INTRODUCTION

Corporate Social Responsibility (CSR), Responsible Leadership, Socially Responsible Investing... Such terms are rapidly becoming part and parcel of the modern management idiom. Some people unreservedly applaud what appears to be an increased focus on and awareness of responsibility in business. Others take a more cynical view. Still others say, ‘Before we plunge ahead, let’s pause and reflect on what we’re really talking about here.’

We fall into this third category, even after having contributed to the theoretical and practical development of the concept of CSR for many years. We have observed that, typical of the managerial profession and its emphasis on measurable results, the focus is primarily on how to operationalize these terms - integrating them into the corporation’s vocabulary, policies, stakeholder communications and reporting systems. But something important is missing in this rush towards pragmatism by corporate leaders: a sincere, soul-searching inquiry into what they really mean when they speak of responsibility at the individual and organizational level.

This essay raises and responds to fundamental questions about the nature of responsibility and how explicit consideration of responsibility is vital for the well being and success of
leaders and their organizations. In particular, we explore four questions: What is responsibility? Can organizations be responsible? Why be responsible? What obstacles are there to being responsible?

These inquiries pave the way for a thesis that true responsibility, for both leaders and their organizations, is grounded in a perspective that transcends the limitations of economic rationality. We present responsible leadership within a framework of what we call spiritual-based leadership and present excerpts from research interviews we have conducted with leaders from Europe, the USA and Asia that exemplify its relevance for the practical, day-to-day business world (information on this research programme can be obtained at http://www.globaldharma.org/sbl-home.htm).

The interviews clearly demonstrate that spirituality, however individual leaders define and understand it, can provide a powerful foundation for individual and organizational identity, responsibility and success. When leaders and their organizations operate from a spiritual-based perspective, they naturally behave responsibly on behalf of themselves, their communities, society, the environment and all of creation.

**SETTING THE SCENE**

To set the scene, consider the following two examples of responsible leadership and corporate responsibility: Grundfos (Denmark) and Excel Industries (India).

**Grundfos**

This Danish enterprise has approximately 50 companies, including 15 production companies around the world, and more than 11,000 employees. In 2004 its sales were 11.5 billion Danish Crowns (US$2.1 billion). Its Group Chairman and former CEO, Niels Due Jensen, has for a number of years been the leader of the Danish National Network of Business Leaders from over 700 companies dedicated to corporate social responsibility. According to him:

Grundfos is probably the most successful pump company in the world. It is clearly with high pride that we in Grundfos are manufacturing pumps and pump systems, because these products really are helping society to grow, helping millions of people all over the world to fulfil certain very basic needs.

Grundfos is highly respected internationally, not only for its success in traditional economic terms, but also for its expanded concept of success that includes the aim of being helpful to others without doing harm.

In Grundfos it has always been a part of our policies that profit is not a target in itself. Money and a good profitability are necessary for us to maintain a successful growing company, which is a good place for people to work in. Money is simply a means for being able to do things and for achieving various goals in life.
We are in a business which does not do damage to others, but which is really helpful for human beings all over the world. It may be for people in Africa with simple needs for clean water, or it may be for people in highly developed societies where they need a lot of pumps in order for everything to be functioning.

Leading by values is at the core of their management philosophy, which reaches down to every employee, new and old:

We try to develop an organization of people who take responsibility not only for their job, but also for the company. Of course it takes a long time to get this perspective in the backbone of every employee, and for new employees it takes several years to understand the real meaning of these basic values. Living up to the values is an exercise on a daily basis.

**Excel Industries**

Excel Industries Ltd in India is an agricultural chemical company whose aim is to ‘provide solutions through contributing to the photosynthesis cycle from soil health to plant health to crop productivity to nutrition’. It started as a small kitchen laboratory in 1941 with a capital of Rs.10,000 (approximately US$230 at 2005 exchange rates). Its revenues in 2004 were Rs. 4.75 billion (approximately US$110 million) with 3,000 employees.

Excel has pioneered work in rain farming and watershed management. It is actively pursuing the use of alternative energy sources, conducts research to minimize the effect of chemical fertilizers and has introduced eco-friendly measures such as integrated crop and pest management systems. Recently, Excel has also developed processes for using organic compounds and enzymes to deal with environmental problems resulting from municipal solid waste, sewage sludge, industrial waste streams and contamination of soils and waters. This is all based on the values of the company, as K.C. Shroff, one of the three brother-founders of Excel, states:

The 21st century will see the rise of a new culture, one that is based on holistic principles, harmony and sustainable development. Only those who follow its principles will survive.

A telling story of the culture of responsibility in this organization is a time when a particular division was not growing well, Shroff scolded his colleagues saying:

You’re focusing too much on making money; that’s the problem. Focus totally on serving the farmers. Then the money will take care of itself.

In 1995, *The Week* magazine in India recognized K.C. Shroff as ‘Man of the Year’ for his work on sustainable development in arid rural areas. In 2000, the Indian Environmental Association gave an Award of Excellence to Mr. Shroff in recognition of his pioneering service for the protection and preservation of the environment over five decades.
The Underlying Similarity Between Grundfos and Excel Industries: A Spiritual Basis For Responsibility.

Certainly, both of these companies have leaders strongly committed to promoting responsible behaviour throughout their organizations. But the questions arise: What lies behind their stories? What are their motives? What is their rationale? Niels Due Jensen speaks for himself and Grundfos:

"Spirituality gives me a deeper meaning of life, and therefore also regulates the way I behave on a regular daily basis in my private life as well as in my job-life.

My principle of love your neighbour has guided me in the direction of also developing what we call social responsibility at Grundfos. … Because of my spiritual background I have always had this activity within Grundfos high on my agenda.

