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SPIRITUALITY AS THE CONTEXT FOR LEADERSHIP¹

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ABSTRACT

It is proposed that recent developments in the theory and practice of management can be better understood and integrated into personal and organizational behavior via reference to spirituality as the context for purposeful behavior.

In the “West” there has been a focus at both leading schools of business and a growing number of highly successful and admired corporations on *leadership* as a supplement to or an overarching background for *management*. This focus has not only led to far 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 both corporations and their leaders, questions very similar in nature to those faced by the person with a spiritual quest.

In the “East”, developments have paralleled that of the “West” – with the major distinction that the focus at leading-edge institutions of higher learning is on the *leader* rather than on the processes and methods of leading. The emphasis is on the virtues a leader must possess to be a “good” leader in both a moral and an operational sense. These virtues have their origin in age-old basic perspectives on the purpose of man’s existence and of his spiritual nature. Here the connection between the leader and his/her spirituality is more direct and explicit.

The article presents these ideas with specific reference to developments in Northern Europe and India. It is argued that these developments can provide an expanded basis for reflection on the identity, purpose, responsibility and success of our organizations and their leaders. A basis that is rooted in an awareness that the underlying context for all purposeful organized activity is spiritual in nature and not just utilitarian via the pursuit of material gain. It will be argued in particular that the perspective from the “East” is a precondition for the successful development of leadership as it is evolving in the “West”.

1. INTRODUCTORY REMARKS ON TERMINOLOGY, PURPOSE, DELIMITATIONS AND PERSONAL BIASES

Some of the terms to be employed in this paper – such as for example East, West, management, leadership and spirituality – are quite open to interpretation. In addition, the observations presented are often of a personal nature rather than aspiring to be “objective”. Therefore this is more an essay than a traditional scientific paper. It is based on my experiences as a professor in Denmark who was born and educated in the United States, who has worked with the theory and practice of management in Northern Europe for almost 40 years, and has visited India more than 20 times and established a teamwork between the Copenhagen Business School and some of India’s best reputed schools of management.

Let us start then by some terminological considerations and personal biases.

¹ This paper is a revised version of a presentation given by Professor Pruzan at the conference: “Blending the Best of the East and the West in Management Education” held at the Management Centre for Human Values, Indian Institute of Management Calcutta, 2001.

My point of departure is those developments at business schools that seek to contribute to a humanistic, democratic and sustainable frame of reference for the profession of management. By sustainable here, I refer to a holistic view of corporate governance which encompasses economic, environmental, social and ethical responsibility and viability.

This leads to a particular perspective on the concepts of *management* and *leadership*. The term management traditionally has been conceived of as comprising such activities as strategy, planning, administration and control. In recent years, particularly in the “West”, the term “management” has been supplemented with the term “leadership”. This later term is being used today to relate to concepts, processes and roles that had not until recently been central to the traditional themes of management.² These include such notions as corporate vision, change-management, stakeholder-dialog and social and ethical accountability in self-organizing and values-based organizations. Perhaps one can refer to a “mutation” in the process of organizational evolution which is proving to be advantageous for both individual and organizational survival: the hybrid leader-manager who masters both leading and managing.

Parallel to this development in the “West” – and to some extent as a reaction to the hegemony of its primarily materialistic focus – there has been a return to basics in the “East”. Here, at some highly reputed schools of management there has been a focus more on the leader than on leadership – on the qualities, values, virtues and integrity of the leader rather than on methods and processes. In contrast to the “West”, this focus is rooted not in new concepts and catchwords, but in fundamental perspectives on the purpose and potentials of human life – and therefore of human organizations. In other words, while developments at the forefront of management education in the “West” have tended to focus on the practice and processes of leadership, in the “East” the focus has been on the qualities and competencies of the leader. As will be argued, we in the “West” have much to learn from the perspective of the “East”, a perspective which is rooted in fundamental notions of man as a spiritual being and of spirituality as the context for purposeful organized activity. Unless the leader – “Eastern” or “Western” – leads with deep integrity and with harmony between his/her thoughts, words and deeds, when the chips are down his words will be shown to be instrumental rhetoric and his ethics to be superficial cosmetics.

