role and, in part, inside the economy by *taking on the persona of a professional capable of functioning responsibly in a wide variety of contexts, and knowing when it is time to move to another context*. What a knowledge economy permits and calls for is an ever increasing need for autonomous professionals who relate to each other contractually. It is the Technological Project that promotes the knowledge economy and autonomy.

Autonomy is more important than democracy. If the capacity to be free is a fundamental feature of humanity and if once autonomy is achieved it is, I would venture to affirm, an irreversible state, then all institutions, economic and political, must reflect this autonomy. Politically speaking, democracy is not itself a positive expression of autonomy but a negative means of maintaining it. Autonomy is preserved for investors, customers, and contracting employees. The freedom to hire and fire at will preserves the vitality of firms, but it also permits potential employees to change jobs and even careers. It also creates more durable and reliable relationships with employees on a case-by-case (contractual) rather than all-or-nothing (union model) basis. A knowledge economy within the Technological Project makes this possible to a greater and greater extent. As a contracting employee to whom some responsibility has been delegated through negotiation, I have greater autonomy than I would have if every conceivable stakeholder had to pass judgment on what I have negotiated. *The foregoing system maximizes individual choice*. It does not guarantee unlimited choice and preference to all, but it does maximize choice as compared to rival systems.

6 Spiritual Leadership

Three prominent ideas concerning those seeking purpose and meaning in their work lives are (1) an organization's culture, (2) a leader's role in fostering the personal growth (autonomy) of workers, and (3) human spirit.

Today, more than ever, the role of any leader is to recognize that the only thing of real importance that leaders do is to create and manage culture. Culture (or context) can have an inhibiting or liberating impact on those in any organization. Because culture often tends to go unnoticed, its powerful influence on people is lost in the hurried pace of modern organizations. It is no wonder that human spirit is often dampened or even extinguished by the forces of a bureaucracy. Organizational culture has been defined in many ways, but most would agree with Schein's (2004, 17) definition:

> a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

If culture is so important that it is passed on so as to teach people how to think, feel and believe, then we have our first clue about how culture and human spirit are intimately related in any organization whether it is a for-profit company, non-profit, university, and even a Boy Scout troop. Culture is all around us, and whether made figural or not, it can provide the barriers or gateways to positive self-expression and personal growth.

It is dangerous for leaders to attempt to separate personal and professional activities. The manager's identity and the nature of change point to the need for an inquiry into the role of spirit and spirituality in any organization's effort to fulfill its mission and enact its plans. Stock price and profits are the outcomes of economic inputs, including labor. Profitability is crucial to most concerns much like breathing is to life. Breathing is not the goal of life but a necessary condition to continue on the journey much as profit is to the enterprise.

Needless to say, the above arguments are motivation enough for pursuing the importance of spiritual capital in our society. We go one step further paraphrasing Tom Peters (1985), author of one of the bestselling business books of the last century, *In Search of Excellence*, who refers to the CEO of Johnsonville Foods, Ralph Stayer, as saying, "it is *immoral* for a leader of a company to run it where people do not develop to their full potential." We take this to mean in spiritual terms that employees should live and work in a culture of appropriate free expression, owning their work, and where they are truly valued for their individual and collective contributions. In essence, individuals work in an environment that allows them to create meaning in their lives. Work then becomes part of an individual's identity.

It is with the third point that we wish to elaborate with respect to spirit on the factory floor, in a marketing call center, and for entrepreneur laboring in a garage workshop. In all three instances, what makes for a productive result is that spark of

human spirit which leads to an engaged creativity to invent, to solve problems, to improve performance, and to satisfy customers. While organizational leaders tend to focus on tangible symbols of success like brick & mortar projects, gains in market share, and national awards for quality, the engine behind all of these accomplishments are human beings expressing themselves every day through their work.

Dr. Tom Morris (1998), a philosophy professor and author of the book *If Aristotle Ran General Motors* echoes Maslow's comments about organizational excellence.