As one practice of corporate responsibility, Grundfos employs 150 mentally and physically handicapped persons among its 4,500 employees in Denmark. Mr. Jensen comments:

"Having employees with a mental or physical handicap working for Grundfos has become a natural part of the company’s life and behaviour. We in the management have made it clear that this is our responsibility. You may call it the need to love your neighbour, and this means your neighbour in this local society, but first of all your employees in the company. It is my strong belief that my example has been of importance to many business leaders in Denmark."

K.C. Shroff has this to say about Excel Industries and his passionate concern for nature and the earth:

"Our Mother Earth has been badly hurt by greed. She must heal. We are working for God. We are his means. The whole cosmic creativity is through that (working for God). If we can become a part of that, what a joy it is! Productive action is spirituality. Profit is a by-product of services rendered. At Excel, service is the motivation. (Varughese 2004: 34)

Excel’s 50-year mission statement ends with:

"We have a responsibility towards industry and community. Rural community is the heart of India. We will be friends and contributors to the well being of both the industrial and the rural community. Company is family. We will work and contribute, learn and grow together. This is our resolution and we resolve so. We pray to the Almighty that we be granted the strength to fulfil our mission.

And in 2004 in Zurich, Switzerland, Excel received the prestigious ‘International Spirit at Work’ award for its explicit policies and practices of spirituality in its workplace.

Grundfos and Excel Industries are vanguards of an emerging phenomenon of deeply committed leaders who have tapped into a profound and sustainable source of commitment..."
for corporate responsibility: their spirituality. How can we understand this emerging phenomenon of spirituality as the basis of responsibility, especially in relation to other perspectives that have preceded it? Let us proceed by first considering the four fundamental questions regarding the notion of responsibility that we referred to earlier.

WHAT IS RESPONSIBILITY?

Most of us have an intuitive feeling or understanding of what it means to be responsible - or to be irresponsible. Perhaps we can recall having the satisfaction of knowing we listened to the voice of our conscience and did the right thing in the right way when faced with a moral dilemma. Or perhaps we have experienced remorse when we behaved in a way we felt was irresponsible. And perhaps we have even felt anger or frustration when witnessing what we felt was irresponsible behaviour of others, including corporations.

According to Webster's Deluxe Unabridged Dictionary, (responsibility) is derived from the late Latin responsabilis - requiring an answer. The word can be seen as having two parts: response + able, i.e. the ability to respond, to be able to answer for one’s conduct and obligations. Ultimately it means: ‘expected or obligated to account (for something, to someone)… involving duties …able to distinguish between right and wrong …trustworthy, dependable, reliable’. But this definition raises substantive questions, such as why be accountable, for what and to whom?

Before we begin to consider possible answers to such questions, it is necessary to consider whether only individual human beings, characterized as we are by consciousness, can be responsible. Or can groups of humans, such as organizations, also be responsible?

CAN ORGANIZATIONS BE RESPONSIBLE?

Increasingly, management rhetoric speaks of a company’s vision, values and virtues. But is it meaningful to ascribe qualities that are ordinarily attributed to individuals - including the ability and obligation to behave responsibly - to organizations? For example, a hot item in modern management terminology is Corporate Social Responsibility. What does it mean if we say that a corporation has a responsibility for something? Individuals are conscious beings with a conscience, with feelings, and with the ability to analyze, reflect, and to make rational choices, and therefore with the ability to act responsibly. Does an organization also have this ability?

This line of questioning is not just an academic exercise. Rather, it is a fundamental precursor for being able to deal with the remaining two questions of this chapter: Why should organizations be responsible? What obstacles are there to being responsible?

We can provide two possible affirmations to the idea that organizations can be responsible (Pruzan 2001a). The first, a rather weak response, argues that organizations are judicial persons with legal responsibilities, and that this responsibility is borne by the leadership of the organization. Building on this legal perspective, the response also contends that companies can also have obligations that arise from more-or-less explicit norms other than strictly legal rules, including expectations from owners, guide lines from branch organizations and company codes of conduct.
The second affirmative answer is a stronger but more complex response, based on the view that organizations are social systems – created not just by means of legal documents and financial transactions but also by an on-going, identity-creating dialogue among its members. In such a participative corporate culture, employees speak of we when they refer to the company, with shared points of view, stories and values. As such, the organization has the characteristic of being a community. Just as an I, a sense of personal identity, is a pre-condition for an individual to feel a sense of responsibility, so is the existence of a we, a sense of identity as a community, a precondition for an organization as a whole to feel that it has responsibilities.

Although we speak here of a self-referential capability, the identity-creating dialogue we refer to need not be explicitly in words. We can also experience implicit norms that, although tacit, provide guideposts for responsible behaviour as well as sanctions for behaviour that is considered to be irresponsible. These will typically be imbedded in the corporate culture, in its special vocabulary, traditions, rituals and its reward and recognition systems.

So there is a broad spectrum of possible viewpoints on corporate responsibility. At one end is a narrow, static definition in the form of legal requirements, where responsibility is impersonal and defined by formal, structural relationships. When viewed only from a legal framework, responsibility means following the letter of the law, but not necessarily the full spirit and intention of the law.

At the opposite end of the spectrum, the organization’s members have a collective identity, a we-ness that defines the essence of the organization. From this more inclusive viewpoint, the organization and its members have the ability, just as an individual does, for experiencing that it has responsibilities and for living up to them.

WHY BE RESPONSIBLE?

Only infrequently is this question brought to the level of conscious reflection in organizations, even amongst leaders in major corporations. Presumably most of them feel that the answers are obvious – while we believe they are not. Even the increasing number of social/ethical/triple-bottom-line/sustainability reports being issued by major corporations almost never include an explicit statement about such a primary question. But an explicit inquiry, both by individual leaders and a company’s leadership group, is a precondition for successfully integrating responsibility into their own and the organization’s self-awareness – and therefore into the policies, processes and practices that promote responsible behaviour.

We have observed four overarching and progressively more inclusive perspectives on the question of ‘Why be responsible?’, each with its own history, logic and language: the rational perspective, the humanist perspective, the holistic perspective and the spiritual-based perspective (Miller and Miller 2002).