By “West”, I will primarily refer to a Scandinavian perspective on leadership education since this is my home base. There are many differences in attitudes and behavior between e.g. Danish developments in the theory and practice of leadership and those in e.g. Spain, Poland and the UK. These differences reflect the different historical, cultural and political traditions of such countries as well as differences in the roles and responsibilities assumed by business and government in these countries in developing societal welfare. The Scandinavian countries, Denmark, Norway and Sweden are small, homogeneous countries. They all have a very high standard of living, highly educated populations, a high “quality of life” and a narrow spread of incomes compared to the rest of Europe (for example, it has often been said of Denmark that it is “a land where there are few who have too much and fewer yet who have too little”).³ In addition they are characterized by a

² In the past century there have been three major shifts in conceptualization: from “business administration” (still employed in the names of some of the oldest and most prestigious “business schools” in the US) to “management” (newer institutions have been called “schools of management”) to “leadership”.

³ According to a press release by Associated Press Newswire on June 7, 1999 “Northern Europeans (are) wealthier, happier with their jobs than southerners”. This is based on a survey carried out by the EU Statistics Office (Eurostat) amongst 60,000 households including almost 130,000 adults in 13 of the EU’s 15 member states. The results indicate that “Among those able to make ends meet very easily were Germany and Denmark”, and “Happiest with their jobs were Danes” (37% totally satisfied). The article (“Britons work harder, Greeks smoke and Finns are suicidal”) by Gary Finn in the British newspaper *The Independent*, October 15, 1999 is based upon the same EU survey and underscores that “Overall, the Danes are the most happy with their lifestyles, with 97 per cent saying they were either very satisfied or fairly satisfied.” Similarly, according to the article “Britons in 7th heaven” by Matt Born in *The Daily Telegraph*, December 15, 1999, based on a Roper Starch survey of 22,500 adults in 22 countries throughout the world, “the Danes are the happiest people on the planet”. They “are happier by a comfortable margin than the people of any other country. Some 49 per cent of them say that they are ‘very happy’ with the overall quality of their life.” Once again regarding “happiness”, according to the article “Science Tracks the Good Life - It turns out the Bluebird of Happiness roosts in Denmark” by Key Davidson in *The San Francisco Chronicle*, December 24, 2000, “The ‘happiest place on Earth’ isn’t Disneyland: It’s Denmark.” This conclusion is based on an analysis, by Michael Hagerty, professor of management at the University of California at Davis, of several decades of social surveys conducted by scholars around the globe. The surveys had one question in common - “How happy are you?” -

high level of social order and welfare and a concomitant high level of taxation – and perhaps even more important with respect to the task at hand, a high level of trust in their business and political leaders compared to almost all other nations in the world.

In connection with these comments on the heterogeneity of the West, it is instructive to compare some of the above mentioned characteristics with those of another part of the West, the US, which has dominated much modern thought as to notions of corporate success and management education. While the US justifiably is regarded as a world leader in the generation of economic success, this has been achieved at considerable costs to broad segments of its society and the environment. For example, the spread of incomes in the US and the rate of incarceration are shocking to someone from Scandinavia and are indicative of and underlie the tensions, inequality, violence and lack of trust which appear to exist in the US society.⁴

So the concept of the “West” and even that of “Europe” is not very precise – and in the sequel, my reflections on the theories and practices of management/leadership will be based on a Scandinavian, and primarily a Danish, perspective.

Similar remarks are called for with respect to the “East”. Following the arguments presented regarding the heterogeneity of the West, the reflections and generalizations to be provided would suffer in accuracy and relevance if one were to consider an East that is a conglomerate of such different nation states as e.g. India, Australia, China, Pakistan, Japan, Malaysia, Bangladesh, Burma and Vietnam, countries with different religious, political and cultural traditions. Therefore, my reflections here will be delimited to India. Of course India itself is a highly heterogeneous society (with more than 20 major languages, roughly as many alphabets, the world’s second largest population of Muslims, a great and rapidly increasing spread between the incomes of “those, who have too little and those who have too much”, and considerable barriers to societal mobility due to caste distinctions. Nevertheless, my experience indicates that it is not unreasonable to speak of “Indian” management education as there is far greater similarity between the curricula and pedagogy of India’s leading schools of management than there is between its varied cultural and religious traditions.⁵

and covered hundreds of thousands of people in more than 20 nations. Finally, an analysis of data from an “International Crime Victim Survey” presented in the article “Denmark is the world’s safest country” in the Danish newspaper *Berlingske Tidende*, June 13, 2001 shows that 54% of the Danes feel very secure when they walk around in their local community, the best result among 12 European countries.

