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## 4 Ethics and Spirituality

The paper discusses the relationship between ethics and spirituality in business and management context. It shows that business ethics lacks a deeper existential-spiritual foundation which causes inadequate and ineffective functioning of ethics in business and management. The paper argues for spiritual-based business ethics and presents some research tracks, namely Integral Ecology, Indian Ethos in Management, and Buddhist Economics which create meaningful connections between ethics and spirituality. Finally, the paper discusses the challenges of the Anthropocene era for ethics and spirituality in business and management and the corresponding tasks for research and action.

### Ethics Is Devoid of Spirituality

Mainstream paradigms of ethics including business ethics are devoid of any reference to spirituality or religion. They employ a materialistic and individualistic conception of human nature in which humans are materialistic beings having only materialistic desires and motivations. Contemporary “laic” ethics suggests that ethical action is a cognitive enterprise. Today’s dominant ethical theories provide abstract models to be applied or followed by moral agents. But the main problem of ethical behavior is not ethical knowledge but ethical motivation as recent findings of moral psychology show.

Stanford psychologist Albert Bandura (2016) discovered a number of psychosocial mechanisms by which considerate moral agents can enter in harmful and socially injurious conduct. These moral disengagement mechanisms include moral justification, euphemistic labeling, advantageous comparison, displacement of responsibility, diffusion of responsibility, disregarding or distorting the consequences, dehumanization, and attribution of blame.

Spiritually-based or spiritually-inspired ethics makes people less likely to employ moral disengagement mechanisms (Baron et al., 2015) and provides them with greater opportunities for effective moral functioning. Empirical evidence suggests that spiritual experiences help the persons to transcend their narrow self-conceptions and enable them to exercise genuine empathy with others and to take an all-encompassing perspective.

Spiritual experiences involve authentic experimental identification with people, animals, plants and various other aspects of nature and the cosmos. (Grof, 1998) Despite the diversity of spiritual experience, the main ethical message is always the same: love and compassion, deep reverence for life, and empathy with all sentient

beings. Spiritual experiences allow people to “develop a new system of values that is not based on conventional norms, precepts, commandments, and fear of punishment” but “understanding of the universal order”. People realize that they are an integral part of creation and that by hurting others they would be hurting themselves. (Grof, 1998, S. 129)

## The Ethics Management Paradox

Reducing ethics to a functional and instrumental management tool may crowd out genuine moral feelings and moral commitment that can result in less ethical functioning. We must be aware of the paradox of ethics management when substituting ethics for technocratic management devices.

The core idea of the Ethics Management Paradox can be stated as follows. (Bouckaert, 2006; Bouckaert & Zsolnai, 2021) By creating new regulations to temper opportunistic behavior in and among organizations, we often reinforce the underlying roots of opportunism. We introduce economic incentives like benefits, such as premiums or tax relief for those who respect the new regulations, but by doing this, we substitute moral feelings for economic calculations. Hence, the paradox appears: the more ethics management, the less ethics in management. Preaching moral concepts such as trust, responsibility or democracy on the basis of calculative self-interest or as conditions of systemic functionality is ambiguous. It opens the door for suspicion and distrust because calculations and systemic conditions can easily be manipulated. When the fox preaches, guard your geese.

It is fascinating to see how trust, value-driven leadership and democratic stakeholding have become part of Western management theory. But we must be aware of its paradoxical characteristics. The more economic democracy can be sustained by a rational and economic discourse, the more it risks crowding out the moral commitment, which is a necessary condition for sustaining genuine entrepreneurship and stakeholding. Thus we must put forward not only the question of how to make business ethics operational, but also the question of how to make it genuinely ethical.

The ethics management paradox discloses the gap between expectations that ethics management improves the ethicality of business and the reality that this is not always the case. Remember the cases of Enron, Webcom, Parmalat, Ahold, Lernout and Hauspie. In 2008 a second bubble busted out and brought us the banking crisis followed by an economic recession. The surprising point is that before the crisis a lot of the involved companies and banks had invested in programs of corporate social responsibility and business ethics. But these efforts failed because ethics management was reduced to a business management tool.