The Rational Perspective

Essentially, this perspective on ‘Why be responsible?’ is instrumental. It answers that a leader or a company should only be responsible if this serves some other, higher priority goals – typically the classical business goals of growth, market capitalization and shareholder value.
In other words, the responsibility of business and its leadership is wealth creation on behalf of owners/shareholders.

This instrumental perspective on business and leadership responsibility originally emerged at the beginning of the twentieth century. For example, according to Frederick Taylor, the acknowledged progenitor of scientific management:

The principle object of management should be to secure the maximum prosperity for the owners coupled with the maximum prosperity for each employee ... maximum prosperity for the employee means not only higher wages than are usually received by men in their class, but of more importance still, it also means the development of each man to his state of maximum efficiency ... maximum prosperity can exist only as the result of maximum productivity.

(Taylor 1911/1998: 1, 2)

This perspective dominated leadership thinking well into the 1960’s. Perhaps its clearest and most referred to expression from that period is the (in)famous statement by Nobel Laureate Milton Friedman:

Few trends could so thoroughly undermine the foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as possible.

(Friedman 1962: 133)

Friedman’s basic argument, that companies only have two responsibilities – to live up to the law and to maximize shareholder wealth – is readily accepted by most leaders in major corporations today. It is therefore not surprising that such a utilitarian perspective is the foundation for the so-called business case that has dominated recent debates about corporate responsibility. The fundamental answer provided by the business case to the question as to why companies should be responsible is straightforward: to protect the company’s licence to operate and its earnings.

The Humanist Perspective

This perspective is based on the assumption that to be responsible is a natural consequence of being human – it is part of our human nature. A clear expression of this argument is provided by William Hewlett, co-founder of Hewlett-Packard:

Men and women want to do a good, a creative job; and if they are provided with the proper environment they will do so.

(Hewlett and Packard 1980: 3)

From this perspective, which first gained momentum in the 1950’s and 1960’s (MacGregor 1960) and became the norm of many major corporations by the 1980’s, a leader’s responsibility includes providing a working environment that motivates the employees to be responsible and helps them to become self-actualized.
There are two versions of this humanist perspective on ‘Why be responsible?’ One is the empathy argument, founded on the human capacity to sympathize and empathize, which is more fundamental than our competence for analysis and rational choice. It builds on our ability to experience feelings of endearment to others and to put ourselves in their shoes. According to Max De Pree, Chairman Emeritus of the world renowned furniture company Herman Miller, in his now classic exposition on leadership:

> We are emotional creatures, trying through the vehicles of product and knowledge and information and relationships to have an effect for good on one another.  
> (De Pree 1987/2004: 87)

In stark contrast to the rational perspective on responsibility, where thought precedes action, empathy can lead to intuitive, spontaneous, even heroically responsible leadership behaviour, where a leader only after the fact is able to *rationalize* and come up with logical arguments for why he or she acted as they did.

The humanist perspective on responsibility also finds expression in what we refer to as an integrity argument. Its essence is that we are responsible, first and foremost, to ourselves and therefore that we should perform our leadership so that we live up to our own values, so there is unity in our thoughts, words and deeds. Clearly, this focus on one’s self as the ultimate object of responsibility can appear to be similar to the *what’s in it for me?* rational perspective presented earlier. Nevertheless, there is a significant difference between the two. The rational perspective focuses on living up to demands by others to generate financial wealth. The humanist perspective focuses on living up to one’s own values and humaneness.

*The Holistic Perspective*

The essence of the holistic response to ‘Why be responsible?’ is that we are all interdependent, and this implies a duty to respect the rights of others. Support for this perspective can be found in religious norms. For example, all major religions have some form of what has been called the *Golden Rule* - that you should ‘do unto others what you want them to do to you’. Support can also be found in cultural norms such as the Universal Declaration of Human Rights approved by the General Assembly of the United Nations in 1948:

> Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world…  
> (United Nations 1948)

While this perspective may be said to hold for all human beings, it is especially relevant for business leaders because they have the power, granted in hierarchical organizational contexts, to make decisions that affect others. This is one of the fundamental propositions underlying the recent focus on a *stakeholder theory of the firm* (Wheeler and Sillanpää 1997). From this viewpoint, the responsibility of business leadership evolves beyond wealth-creation for shareholders, as in the rationalist perspective, to wealth creation for the benefit of all
stakeholders – including employees, customers, shareholders, suppliers, community, nature, society and even future generations.

This holistic perspective on responsible business behaviour was first voiced in the late 1960’s and gained momentum in the 1980’s and 1990’s (Freeman 1984). At present, a growing minority of major international corporations are in the process of integrating this holistic perspective on identity, purpose and duty into their self-reference, and are employing it to supplement (not replace) more traditional viewpoints about success and responsibility. They are experimenting with new forms of reporting such as *triple bottom line reporting* in accord with international guidelines, such as those of the Global Reporting Initiative:

Accountability, governance, and sustainability – three powerful ideas that are playing a pivotal role in shaping how business and other organizations operate in the 21st century. Together, they reflect the emergence of a new level of societal expectations that view business as a prime mover in determining economic, environmental and social well being. These three ideas also point to the reality that business responsibility extends well beyond the shareholders, to people and places both near and distant from a company’s physical facilities.

(Global Reporting Initiative 2002)

Although this holistic perspective to ‘Why be responsible?’ is more inclusive than the rational and humanist perspectives on responsibility, it still neglects the deeper, more fulfilling spiritual aspects of human and organizational life.

*The Spiritual-based Perspective*

The final perspective on ‘Why be responsible?’ holds that responsibility is grounded in our nature as spiritual beings who have an inherent longing (whether or not we are aware of it) to realize who we truly are, individually and collectively. Thus, our most intrinsic motivation is to realize our essential spiritual nature and purpose, not to fill an ever-present set of need-based desires (Chakraborty 1991). Although this perspective first emerged in writings on leadership from the 1990’s (Harman and Porter 1997), its basis is wisdom handed down over the ages by those who have been recognized for their spiritual accomplishments (Huxley 1946/1990).