> People at work are the only true foundation for lasting excellence, and so I think the time has come to focus on the deeply human issues of happiness, satisfaction, meaning, and fulfillment in the workplace. Only by recognizing the vital role of these issues in life and work can we begin the crucial process of reinventing the spirit of our work and sustain excellence into the future. Without this recognition, none of the other strategies for improvement that we pursue—whether reengineering the corporation or refocusing on the needs of the client—will have lasting positive results.

The power of an organization's culture can be a massive positive or negative force on the lives of workers. So, leaders need to understand the forces in the workplace which allow workers to strike their own responsive chord—to seek unity and meaning in their lives.

What's needed? A culture of invention. The interesting challenge for corporate leaders is how to create a work environment where others are able to express their personal being in their doing. Once again, the concept of organizational culture surfaces. The simple notion that a culture is "how it is to work here" shows that bureaucracy can be a barrier to experiencing a positive sense of self in work. The notion of an open culture where self-expression or self-creation is primal might give us a new metaphor to guide our thinking.

The paradox of having voice in a rules-based organizational environment is one that most leaders must solve. Dialogue is a method of inquiry where all voices are of equal weight and various positions are "suspended" by participants in hopes of "finding out" something new as opposed to defending ones' long held conclusions. Dialogue takes courage on the part of the leader as well as courageous followership because the end result (like any other creative experience) cannot be controlled or forecasted beforehand. In short, it takes a tolerance for ambiguity to open up an issue where the end result is not known to the manager.

Managers are taught (thanks to W. Edwards Deming and other quality gurus) to understand and manage variation in operations processes. People are part of work processes and need to express their individuality which some coworkers might see as eccentricity. It all boils down to a manager valuing a diverse range of actions, attitudes, beliefs and skills. The old adage that "if everyone is thinking alike, nobody's thinking" still has much to say about our collective tolerance for differences.

7 Why Is Spirit Important?

- Entrepreneurship is the heart and lifeblood of our free market system and leads to economic growth that produces individual opportunity for others to prosper.
- Ethical, values-based leadership is the cornerstone of entrepreneurship and effective business practice.
- Unleashing the human spirit of workers is a primary ingredient in successful organizations.

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Part III
Closing Remarks

Closing Remarks: Practical Wisdom as a Global Research Project in the Twenty-First Century

André Habisch

The contributions in this volume in multiple ways represent an innovative approach towards a more integrated concept of business education. 'Practical Wisdom'—basically reflected by the Greek philosopher Aristotle (2004)—served as the crucial point of reference of Western medieval and early modern moral educational philosophy. For centuries not only in the West but in cultural traditions all over the World, the personal character of leaders has been formed in the context of spiritual and religious traditions (Bay et al. 2010; Tracey 2012; Tracey et al. 2014; Weaver and Agle 2002; Zinbarg 2001). Thus, spiritual traditions served as cultural capital for handing over basic normative orientations throughout history. The goal of chasing Practical Wisdom connected knowledge acquisition with personal fulfillment (Naughton et al. 2010; Lenssen et al. 2012). Only with the advent of Enlightenment philosophy had Practical Wisdom lost its role as an integrating educational concept and was gradually replaced by Human reason (Bachmann et al. 2014). During this process, Practical Wisdom saw itself reduced to a term describing merely technical skills. Ultimately towards the modern age, spiritual contents are gradually suppressed from Leadership education (King 2008; Roca 2008).