The Ethics Management Paradox implies a search for spirituality as a way to transcend instrumental rationality that creates the paradox. Spirituality – as an

inner experience of deep interconnectedness with all living beings – opens a space of distance from the pressures of the market and the routines of business as usual. This distance seems to be a necessary condition for developing innovative ethical ideas and practices. It may restore intrinsic motivation and provides a long time horizon. Unfortunately, spirituality is not yet a mainstream concept in the business world. In business the instrumental and utilitarian rationality is still the dominant perspective, whereas spirituality is anchored in a deeper, non-instrumental and non-utilitarian experience of life. Business can be renewed and transformed into a progressive social institution if it enriches itself by taking spirituality seriously at the core of its activities. (Bouckaert & Zsolnai, 2011)

Ethical codes and professional ethics formulate rights and duties for all relevant stakeholders to avoid a clash of interests. But there is a zone of wicked problems or what Schumacher calls divergent problems that remain unsolvable and difficult to overcome (Schumacher, 2004). By divergent problems Schumacher refers to problems which are linked with antagonistic and unconciliatory value premises. Ethical codes which mostly protect the interests and power of the regulating authorities, do not solve this kind of problems. At best, they help us to keep value conflicts under control. We need other ways to overcome deeply rooted conflicts of values.

Spirituality as a discipline has the potential to disclose meaning and purpose in life that overcomes the drive for self-interest, polarization and conflicts of values. We can consider spirituality as intuitive and non-rational thinking that opens our mind to the co-creation of meaning in life. Its methods include empathy, dialogical thinking, story-telling, symbolic visualizations, meditation, self-reflection, prayer etc. Spirituality helps to go beyond the blocked problems and discloses new perspectives that enable us to transcend them and to find new ways of being and acting.

The interlinked ecological, social and economic crisis clearly show the inadequacy of the materialistic management paradigm. Materialistic management is based on the belief that the primary motivation of doing business is money-making and success should be measured by the generated profit only. (Zsolnai, 2015) A post-materialistic management paradigm is emerging and characterized by frugality, deep ecology, trust, reciprocity, responsibility for future generations, and authenticity. Within this framework profit and growth are no longer ultimate aims but elements of a wider set of values. In a similar way cost-benefit calculations are no longer the essence of management but are part of a broader concept of wisdom in leadership.

## Research Tracks Reconnecting Ethics and Spirituality

In the last decades we could see the emergence of initiatives which represent promising attempts to reconnect ethics with spirituality. The most important of them are

Integral Ecology, Indian Ethos in Management, and Buddhist Economics which have a number of implications for business and management.

*Integral Ecology*, proposed by the Pope's encyclical "Laudato si'", integrates the concerns for people and the planet. (Pope Francis, 2015). An integral and transdisciplinary understanding of the world links up science to human values and sees the world as a systemically connected ecology, economy, equity and justice. Integral ecology shows a path to sustainable development through frugal consumption and the acknowledgement of the intrinsic value of nature.

In the encyclical the Pope underlines the human origins of the ecological crisis and proposes fundamental changes in the organization of our economic and social life. Among the important suggestions by the Pope are frugality in consumption and recognition of the intrinsic value of nature. Both these propositions pose serious challenges to economics and business.

In the encyclical we see a condemnation of the current "use and throw away" culture which "generates so much waste, because of the disordered desire to consume more than what is really necessary". (Pope Francis, 2015 para 123) It calls for "modifying consumption, developing an economy of waste disposal and recycling, protecting certain species and planning a diversified agriculture and the rotation of crops". (Pope Francis, 2015 para 180)

Pope Francis (2015 para 203) fears that "we have too many means and only a few insubstantial ends". He encourages to develop "more sober lifestyles, while reducing their energy consumption and improving its efficiency". (Pope Francis, 2015 para 193) He believes that "a decrease in the pace of production and consumption can at times give rise to another form of progress and development". (Pope Francis, 2015 para 191)