A basic tenet of this perspective is that once leaders have developed their own spiritual self-awareness, they naturally exercise it in some form of service beyond self-interest (Greenleaf 1998). The dualistic distinction between one’s self and others becomes replaced by a deeply felt connectivity – and the ordinary distinction between responsibility to one’s self and to others attenuates.

Thus, when responsibility becomes more inclusive, traditional concepts of managerial *power* expand from controlling others to serving them (Pruzan 2001b). It follows from this perspective that the nature of business itself is transformed. Wealth creation is no longer the goal; it becomes a means for enabling and sustaining spiritual fulfilment and service to society. Business leaders become responsible for promoting the well-being and spiritual fulfilment of everyone touched by the business: employees, customers, suppliers, competitors, shareholders and society.
In one of our interviews for the Spiritual-Based Leadership research programme, Andre Delbecq, former dean of Santa Clara University’s graduate school of business in the United States, spoke about how spirituality shifts our view of business and organizational leadership:

I think a business exists to provide an innovative and compelling answer to a societal need in the form of a needed service or product. When this purpose is approached through a spiritual lens, it will be shaped differently in many ways. The needs you pay attention to shift. The system you create to receive inputs and transform outputs will also shift, allowing greater inclusiveness of the concerns of all stakeholders. The character of the organization’s culture will shift. Your tolerance regarding the discipline of having to meet Wall Street’s expectations about profitability will shift. You will see all the elements of business challenges as part of a calling to service. All of the struggles of business leadership as a form of societal service take on a very different coloration when they are seen from a spiritual perspective.

This brings us to the question, ‘What is spirituality?’ – at least according to business leaders. As part of our research programme, we posed this question to each of the executives we interviewed around the world. Here is a selection of their replies:

Spirituality is inspired responsibility towards people, other living beings and the world… seeing and relating with Divinity in every aspect. Self-improvement plus world service equals spirituality.

I would say that spirituality is man’s quest into his innate Divinity. It’s more like a road than a state of affairs … a quest more than an arrival.

Spirituality is attunement with a universal spirit. It is being so in tune with that spirit that you are not acting from a place of ego or desire or greed, but you are acting from a place that is on behalf of the welfare of the totality.

Spirituality is our deep connection with a force greater than ourselves; it is a very individual, lived experience that includes longing and belonging, for which the fruits are love and compassion.

Spirituality is taking the principles that are taught in most religions and living them as a natural way of life.

Spirituality for me is the essence of being. It is a place where the heart resides; it is soul.

Thus, there is a rather wide range of understandings about spirituality – a range that was also matched when we asked them what they felt was the relationship between spirituality and religion:

To me spirituality and religion are the same thing.
While religion offers many beautiful things like rituals and ceremonies, to me it is not spirituality. Spirituality has no borders or restraints, it doesn’t separate, it connects.

I think spiritually is how you live your entire life. I see religion as something that is handed down to you. It is something external to you, whereas spirituality is something that is within you.

How does a spiritual-based perspective on responsibility relate to the rational, humanist and holistic perspectives on responsibility? In these perspectives on responsibility, if spirituality is considered at all, it is only considered to be one of many aspects of life along with work, family, leisure time, health, etc. That is, if life were a pie, spirituality would be one slice of the pie. From the spiritual-based perspective, however, spirituality is the pie itself. Work, family, leisure and health are all slices of spirituality, they are all contexts for growing spiritually. In accord with this, Steven Covey states that ‘Spirituality cannot be something a person toys with, a little compartment of their lives. It has to be at the core in a way that affects every other part of their lives’ (Hendricks and Ludeman 1997: 9).

To see how the spiritual perspective of responsibility includes yet transcends the other three perspectives, consider the reflections of Ananth Raman, Chairman of Graphtex Inc., an American manufacturing company that is part of the Swiss firm Catisa, which operates in 30 countries around the world. Ananth Raman started his work with Catisa in Nigeria and ended up overseeing the company’s operations in nine African countries before transferring to the United States. He told us about his evolution to a spiritual perspective on responsibility:

When I was in one of the West African countries, the country was full of corruption, and you couldn’t do anything without bribing someone. The policy in my corporation was that you could not give bribes. At first, I wondered how I was going to get along without giving bribes. Ultimately, I chose to stay with the ethical values that the company ascribed to… because this was what I was taught.

Values such as justice, truth, respect for others, equanimity, ability to take decisions, honesty and integrity are the core values that became very strong for me…. These are more on the ethical side, rather than on the spiritual side. Somewhere along the line however, these two kinds of values began to link.

Now I think of ethical values as nothing but a reflection of my spiritual values. When we talk about self-respect in an ethical sense, we are talking about being respectful to your colleagues, shareholders and customers because it is a good business practice. But when you go a little deeper and look at it from a spiritual point of view, you realize that it is really about respecting the inner Self, the inner Divinity of each person. I think this brings about a whole new dimension. This is how I like to link spirituality with ethics and values in business.
WHAT OBSTACLES ARE THERE TO BEING RESPONSIBLE?

We have thus far considered three major, overarching questions regarding responsible leadership and corporate responsibility: What do we mean by responsibility? Can organizations be responsible? Why be responsible? This has led us to consider a spiritual-based perspective for responsibility as the latest to emerge and the most inclusive among the variety of viewpoints prevalent today.

But for leaders and their companies to develop the capability for integrating responsibility into their mindsets regarding purpose, identity and success, it is not sufficient to reflect only on questions of what, can and why. Also the obstacles to experiencing and living up to responsibility must be considered.