Recent developments like the financial crisis and the subsequent continuous scandals around formally renowned financial organizations go hand in hand with another reorientation in Leadership education (Neal 2013). This is based on the undisputable fact, that it has been the formally best trained specialists, educated in the most prestigious business schools, which systematically defaulted the trust of costumers, industry partners and regulators.[1] Even if the limits of a unilaterally

[1] Reports of misconduct regularly fill the media already for years. One recent example: According to the Wall Street Journal (24.–26.4. 2015, p. 22) Deutsche Bank, the largest privately owned financial institute in Germany, payed no less than $2.5 billion for having systematically manipulated the LIBOR interbank interest rate. According to regulators, Deutsche Bank didn't set up a

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© Springer International Publishing Switzerland 2016

A. Habisch, R. Schmidpeter (eds.), *Cultural Roots of Sustainable Management*,
CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-28287-9_15

technically orientated business education have been decried for years (Bennis and O'Toole 2005; Ghoshal 2005; Prussan 1998; Pfeffer and Fong 2002), this chorus even swelled in recent years. Thus, a more integrated concept orientated towards Practical Wisdom opens up innovative perspectives in that respect (Nonaka et al. 2014).

Practical Wisdom is rooted in a basic perspective of personal responsibility in solidarity. Therefore, it opposes the reduction of leadership education to a mere process of knowledge creation and a respective promotion of technical skills in students. On the contrary, Practical Wisdom embeds these aspects in a program of personal development and self-reflexion of the leader. Within such an holistic approach, Leadership education avoids the reduction towards a narrow self-reflection, which is often criticised in theories of virtue ethics. Rather it explicitly considers the necessity of a prudent design of institutional frameworks within the organisation and the larger social context for stabilizing moral orientations in employees, suppliers, customers and managers. This said, however, Practical wisdom at the same time opposes the reduction of Social ethics to a mere technocratic incentive mechanism, which would reduce normative orientation towards mere social engineering. Rather, it explicitly reflects the important role of intrinsic motivation and social responsibility of the persons involved.

Summing-up, Practical Wisdom as a normative leitmotif on the one hand overcomes a moralizing critique of companies, as well as an instrumentalist reduction of morality and ethics, on the other. It cannot be reduced to mere cleverness. Rather, it enfolds itself in context-dependency as an integral part of a professional 'ethos aiming at successful social practice. As such, it is especially adaptable to the context of owner-entrepreneurship and family firms, which represent the—often neglected—mainstream of business enterprises worldwide. Last but not least, as a leitmotif of university based Leadership education, Practical Wisdom is able to guide respective programs not only in business schools but also in the educational sector, in churches, media companies, etc. (Bachmann 2014; Roca 2008).

For many authors, Practical Wisdom is closely connected with religious and spiritual traditions as 'cultural capital' of nations and global regions (Delbecq 1999; Conroy and Emerson 2004; King 2008; Case and Smith 2012). Albeit this is obviously not the only perspective on the topic—and is not even represented in each of the contributions of our book—it is nevertheless a very important one especially for Leadership education in the emerging economies of Asia, Latin America and Africa. Even in the twenty-first century, culturally deep-ingrained spiritual traditions play an important role for the identity and normative orientation of leaders. Therefore, embedding the existent technically orientated Management education within an overarching concept of Practical Wisdom does also strengthen

policy to prevent similar misconduct until mid 2013, long after authorities had started filing criminal charges against banks and individuals. Unlike other banks, Deutsche Bank was also criticized for failing to cooperate fully with the Authorities. More investigations are on the way following allegations that Deutsche Bank was involved in efforts to manipulate foreign-exchange markets as well.

the cultural identity of future leaders (Lenssen et al. 2012). It would help connecting themselves to the cultural tradition of their civilization and to overcome widespread tendencies towards a 'divided life' (Alford and Naughton 2001) and ultimately towards fundamentalism and cultural alienation.

The twenty-first century brings about an unprecedented level of fast transformation, social innovation and development. As P. Drucker already clairvoyantly anticipated within his reflections on the 'knowledge worker' (Drucker 1999), this requires a fundamental reorientation not only for organizational practice but also for the educational sector. The well-balanced concept of Practical Wisdom, which implicitly or explicitly had orientated Leadership education for centuries, could again play an important role in facing these challenges. The present volume attempted to provide some still rather explorative advances in this direction.

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