⁴ According to (Gray, 1998, 114-119), “The average weekly earnings of 80% of rank-and-file working Americans, adjusted for inflation, fell by 18% between 1973 and 1995 from \$315 a week to \$258 per week”. The decline was most pronounced amongst the poor. The remaining 20% of the population had increasing incomes, and the increases were larger the larger the income level. These discrepancies are even more pronounced when consideration is given to effective overall tax rates. The richest families paid lower tax rates primarily because of sharp reductions applicable to non-salary income (capital gains, interest, dividends and rents). According to Gray, “Such policies have left the United States with a distribution of wealth that resembles the Philippines or Brazil more than it does any of the world’s other major economies.” The information on a large and increasing variance in the distribution of income can be juxtaposed with Gray’s demographic analyses: 28 million Americans live in privately guarded buildings or housing developments. In 1997 roughly one out of 50 adult males was incarcerated and one out of 20 were on bail or probation. This rate is 10 times that of European countries. California alone, with over 150,000 prisoners, has more than Britain and Germany combined, which have a population more than three times that of California. In 1997 the male homicide rate was roughly 8 times that of the EU (and ¾ of all child murders in the industrialized world took place in the US) while for each robbery in Japan there were 147 in the US. More than 1 out of 3 lawyers in the world are in the US. Tort liability payments in the US in 1987 represented 2.5% of the US GDP! A baby born in Shanghai in 1995 was less likely to die in its first year of life, more likely to learn to read, and could expect to live 2 years longer than a baby born in New York City was. Such income spreads etc. are not likely to decrease under the presidency of George W. Bush.

⁵ This characterization does not hold true if one considers all the schools of management in India today. Since the introduction of trade liberalization policies in the start of the 1990’s, the number of schools of management has grown from a couple of handfuls to over 800 by the turn of the century. The business of running business schools is becoming big business – and the quality of students and education is far more variable today than earlier.

To avoid confusion, the terms "West" and "East" will refer to Scandinavian and Indian contexts, while West and East (without quotation marks) will refer to our ordinary, more inclusive geographical and cultural demarcations.

Finally some words are called for with respect to the terms "spirit", "spiritual" and "spirituality" since their meaning is crucial to the gist of the paper and since these words invite many interpretations. One can e.g. be in good spirits, alcoholic beverages are referred to as spirits and it is not uncommon to refer to a person who evidences sincere emotional behavior as being of or having a spiritual nature. The word "soul" is often used as a synonym for "spirit" – and one speaks of "soul music" and of loving someone "heart and soul". And the term spiritual is often used as a synonym for religious. To avoid confusion, in the sequel I will use the terms spirit, spiritual and spirituality in the following senses:

- *Spirit* or soul is distinct from the mind, which is a product of/dependent on the brain. The spirit (or the "atma" as it is referred to in some of the major traditions of the "East") refers to the essence of our being, our very nature, our core, our true, permanent identity which is independent of our physical body and which *is* after death. According to several major religions of the "East", the purpose of life is not simply to achieve, to gather material comforts and have a long life. Rather it is to realize who we really are, not just this body and this name, but the spirit/soul/atma – pure, eternal, blissful. When the "lower self" sheds its attachment to the body and experiences itself as the "higher self" or simply the "Self", it has achieved "self-realization", a state of perfect being, awareness and bliss. It no longer participates in the cycle of birth and death and is said to be liberated. These notions are central to the concepts of reincarnation in e.g. Hinduism, Jainism, Zoroastrianism, Sikhism, Buddhism⁶ and early Christianity,⁷ as well as the mystical forms of Judaism (Kabbala) and Islam (Sufism).
- *Spiritual* refers to behavior that knowingly seeks such self-realization. The phrase "spiritual path" typically refers to a set of practices (e.g. meditation, serving the less privileged, prayer) which a person might choose to expedite his or her realization of the true Self.
- *Spirituality* is the noun corresponding to the adjective "spiritual". It is the basis of religious beliefs and traditions. While a religion is typically based on a set of tenets that are shared by its members, a bible or gospel, a set of well-established rules and rituals, a house of worship and, in general, a priesthood that interprets the holy texts and the rules, spirituality is simply the context for all religious belief. But it is more than that since a person can be spiritual – follow a spiritual path – without adhering to any particular religion. And a person who, as a matter of social convention, follows the rules and traditions of a particular religion can appear to be religious, without in fact being spiritual.