In our experience, there are six key obstacles that can hinder leaders and their companies in their progress towards developing a mindset and culture of responsibility: time, distance, internal pressures, external pressures, ego and the desire to maximize personal wealth. As demonstrated below, spiritual-based leaders and their organizations have shown in practice how each of these obstacles can be transcended.

**Time**

Corporate leaders face increasing pressures from financial markets to maximize short-term gains. These demands represent a barrier to living up to longer term responsibilities, for example, living up to the company’s values and visions. How does a spiritual-based leader respond?

Bob Galvin, former Chairman and CEO of Motorola, once described during a development programme the primary job of leaders as:

> Inspiring acts of faith – things are do-able that are not necessarily provable – spreading hope, and building trust. Faith, hope, and trust... Theology is very practical business.

(Seminar at Motorola University, Chicago, IL, 1993)

He relates that in the early 1950’s, Motorola had the opportunity to get a contract with a South American country, installing a micro-wave radio system. The first part of the contract was for US$10 million, which was a sizable amount in the context of overall revenues of roughly US$100 million. To some minds, the opportunity to achieve such instant growth would have the highest priority. But not for Galvin and his executives:

> One of the executives came in and told me that we had won the order but that he had decided not to take it. The reason: The general who ran the country wanted the contract to read $11 million so they could skim the difference off the top. I told him that I was sorry that this had happened, and to refuse the contract even if they dropped their demand for padding and wanted to do it at the original price.

And Bob Galvin didn’t stop there:
Further, I told him that we would do no further business with this country until there was a change of leadership.

(Hendricks and Ludeman 1997: 30.)

Instead of succumbing to time pressures for immediate financial gain, he tapped into his spiritual theme of *faith, hope and trust* and kept his company’s integrity intact. In the short term, they lost the new revenues. But in the long term, Motorola experienced substantial growth and became a model of corporate responsibility.

Another perspective on the relationship between time and responsibility is to consider to what extent leaders and organizations are responsible to the long-term beneficiaries of near-term efforts? In its perhaps most dramatic formulation, this question can be posed as, ‘To what extent are leaders and corporations responsible to the not-yet-born?’ This is in keeping with the increasingly popular notion of sustainability (as evidenced by the growing number of *sustainability reports* being produced by major corporations). Perhaps the most widely recognized definition of sustainability is that provided in the report, *Our Common Future* (Brundtland 1987) by the United Nations World Commission on Environment and Development. The commission was popularly called the Brundtland Commission after its chairman, the then Prime Minister of Norway and Director-General of the World Health Organization from 1998 to 2003, Gro Harlem Brundlandt. In that report, sustainable development is defined as ‘development that meets the needs of the present without compromising the ability of future generations to meet their needs’ (Brundtland 1987: 8).

With respect to future generations, Ramon Ollé, CEO of the Japanese-owned Epson Europe provided us with his thoughts about the spiritual basis for his life and how it influences his leadership. His scope of leadership includes Europe, Africa and the Middle-East, roughly 3,000 employees, with a turnover of 2.2 billion Euros (approximately US$2 billion) in 2003:

> I understand spirituality as the inner part of a human. It is our inner force. The higher you are in a company, the more your decisions affect things over the long-term. There are certain measures in a corporation that cannot be evaluated in a month, in half a year, or even in a year. Our responsibility as leaders is not about ensuring that the company survives for even the next few years. Our responsibility is to ensure that the company will survive and thrive for the next 120 years. We cannot just pay attention to the short term. When you begin to think this way, you are really entering into the spirit of family, into the spirit of a multi-cultural environment, and into the spirit of humanity as a whole.

**Distance**

How does *distance to others* affect our sense of responsibility to them? Or, put more bluntly, ‘To what extent are leaders and corporations responsible to those who are out-of-sight and far-away?’ In the Bible, Jesus was asked, ‘Which commandment is first and most important of all?’ Jesus’ answer included: ‘You shall love your neighbour as yourself’ (Amplified Bible 1987, Mark 12: 31). But who are our neighbours?

One such definition of *neighbour* starts with one’s employees and the local members of one’s society. As Niels Due Jensen, Chairman of Grundfos states:
My principle of *love your neighbour* has guided me in the direction of also developing what we call *social responsibility* at Grundfos. You may call it the need to love your neighbour, and this means your neighbour in this local society, but first of all your employees in the company.

But how far away can a person be before business leaders no longer consider him or her to be a *neighbour* that they should love as themselves? This consideration of *distance* is particularly relevant for leaders in corporations that aggressively pursue the growth syndrome and merger mania. The following are a few striking statistics. The combined sales of the world’s top 200 corporations are far greater than a quarter of the world’s economic activity and bigger than the combined economies of all countries minus the biggest nine; they have almost twice the economic clout of the poorest four-fifths of humanity yet have been net job destroyers in recent years (Anderson and Cavanagh 2000).

These statistics underscore a serious problem: *Quite often, when corporations grow, so does the distance between those who make decisions and those who are affected by them.* For leaders of major corporations, seeing, hearing and speaking to those they affect by their decisions is virtually impossible – making it very difficult for them to live up to an ethics of closeness based on personal experience. In such situations, leading often is reduced to reacting to quantitative analyses of key financial and productivity figures (market shares, contributions to profits, rates of return) and listening to the advice of consultants and experts. When decisions are dominated by an economic rationale, the propensity to develop an inclusive sense of responsibility often becomes replaced by an ideology of growth (Pruzan 1998).

In contrast to this, consider Amber Chand, who long ago envisaged fulfilling a responsibility to ‘contribute to the well-being of artisan communities worldwide by stimulating demand for their products’. With that mission in mind, she co-founded Eziba Inc., a USA-based, international retail marketing firm. During an interview, she described the spiritual basis of her sincere sense of *distance* responsibility to the suppliers as well as the customers:

> Spirituality for me is the essence of being. Spirituality is a place where the heart resides; it is soul. ... Compassion, balance, grace and friendliness are words that ring as a spiritual theme for me.