Christian spirituality underlined in the encyclical proposes "an alternative understanding of the quality of life, and encourages a prophetic and contemplative lifestyle, one capable of deep enjoyment free of the obsession with consumption. . . . We need to take up an ancient lesson, found in different religious traditions and also in the Bible. It is the conviction that 'less is more'." It is a return to simplicity "which allows us to stop and appreciate the small things, to be grateful for the opportunities which life affords us, to be spiritually detached from what we possess, and not to succumb to sadness for what we lack". (Pope Francis, 2015 para 222) "Happiness means knowing how to limit some needs" (Pope Francis, 2015 para 223)

Pope Francis (2015 para 140) urges us to accept the *intrinsic value of nature* and to express appreciation for it. Natural beings and ecosystems "have an intrinsic value independent of their usefulness. Each organism, as a creature of God, is good and admirable in itself; the same is true of the harmonious ensemble of organisms existing in a defined space and functioning as a system".

The encyclical emphasizes that "environmental protection cannot be assured solely on the basis of financial calculations of costs and benefits. The environment is one of those goods that cannot be adequately safeguarded or promoted by market forces". (Pope Francis, 2015 para 190)

The Integral Ecology vision of Pope Francis has already inspired a lot of discussion, research initiatives and practical actions. (Jakobsen & Zsolnai, 2017; LSRI, 2020; *Economy of Francesco*, 2020)

*Indian Ethos in Management* is a movement initiated by S. K. Chakraborty, the Founder of Management Centre for Human Values at the Indian Institute of Management, Calcutta.

The crash between the globalized, market directed business forces and Indian spiritual values and ethics based on the Vedanta was the “Leitmotif” of Chakraborty for his decades long endeavor with inspired zeal to establish and promote an Indian Model of Management built on the indigenous knowledge of India. His seminal contribution has been in anchoring a solid spiritual foundation to human values and leadership using insights from Indian ethos and its modern proponents like Rabin-dranath Tagore, Swami Vivekananda, Mahatma Gandhi, and Sri Aurobindo. (Chakraborty, 1997, 2014; Chakraborty & Chakraborty, 2008; Mukherjee & Zsolnai, 2021)

Indian Ethos in Management aims to bring India’s indigenous concepts into the professional Indian management. While doing so, Chakraborty published dozens of books on values, ethics and leadership; He founded three journals and two institutions, and inspired many business students in India and abroad, and thousands of corporate executives and professionals who have gone through his management development programs. Of special mention is the Journal of Human Values, of which Chakraborty was the Founder Editor-in-Chief, published biannually by Sage Publications.

Chakraborty’s effort to root business ethics in the traditions of Indian spirituality, particularly in the Vedantic heritage, is challenging for Western ethicists who usually think in terms of theories of rights, social contract, and utility maximization. Introducing spirituality in the field of business and managerial ethics creates a shift from external rule-directed behavior toward an inner-directed, existential search for meaning. What is missing in conventional business and managerial ethics is a deep, inter-subjective intuition of the Presence of Life that guides thoughts and actions. Chakraborty calls such an ethic based on re-connection with the inner source of Life, consciousness ethics, which he rightly distinguishes from compliance ethics and cognitive ethics.

This new focus has not only led to broader concepts of purpose and success than traditionally associated with management. It has also given rise to deeper existential questions as to the identity and responsibility of corporations and their leaders, questions very similar in nature to those faced by persons with a spiritual quest. (Pruzan, 2009; Mukherjee, 2020)

Chakraborty emphasized that the mainstream materialistic value-orientation of today’s business can hardly be reconciled with any genuine spirituality. The dominant understanding of economic rationality, namely individualistic, self-interest maximization should be replaced with a broader notion of reason. Nobel Prize winning economist Amartya Sen (2004) suggested that rationality requires subjecting

one's choice of action, including objectives, values, and priorities to reasoned scrutiny. In this way spiritually inspired choices may not be incompatible with the demands of human reason. Business actors can rationally pursue their objectives based on spiritual values and priorities.

Indian Ethos in Management can serve as inspiration for academics, business leaders and management professionals to rethink their roles and responsibilities in transforming business into a more human and ecological enterprise. This has contemporary relevance in a world ridden with an alarming crisis caused by global spread and attack of Covid-19 virus. The importance of upholding and pursuit of Indian Ethos in the global combat against this killer virus suggest alternative ways of thinking and living for a safe, sane and sustainable future for the self, the organization, the community, society, nations and the planet at large.