In summary then, the exposition will emphasize the relationship between modern "western" leadership theories and spirituality on the one hand, and between "eastern" notions of a good leaders virtues and ancient "eastern" spiritual concepts on the other hand. The essay concludes with an optimistic observation that there is much to be learned in both "East" and "West" from these complementary frameworks. They both provide challenging bases for reflection on the purpose, responsibility and success of our organizations and their leaders. They are both rooted in an awakening awareness that the underlying context for all purposeful, organized activity is spiritual in nature and not just the pursuit of material gain. Yet their focuses are different – and it will be

⁶ The goal of followers of both Hinduism and Buddhism, which evolved out of Hinduism, is to escape from the cycle of birth and death (samsara). Nevertheless, they disagree as to what it is that reincarnates. Buddhist religious texts do not accept the Hindu belief that an eternal self (atma), that is identical to a Universal Self, reincarnates. Their concept of "anatta" (no-atma) indicates in fact a negation of these beliefs, which are central to the Hindu understanding of reincarnation, and Buddhists tend to employ the concept of "rebirth" rather than "reincarnation". (Mann, 1995).

⁷ The fifth Ecumenical Council, held in Constantinople in the year 553, decreed that a number of beliefs promoted by Origen (approximately 185 – 254) were heretical; amongst these the concepts of reincarnation and the pre-existence of the soul (Bevan, 1948). Nevertheless, his teachings are still the subject of considerable theological research and are still accepted by some movements within the Orthodox Church.

argued that the view from the “East” is a precondition for the development of good leadership in the “West”.

2. DEVELOPMENTS IN THE THEORY AND PRACTICE OF LEADERSHIP IN SCANDINAVIA

I will now consider what appear to be rather striking developments in leadership and in leadership education in my part of the world. To do so I will assume a rather simplified concept of cause and effect between the two; that leadership education is reacting to observable developments in the world of business. Of course in reality the theory and teaching of leadership on the one hand and business practices on the other feed back on each other; the relationships can be said to be systemic rather than linear. Nevertheless, for the sake of our exposition the more simplified linear cause-and-effect relationship is assumed since it permits a more straightforward logic while not seriously weakening the arguments provided.

What then are these developments in the world of Scandinavian business, which lead to new developments in leadership education? Developments, which can be said to invite a new perspective on leadership: *spiritually-based leadership*. Let me highlight a few.

First the strong trend towards flatter, less hierarchical organizations. The “distance” between the top management and the workers is significantly less than a generation ago. New forms of organization and communication characterize these flatter organizations. There is far greater use of self-organizing project-teams, where employees from different offices and having different specializations and competencies come together to meet a specific challenge by a specific deadline. Communication in these more fluid organizational forms is far more dialogical than earlier, where it was dominated by top-down communication in the form of orders to be carried out by those lower down in the hierarchy and by the return of information permitting management to control that the orders were carried out.

These developments in organizational structures and communication have led to educational programs emphasizing concepts of business ethics, autopoietic or self-referential organizations, corporate social/societal responsibility and self-leadership. These new perspectives raise deep, existential questions as to the very nature and purpose of an individual’s and an organization’s existence. Questions which are central to spiritual enquiry.

A *second* factor supporting a conceptual framework of spirituality as the context for leadership in the “West” has to do with new types of production and production processes. While agriculture and the production of physical goods used to provide the major share of national revenues in Scandinavia, the major sources of both wealth and employment are now service industries and, in particular, so-called knowledge-heavy sectors, e.g. IT. This has led to a greater reliance and dependence on the individual “knowledge worker” and to far more flexible forms of employment. Considerable evidence indicates that in this so-called “knowledge society” younger people strongly emphasize their own personal development in their choice of workplace, while such matters as title, income and opportunities for leadership roles are of lesser importance.⁸ This is reflected in an increased emphasis in our “business language” on the development of leadership competencies (as opposed to managerial skills). The competencies deal with such matters as the ability to develop meaningful visions and to generate enthusiasm and a strong sense of purpose among the employees; personal integrity; the ability to instill confidence, openness and trustworthiness; “emotional intelligence” and other such talents and characteristics not traditionally dealt with in management education.