We are more committed than ever to supporting talented artisans around the world and are now perceived as a leading retailer with a socially responsible mission. I head up Eziba’s non-profit *Partnership Program* and *Gifts That Give Back* marketing campaign. The Partnership Program is a key initiative at Eziba where we forge alliances with other non-profit organizations that have a resonant mission to support the well-being of communities around the world. In our four years of growth our revenues have increased from US$200 thousand in the first year to US$10 million in our fourth year. And we’ve grown our customer base to 180,000 customers.
Internal Pressures

The management of change is receiving ever-increasing attention. In a world of dramatically intense competition, company survival is never guaranteed no matter how well established a company may be. Pressures from within an organization can manifest as demands for: survival; ethical behaviour; good working conditions; job security and satisfaction; and living up to the organization’s values and its commitment to product quality and customer service.

These pressures present significant challenges to corporate leadership in relation to the question, ‘To what extent are leaders responsible to the organization’s employees in living up to the organization’s core values, particularly during times of business stress and struggle?’ A poignant example of how such pressures might responsibly be addressed from a spiritual-based perspective is that of Lars Kolind, former Chairman and CEO of Oticon in Denmark. Today, this Danish firm is one of the world’s premier makers of aids for the hearing impaired, but it wasn’t always so. In the 1980’s the company was failing financially when they hired Lars Kolind to be the new CEO to turn it around. Regarding his spiritual view of life, Lars Kolind told us:

(Making a difference) is fundamentally why we exist and that has something to do with our relation to a higher being. I personally have no doubt that being in contact with a higher power increases the quality of one’s life in the broadest sense. This applies to everyone. I have never felt satisfaction in just making money. I am only happy because I started by making a difference, whether it was for the family, or the environment, or the hearing-impaired or whatever it was, that is what gives me satisfaction.

When he took over, things were far worse than he anticipated. He was compelled to make a drastic reduction in staff if the company was to survive. How did he apply his spiritual view of life to this downsizing and the impact that it would have on the lives of Oticon’s employees?

I was really under pressure to determine which principles we should use to make the decisions as to who to lay off. I took the decision, which no one understood, that we would not fire anyone over 50. Neither would we fire people who were so essential that we didn’t think we could survive without them. But other than that, we would let those people go who we thought would have the best chance of getting another job quickly - even though these were obviously the ones, I would have preferred retaining. I just couldn’t look into the eyes of all of the people that we would kick into prolonged unemployment in order for the rest of us to make money and prosper. I just couldn’t do that. I must admit that I simply made these decisions and I didn’t really think about where they came from, which was from my conscience.

Lars Kolind’s sense of responsibility extended to each and every person who was laid off:

I talked to every single person that was to be laid off and told each of them that they were going to be fired and that we would work with them to get a new job the best we could. I was experiencing all their bad feelings as I was confronting myself with the
doubts and fears of all of these people. To me it would have been an act of cowardice to let others do this for me.

As a result of the spirited culture he created and his inspiring vision for the company, Oticon rose from the ashes to become one of the leading designers and manufactures of hearing aids in the world – with an amazing growth in market capitalization. In 1990 the value of the company was 150 million Danish Crowns (approximately US$19 million); by 2002, when we interviewed Lars Kolind, it had grown to 20 billion Danish Crowns (approximately US$2.5 billion), an annual growth rate of more than 25 per cent.

*External Pressures*

Increasingly, there are demands on companies from external stakeholder groups to live up to certain responsibilities. For example, these include the quality and safety of products; human rights and working conditions of employees within the company and in its supply-chains; environmental sustainability and animal rights; support and respect for the local communities in which the company is located; employment policies that promote opportunities for minorities and the handicapped.

So we meet a question very similar to that raised as to responsibilities to living up to internal pressures: To what extent are leaders and organizations responsible to society and those who make demands on behalf of society’s interests? Those making these demands have no problem at all when they speak of *corporate responsibility*. They do not reflect on whether responsibility is an individual matter or whether it is an organizational matter. They make sweeping demands on the leadership, and the more vigilant of such observers, particularly the NGOs, keep a wary eye on the activities of the company – calling for the instant guillotine on the television news if they observe behaviour they consider to be irresponsible or unethical.

Reacting to these pressures from external sources, leaders may be tempted to focus on convincing such external stakeholder groups that the company is responsible, rather than on actually being responsible. For example, Dena Merriam, Vice-Chairman of Rudder-Finn, a global public relations firm, told us in an interview:

> To me spirituality is being so in tune with a universal spirit that you are not acting from a place of ego or desire or greed, but you are acting from a place that is on behalf of the welfare of the totality. We are a communications company, and organizations come to us when they are in trouble. In our work, we play a double role: we counsel our clients and we help them communicate to the public. Often, they don’t come to ask how to be a good corporate citizen; they just want to tell the public something so that they can get out of the trouble. We show them how this would do them more harm. Then we show them what they need to do.

This obstacle presents a major challenge to corporate leadership – to balance the pressure for maintaining an image of responsibility with a heart-felt need to develop an identity founded in a culture of responsibility (Pruzan 2001c). Emphasizing an external image of responsibility, at the expense of actually being responsible, ultimately undermines trust in the company as well as the broader trust between society and the business community that is so vital for the future of our societies.
A leader who has met such challenges from his spiritual basis is Dr A.K. Chattopadhyay, former Senior Vice President of ACC Limited Refractories Division in India. In our interview with him, he told us:

Spirituality is the manifestation of the perfection that is already there within us. I also believe there is a superpower who creates things in a systematic and organized manner, and I can align my thoughts with this.

Extreme external pressures were put on him when one of his factory employees lost his hand in a conveyer belt accident:

I stayed in the operation theatre the whole night that he was being operated on, in order to give moral courage to his family members. The newspaper came to write stories against me since I was head of the plant, saying that not enough safety measures were being applied. There were some local union leaders who wanted to influence the head of the local police to arrest me. All of these things happened while I was sitting inside the hospital.