*Buddhist Economics* has been developed to create an alternative worldview that challenges the main underlying assumptions of Western economics. (Zsolnai, 2011; Tideman, 2016; Magnuson, 2016; Brown, 2017)

In his best-selling book, "Small is beautiful" E. F. Schumacher (1973) emphasized that the task and aims of economizing are to provide peace and permanence. Buddhist economics is dedicated to this dual task. The main goal of a Buddhist life is liberation from all suffering. Nirvana, which can be approached by want negation and the purification of the human character, is the final state.

Values central to Buddhist economics are simplicity and non-violence. From a Buddhist point of view the optimal pattern of consumption is to reach the highest level of human satisfaction by means of the lowest rate of material consumption. This allows people to live with less pressure and strain. People living simple lifestyles are less prone to aggressive behavior than those heavily dependent on scarce natural resources.

While modern Western economics promotes doing business based on individual, self-interested, profit-maximizing ways, Buddhist economics suggests an alternative strategy. The underlying principle of Buddhist economics is to minimize suffering of all sentient beings, including non-human beings. From a Buddhist viewpoint a project is worthy of being undertaken if it can reduce the suffering of all those who are affected. Any change in economic-activity systems that reduces suffering is to be welcomed.

Modern Western economics cultivates desires. People are encouraged to develop new desires for things to acquire and for activities to do. The profit motive of companies requires creating more demand. Buddhist economics suggests that we do not multiply but simplify our desires. Once the minimum standards of material comfort, which include enough food, clothing, shelter, and medicine, have been achieved it is wise to try to reduce one's desires. Wanting less could bring substantial benefits for the person, for the community, and for nature. Buddhist economics recommends moderate consumption and is directly aimed at changing one's preferences through meditation, reflection, analysis, autosuggestion and the like.

Modern Western economics aims to introduce market solutions wherever social problems need to be solved. This leads to the process of marketization by which spheres of society became subordinated to the market mechanism. Non-violence (“ahimsa”) is the main guiding principle of Buddhism for solving social problems and it is a basic requirement that an act does not cause harm to the doer or the receivers. Non-violence prevents doing actions that directly cause suffering to oneself or others and urges that participative solutions are found.

In modern Western economics the value of an entity (be it a human being, other sentient being, object or anything else) is determined by its marginal contribution to the production output. A project is considered worthy of undertaking if and only if its discounted cash flow is positive. To get the best from the partners requires taking genuine care of their existence. Caring organizations are rewarded for the higher costs of their socially responsible behavior by their ability to form commitments among owners, managers and employees and to establish relationships of trust with customers and subcontractors. (Frank, 2004)

Western economic man is allowed to consider the interest of others only if it serves his or her own interest. The self-interested, opportunistic behavior often fails. Generosity, suggested by Buddhism, would work in business and social life because people are, in fact, “homo reciprocans” – we tend to reciprocate what we get and often give back more in value than we receive. (Bowles & Gintis, 2011)

Buddhist economics does not aim to build an economic system of its own. Rather, it represents a strategy which can be applied to any economic setting at any time. It helps to create livelihood solutions that reduce the suffering of all sentient beings through want negation, non-violence, caring and generosity. (Zsolnai, 2008)

## Challenges for the Future

The new reality of the Anthropocene (Steffen et al., 2011, 2018) generates big challenges for ethics, business and management. Literally, the continuation of the existence of humanity and other life forms is at stake (McKibben, 2020).

- (i) How can a life-affirmative ethics be developed and translated into business and management practices?
- (ii) How can spiritually-rooted business and economic models be created, implemented and scaled up to preserve nature and to serve human well-being?
- (iii) How can ethics and spirituality contribute to the resilience and well-being of human communities in the age of ecological degradation and breakdown?

To solve these and other related problems genuine commitment and extraordinary creativity is needed from scholars and practitioners alike. We need unique combination of good heart and skillful mind to cope with the enormous ecological and social calamities to come.

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