But not only is there an emphasis on personal competencies. The developments as to more flexible forms of organization, employment and production are also reflected in modern leadership education in the emphasis, mentioned earlier, on organizational-existential concepts of corporate

⁸ According to a recent extensive survey amongst Danish people in their 20’s (reported on in *Ugebrevet Mandag Morgen*, 2001), this is “a generation that without compromise seeks positions and working environments that stimulate their personal project and for whom every thing else is secondary. ... The project generation clearly places a higher priority on independence and personal development than on improved wages and job security. ... Almost 8 out of 10 young people say no to collective wage negotiations. Only 15% have a clear wish to be a leader. Only one out of four want fixed working hours and a fixed number of hours to work.”

identity and reputation.⁹ These deal with matters relating to corporate “we’ness” and “branding” which are vital today if the corporation is to be able to attract and keep the creative, dynamic, talented, reliable employees who want to be proud of their place of work and the meaning they derive from their employment. And if it is to be able to maintain the trust and respect of its customers, local societies, financial institutions, shareholders and the omnipresent media.

This leads up to consideration of a *third* factor which can be said to underlie new developments in Scandinavian leadership education: demands from that rather new social creation, the “stakeholder”. While the concept of shareholder is as old as the concept of a corporation, roughly 200 years, it is only since the late 1980’s that serious explicit attention has been paid in the western literature to the concept of the stakeholder. Stakeholders are those groups who affect and/or are affected by an organization’s decisions. This attention has led to what could be called a “stakeholder theory of the firm”, where the organization is not simply conceived of as a judicial unit with employees, a management, assets and a corporate name – and is not solely responsible to its shareholders. Rather it is conceived of as an arena for interplay between its diverse stakeholders.

These three factors – more fluid forms of organization, the shift from production to service and the more inclusive depiction of an organization – are reflected in a number of new phenomena and corresponding focuses in our leadership education – and in the vernacular. Included here are, for example, the following concepts¹⁰:

- “*values-based leadership*”, a perspective on leadership whereby the values of the organization are based on the values shared by the organization and its stakeholders and constitute a framework for corporate identity and self-reference¹¹;
- “*social and ethical accounting*”, which are alternative forms of reporting that report on how well the corporation lives up to these shared values and provide thereby a multi-stakeholder, multi-value description of corporate success that supplements traditional financial reporting;
- “*corporate social responsibility*”, which extends the notion of managerial and corporate responsibility from that of maximizing return to owners while obeying the law, to that of being a “*corporate citizen*” that is accountable to all its stakeholders, primary amongst these being employees (as well as those marginalized groups who have difficulty gaining access to the labor market) and local communities;
- “*corporate reputation/corporate branding*”, where corporations focus on their image and their identity. This enables them to be sensitive to the demands of “*critical consumers*” who focus not only on traditional notions of functionality and price but also on who made the product, how it was made, and where – and of potential and existing employees who seek meaningful work in an enterprise they can feel proud of;
- “*ethical investing*” whereby traditional investment criteria are supplemented by considerations of which types of products and production methods are to be rejected and which are to be supported. Typically consideration is given to such matters as respect for human rights, pollution, production of products which are known to have impacts on health and welfare, the use of non-replenishable resources, gender issues etc. etc.¹²

⁹ For a discussion of organizational-existential concepts of corporate identity and reputation see (Pruzan 2001A) and (Pruzan, 2001B).

¹⁰ See for example (Pruzan, 1998A) for an overview of the manifestations of business ethics in a Danish context and how these have been integrated into the teaching of leadership at the Copenhagen Business School.

¹¹ See for example (Pruzan, 1998B) which relates the concept of values-based leadership to those of corporate accountability and the (primarily Danish) practice of ethical accounting.

¹² This is the only one of the developments listed where Scandinavia – and in particular Denmark – is on the leading edge. Ethical (or socially responsible) investing is still primarily an Anglo-Saxon development. For example, in the US in 1999 roughly one out of seven US\$ that were invested in stocks by professional

Summing up, the new focus on leadership and leadership education in my part of the world is closely related to underlying shifts and trends in the way the citizenry perceives of the roles and responsibilities of corporations and their leaders. What have *not* been in focus, at least so far, are the personal competencies and qualities which are required by leaders of flexible, dynamic and reflective organizations. Such competencies and qualities will be essential for integrating these new perspectives on leadership into organizational and personal self-reference. We are clearly not speaking here of traditional skills, or techniques – but matters relating to the spiritual nature of man, of organizational-existential questions dealing with organizational purpose, identity, success and responsibility, and of spirituality as the context for work.