Personally, I felt a strength inside of me because I knew what I was doing was good for this man and for his family.

It turned out that proper safety measures had been in place but, unfortunately, the employee had not followed them. Dr Chattopadhyay did not spend his energy defending the company with this fact. Instead, he focused on being responsible for the future of this employee:

I called his family together and explained that I would take full responsibility to take care of this man and them. I explained that, ‘No, we cannot get back his hand, this is most unfortunate. However, we can give the monetary compensation that needs to be given and we can give him a job where he can still work peacefully without his hand.’

I called groups in our company together and explained what had happened and how we handled it. Later, after all of this was over, I reflected back on this strength that I felt and realized it came from my connection with what I call a superpower.

Ego

_Ego_ is the Latin word for _I_. Our sense of _I_ shapes and informs our focus and attention on _my_ physical and psychological well being, material success and wealth, reputation, power and so on. It is a phenomenon of human consciousness that we can expand or limit our sense of _I_-dentity. The narrowest sense is that we identify ourselves with our bodies and personal psyche: ‘I am this individual body and personality’. But we often, and easily, expand that identity to include others, so that the _I_ becomes a _we_ that we treat more-or-less as ourselves. Thus identified with our family or favourite sports team, we might exclaim, ‘We won the lottery!’ or ‘We won the championship!’ We often identify ourselves with the company we work in: ‘We achieved 20 per cent growth this year’. Our sense of identity can expand more to include our nation: ‘I am a Greek. We hosted the last Olympics’. It can expand even
further to include all humanity, or even all of creation: ‘We are at a crossroad of human history’.

To what extent are leaders and corporations responsible to others, beyond the self-interest of themselves as individuals or of themselves as members of a special interest group? When dramatic change takes place, our egos get most threatened and we tend to move towards self-centred behaviour. How does a leader deal with this from a spiritual basis? A good example is that of Ashoke Maitra when he was head of Human Resources for NOCIL, an Indian petrochemical company. When NOCIL acquired and merged with a competitor, Ashoke was put in charge of integrating two large firms that were quite diverse organizationally and culturally. To manage the merger from his spiritual point of view, he exercised a sense of responsibility to the people in both organizations while addressing the ego clashes inherent in a merger between two fierce competitors. In our interview he told us:

There was a lot of hatred between them because for years they had fought each other to prove who was better. Now one of the companies was merging into the other and would be losing its identity.

My definition of spirituality is that each soul is potentially Divine. The goal is to manifest this Divinity, by any means that suits you. I thought the best way to merge would be to integrate people at the spiritual level; therefore, I experimented.

Whether he was working with the top management group or other employees, Ashoke Maitra focused on fostering introspection and a personal sense of purpose:

Spirituality is all about introspection. When you put people in an introspective mode in an exercise, then they start to question their own life and their own reason for existence, such as what they are here to do and how they will achieve it. I think the reason they accepted what I said is because they saw I was not concerned about the company; I was concerned about them and their grief.

With the top management, he expanded this into a sense of group purpose grounded in a spiritual connection among all of them.

At first there were a lot of grievances that surfaced. By the afternoon we said okay, it is the worst thing to happen in life, but it has happened. Now what do we do? We started examining the question of purpose and in three days time we came to a top management integration of the purpose of the combined companies. Ultimately, we had one of the smoothest mergers in the history of India of two competitive petrochemical companies.

**Maximizing Personal Wealth**

Taken together, the obstacles of time, distance, internal and external pressures, and ego culminate in an obstacle that we call the desire to maximize personal wealth. That raises the question, ‘To what extent are leaders and organizations responsible for creating wealth for the largest possible group/community/society rather than for their own personal benefit?’
In her provocative book *The Divine Right of Capital*, Marjorie Kelly compares the primacy of shareholder rights to that of the landed gentry in pre-industrial times; she refers to it as ‘a form of entitlement out of place in a market economy’ (2001: 4). From the viewpoint of this new aristocracy, shareholders have a claim to wealth they do little to create, in the same way that nobles claimed privileges they did not earn. Just as a feudal estate was considered to be a piece of property, so too the modern corporation is considered to be property (not a human community) that can be bought and sold by the propertied class for one major purpose: to return to shareholders as much as possible, even if this means as little as possible to employees.

Many readers may take exception to this last statement. But this new aristocracy viewpoint follows logically from the rationalist perspective that the primary goal of companies is to maximize shareholder wealth – which can lead to insensitivity to the values and aspirations of all other stakeholders, including the employees.

When the corporation is implicitly reduced to a profit-generating machine, employees and other stakeholders are reduced in the managerial mind-set to be merely instruments to achieve financial goals. This leads to a concomitant radical reduction in the scope and meaning of responsible leaders and responsible companies, whereby wealth maximization becomes a major obstacle to realizing a more inclusive individual and corporate responsibility. This position is strongly reinforced by remuneration systems relying heavily on stock options, so that leaders become leader-owners with short-term financial interests and a corresponding narrow concept of success and responsibility.

How might the issue of wealth maximization be dealt with from a spiritual basis? Consider Anita Roddick (2001), founder and former co-chairperson of the major retailer of natural skin and hair-care products, The Body Shop International. She started The Body Shop as a one-woman show in the late 1970’s; it has now more than 2,000 shops in 54 countries throughout the world. In 2003, the Queen of England honoured her with the title *Dame Commander of the British Empire* for services to retailing, the environment and charity.

When we interviewed Dame Anita Roddick for our research project on spiritual-based leadership, she described her spiritual basis this way:

My definition of spirituality is no more complicated than Gandhi’s definition: *To be in service to the weak and the frail*. That is absolutely my path. My spiritual theme is kindness. Tenacious and fierce kindness! Kindness, which makes you re-think many actions. Kindness is my religion.