It is important to note too here that many of these “modern” concepts of leadership have been developed in a period characterized for the main by economic growth and increasing standards of living amongst the nations of the West. The reason that this is important is that the efficacy and durability of the new leadership concepts such as values-based leadership, corporate social responsibility/citizenship, social and ethical accounting, and ethical investing have not been subject to the test of prolonged economic stagnation or decline. It is argued that unless these approaches to organizational purpose, identity, success and responsibility are promoted by leaders with deep personal integrity – who are characterized by the moral as well as operational excellence – these approaches will not be viable. It is from this perspective that we in the “West” have much to learn from the “East” and its focus on spirituality as the context for leadership.

Granted – a perspective of *spirituality-based leadership* is by no means main stream; my colleagues at business schools as well as business leaders I meet with shy away from such a framework for understanding and communicating. They are so used to a conceptual scheme based on utilitarianism and economic rationality, most recently expressed in the vocabulary of “shareholder-value”, that the notion of spirituality makes them feel uncomfortable – particularly as it is often confused with religion. Fortunately however, as will be emphasized in the conclusion, there are many indications that just such a complementary perspective – on the leader as well as on leadership – is rapidly developing in the “West”.

Before we are able to consider this matter of synthesis, however, we will have to turn to the vital lessons we in the “West” can learn from the developments in the theory and practice of management in the “East” – in India.

3. DEVELOPMENTS IN THE THEORY AND PRACTICE OF LEADERSHIP IN INDIA

Let me start with a reservation. My personal experience with Indian business leaders and in teaching at Indian institutions of higher learning is limited and I have not carried out a systematic study of the theory and practice of leadership in India. My reflections are primarily based on the following: an interest in Indian society, culture and spiritual heritage; more than 20 visits to India starting in 1974 when I led a project for the World Bank in Bangladesh; visits to and interviews with leaders of a number of “values-based” Indian corporations; the establishment of cooperation between the Copenhagen Business School and a number of India’s premier schools of management as regards exchange of students and faculty; lecturing at these institutions; teaching and advising Ph.D. students at the Sri Sathya Sai Institute of Higher Learning; and finally, a close and inspiring teamwork with Professor S.K.Chakraborty, the Management Centre for Human Values (MCHV) at the Indian Institute of Management, Calcutta.

While my reflections on developments in Denmark/Scandinavia led me to focus primarily on the theory and practice of “leadership” as opposed to “management”, I will not emphasize this distinction here. This is due to the fact that my observations indicate that, with a few notable exceptions, the term “management” tends to characterize both current business practice and teaching at Indian schools of business, many of which have been inspired by traditional western, particularly American, management education.¹³ This focus on management rather than leadership

investment managers (e.g. by mutual funds and pension funds), were invested employing some kind of ethical evaluation.

¹³ This focus on management rather than leadership in no ways reflects on the overall quality of the education provided at leading Indian business schools, which appears to be very high and comparable to that provided by leading institutions of higher learning in the West. Many of the faculty at these institutions have either been

reflects as well what is still the dominating organizational framework for Indian corporations: hierarchical, and in many cases patriarchal, organizational structures with their reliance on planning and control systems rather than on flat organizations with shared values, project-groups self-organizing teams, dialogue-cultures and the development of employee competencies required to meet the dynamic challenges of a knowledge society.

Thus, I will not focus on the practice of leadership in Indian corporations. Rather, the focus will be on developments in theory at leading-edge institutions of higher learning regarding the personal qualities and competencies of leaders. On leaders, rather than on leadership.

There are two major factors which are currently challenging the existing organizational structures and managerial mind-sets and, therefore, the educational programs in India. One of these is the competition arising from the more liberal trade and monetary policies that began about a decade ago. The most visible reaction to this new competition appears to be a belief among many educators and business leaders that the best way for Indian corporations to compete with foreign producers and with multinationals that establish themselves in India is by emulating their views and management methods. If not, so the argument goes, they will not be able to be as effective and innovative as these competitors. Nor will they be able to attract and keep top quality Indian employees who may find it more attractive to work for the multinationals or to leave India – leading to a “brain drain” similar to that which previously characterized e.g. the medical and university teaching professions and, more recently, the IT branch.¹⁴

The second, but far less manifest challenge to current Indian organizational structures, managerial mind-sets and education programs is not directly precipitated by external competition. Rather, it appears to be a purely internal matter, although it can be said to be catalyzed by the external challenges arising from globalization and its deification of materialism. I am referring to the challenges to corporate governance in India of a perspective on corporate purpose, success and identity based on India's ethos.

Instead of attempting to meet the challenges arising from western materialism on their own terms, leading educators and managers are seeking guidance, concepts and methodologies from India's deep-rooted and rich cultural and spiritual heritage, a heritage which transcends the barriers arising from its pluralistic diversity.

In the sequel I will mainly refer to this challenge to and the possible rewards for leadership in Indian businesses and for management education of a focus on the qualities and competencies required by leaders in a more competitive, globalized world of business.

Before proceeding, however, it must be noted that it would be naive and irresponsible to suggest that the two perspectives considered in this paper, a modern Scandinavian focus on leadership and a framework for Indian corporate governance based on its ethos, are antithetical or mutually exclusive. Just the opposite is true. As best I can judge, the real challenge facing Indian enterprises and schools of management is how best to build upon the rich Indian spiritual and cultural values while at the same time utilizing and modifying the best, relevant approaches from the “West”.¹⁵ In other words, a question to be answered by Indian managers and providers of management education is the following: How can Indian businesses maintain those aspects of their identity, integrity and strengths which are rooted in the Indian ethos while competing with firms having a western materialistic focus where “the business of business is business”.

guest lecturers or received their Ph.D.'s at Western institutions – and the students, who face intense competition when they apply to these schools, tend to be highly motivated and competent.

¹⁴ These developments appear to be accompanied by a shift in traditional Indian values and behavioral patterns that will contribute to increased job mobility. There is evidence e.g. that the extended family will be an “endangered species”. The threats arise from a number of factors. One of these is the powerful influence of the media which are spreading glamorous pictures from the West of the materialistic (and egoistic) nuclear family which is not letting itself slow down in its search for wealth by traditions and cultural heritages. Another factor is the increasing number of females who are receiving higher education and who will not accept their more traditional roles in an extended family.

¹⁵ It would be naive not to mention here another enormous challenge of a rather different nature - to eliminate the corruption that permeates all levels of the society and that is both a significant economic and moral burden.

The mirror image of this challenge to “eastern” (Indian) business and management education is the challenge to “western” (Scandinavian) business and management education: how can the current focus on corporate leadership be based on an “eastern” focus on personal qualities, self-leadership and on the spiritual nature of man as a corrective to the dominating economic rationality.

In my overview of a Scandinavian perspective on leadership I mentioned what could be called a “stakeholder theory of the firm” where the corporation is conceived of as an arena for interplay between its diverse constituencies. I also introduced a number of new terms and concepts characterizing this more inclusive, multi-stakeholder and multi-value perspective on corporate identity and success. Included here were: values-based leadership, social and ethical accounting, corporate social responsibility/corporate citizenship, corporate reputation and branding, and ethical investing. These were all concepts relating to how the modern, more inclusive organization can interact with those constituencies it affects and is affected by.

A similar list can be developed to characterize a modern – and ancient – Indian perspective on management. Only this time the focus will not be on methods and tools of leadership but on the qualities required by a good and successful leader, qualities which can best be described as characterizing *spirituality-based leadership*. I must recall my earlier warning that I am now writing about a heritage far removed from my own. With this reservation in mind, let me present a brief list of concepts that can be considered as central to such an Indian perspective on management.¹⁶ As will be seen, these concepts are all closely related and it is impossible to consider any of them without involving one or more of the others.