She shared with us her views about the purpose of business and gave us an example of how she views corporate wealth:

Everything changed when we went on the stock market; we were then expected to be measured by financials, but that was not what we were interested in. Our success was not only how many people we were employing, but also what we could do with the money we were making. With profits, the purpose of business is to do something remarkable within the community, because it is the community of your customers that gives you your wealth.
We opened up a soap-factory, *Soapworks*, in the Easterhouse district of Glasgow, Scotland, an area that had the worst examples of unemployment in Western Europe. We set up the best model of a soap-factory. 127 people worked there making nearly 12 million bars of soap a year. We wanted to pay the best wages, give them the best day-care facilities, the best food and put 25 per cent of the profit back into the community. Even before we opened up the Soapworks, we built an adventure playground for kids. In the next stage we built a drop-in centre for the elderly. You think you are doing the right things and will get the right reactions, but the financial journalists said that we were taking money from our shareholders’ pocket.

I remember one year at a meeting where I had to talk about profits, I was challenged by these guys, and I just said, “That’s the way I want to run this place. I want to make this workplace breathless, I want to make it believable, I want to make it human.” And they couldn’t answer to that.

What about her personal wealth as the founder and major stockholder of, as she says, ‘one of the top 27 brands in the world and number seven in terms of trust’?

To be wealthy is indeed to be glamorous, according to the financial analysts. My husband and I publicly say that for us to die rich is to be obscene. There is no value in accumulating wealth; accumulated wealth is like water in a vase that has gone rancid. I think that my responsibility for the last 20 years of my life is to get my hands really dirty giving it away on a proactive basis, and seeing the fruits of that. We have to find leaders who can use these funds well.

**CONCLUSION**

Based on our observations, experience and research, we have addressed four fundamental questions: What is responsibility? Can organizations be responsible? Why be responsible? What obstacles are there to being responsible? Along the way, we have explored four different perspectives on responsible leadership and corporate responsibility – rational, humanist, holistic and spiritual-based. In addition, we discussed six obstacles: time, distance, internal pressures, external pressures, ego and the desire to maximize personal wealth.

As we have reflected on the four perspectives, the rational perspective seems to have the least capability to surmount these obstacles to being responsible. It embraces the shortest time frame and distance, is most reactive, has the narrowest I-dentity, and is most concerned with maximizing personal wealth. By contrast, the spiritual-based perspective seems to offer the greatest capability for overcoming the obstacles to individual and collective responsibility. This perspective embraces the longest time frame and broadest distance, is the most proactive, has the most expanded and inclusive I-dentity, and is the least concerned with maximizing personal wealth as a top priority.

Certainly there are many business leaders today who are eager to try to project an image of social responsibility – for example, by developing *triple-bottom-line* reports. This is most often simply a rational, economically instrumental way of reacting to pressures from an
increasing number of challenges from internal and external stakeholders to demonstrate an image of responsibility. We might say that this is a pattern of adopting the ethic of responsibility from the outside in.

But rather than writing off this pattern as a cynical representation of responsible corporate behaviour, we suggest that we can instead be optimistic. The very fact that the leaders of mega-corporations are introducing the word responsibility into their business vocabulary, and are attempting to operationalize this concept, is highly encouraging. If a company maintains this effort for an extended period of time, even as a reaction to pressures, it is likely to lead to a greater awareness of and sensitivity to the need for responsible behaviour (Zadek 2004).

Beyond this, we are optimistic that there is a new wave and new generation of leaders who sincerely ascribe to responsibility in themselves and their companies from an ever-broadening sense of I-identity. As they identify with not just themselves and their companies, but with their communities and society at large, with the environment and with future generations, they have begun to naturally embody responsibility from the inside out.

While the impact of any one leader’s, or any one company’s actions, can seem limited, nevertheless the cumulative effect of such an expansive sense of responsibility can have a significant impact on the well-being of societies, nations and the world as a whole. As the late Willis Harman, Emeritus Professor at Stanford University and former president of the Institute of Noetic Sciences, once explained:

Leaders in world business are the first true planetary citizens. They have worldwide capability and responsibility. Their decisions affect not just economies, but societies… and the world problems of poverty, environment and security. World business will be a key actor in the ultimate resolution of the macro-problem.

(Harman 1998: 147)

In the evolution from the rational perspective on responsibility to the spiritual-based perspective, we find an increasingly inclusive sense of responsibility – a spiritual openness that ultimately embraces humanity and the planet. Stephen Rockefeller, Chairman of the Rockefeller Brothers Fund stated that this responsibility requires an evolution of our spiritual consciousness:

Some would argue that it is humanity’s spiritual destiny to build a just, sustainable and peaceful world community. I believe that. However, to achieve this ideal a further development in the evolution of our ethical and spiritual consciousness must occur. … It is doubtful whether humanity can find any lasting solution to the big problems it faces without taking this spiritual challenge to heart.

(Rockefeller 2004)

Ultimately, when leaders and organizations are operating from the spiritual-based perspective – from a deep awareness of their spiritual nature – they naturally behave responsibly beyond their own self-interest. That is, they naturally serve themselves, their employees, customers, owners, competitors, suppliers, society, the environment and all of creation.

The strongest future for responsible leadership and responsible corporations will result when the spiritual roots of this and of future generations of business leaders are nourished. This will occur when all of us nourish our own spiritual roots by living in accord with our
spiritual nature in thought, word and deed. The result will be business leadership that is spiritually uplifting to all, tangible in its results for all, humanly respectful to all, and socially responsible to all.

QUESTIONS

1. What is your spiritual view of life and how is that expressed in your leadership?
2. From your spiritual perspective, what is the meaning and scope of responsibility to you as a leader?
3. From your spiritual perspective, why is it important to you to be responsible and to have your organization be responsible?
4. From your spiritual perspective, how could your organization foster a culture of collective responsibility?
5. What do you feel are the major obstacles to exercising responsibility – for yourself as a leader and for your organization – and how could you transcend them from a spiritual-based perspective?

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