- *Nishkamakarma*: a perspective on action and decision making that emphasizes performing one’s deeds without attachment to the fruits thereof – and where both the action and the fruits are offered to the divine.¹⁷ A leader who behaves in accordance with this perspective is grounded in wisdom and in a state of equanimity. This perspective is in stark contrast to the current emphasis upon unbridled materialism, growth and competition – and the resultant high levels of stress characterizing many corporations and their leaders.¹⁸ The performer of deeds who follows his conscience and is sensitive to the needs and values of those affected by his behavior does not require courses in “stress management”. He follows his conscience, acts in accord with basic concepts of ethics in organizations¹⁹, “walks his talk” via values-based leadership and promotes corporate social responsibility via his respect and reverence for the organization’s stakeholders. His motivation for such behavior is however slightly different than that provided by a modern perspective on ethics; the underlying *raison d’être* for his behavior is not business “success” but his own spiritual progress as well as that of all those affected by his behavior.
- *Selflessness* and *non-attachment*: prominent terms in an “eastern” concept of spiritual growth and closely related to the concept of *nishkamakarma*. Although these concepts are very foreign to most Westerners, the Catholic concept of “holy indifference” is similar.²⁰ A useful synonym is

¹⁶ I have previously attempted to provide a brief presentation of several of these concepts within the context of an analysis of power within western and eastern contexts; see (Pruzan, 2001C).

¹⁷ Chapter two of what has been referred to as the Gospel of Hinduism, the *Bhagavad Gita*, describes in detail the qualities of the *sthitaprajna*, a man of steady wisdom, characterized by equanimity and peace of mind. Note that these qualities are closely related to those of selflessness and non-attachment to the fruits of one’s actions. See for example the poetic translation of the *Bhagavad Gita* provided by (Prabhavananda and Isherwood, 1944) or a new version aimed at Westerners (Hawley, 2001).

¹⁸ According to a report *Research on Work-Related Stress* from the European Agency for Safety and Health at Work in Bilbao, Spain, more than 40 million Europeans, corresponding to 28% of all employees, have health problems due to stressful working conditions. Only back pains are a more frequent work-related health problem. See <http://europe.osha.eu.int> for further information.

¹⁹ See for example (Pruzan, 2000) which develops the concept of “ethical accounting” where an organization’s ethics is based upon the values of its stakeholders.

²⁰ This concept was central to the teachings of St. Françoise de Sales (1567-1672), Bishop of Geneva. According to Aldous Huxley in his introduction to (Prabhavananda and Isherwood, 1944), de Sales’ follower

“detached involvement”. The underlying idea is that instead of plying our egos and appraising our activities by the payoffs that result, and instead of being elated when our desires are fulfilled and disappointed when they are not, there is another way of performing action. This is by acting without attachment to the fruits of our efforts. From this perspective, all work can become transformed into selfless service.²¹ This should not be confused with indifference to the work itself; rather the work is to be performed with detachment. Nor should this be confused with fatalism. We must follow our inner voice, our conscience, and do what we find to be important to do to the best of our ability. But such action is selfless in that it is performed with indifference to the outcomes, be they success or failure, praise or blame. Another way of looking at this is to say that past is past. Certainly we can learn from our experiences, but we cannot turn the clock back and undo what has been done. Work performed in accord with one's values and a sense of interconnectedness with others leads to the transcendence of the lower, ego-dominated self. Detached involvement frees one from the chains of personal desires and ambitions, the mind becomes “free of and above the dualistic see-saw of daily experiences” (Chakraborty, 1991, p. 163). A person who performs action in this spirit is not bound; his efforts become a sacrament of devotion to his duty. He manages his selfishness and gains access to his higher Self.

- *Servant leadership*: a concept which, although developed by the American Robert Greenleaf²², is clearly inspired by an “eastern” concept of duty and leadership. The leader who gains the trust and good will of his employees and his other stakeholders is the antithesis of the power-seeking manager who gives orders and controls their effectuation. He is sensitive to the needs of others and realizes the interrelation between himself and those he serves by leading and leads by serving. In so doing he earns their trust as a person of deep integrity. And he gains their confidence in his ability to elicit and effectively promote organizational values that are in harmony with their individual values. He is thus able to coordinate and motivate employees who seek meaningful work that contributes to their personal and spiritual development. He performs his work as worship and he inspires others to follow his example and to serve.
- *Duty or right action (dharma in Sanskrit)*: a fundamental concept in an “eastern” approach to one's relationship with others. It complements the notion of “servant leadership” with its focus on one's duty to others and is in stark contrast to the current western focus on rights. For example, a western understanding of the concept of freedom typically is based on having the right to do what one wants to do. A concept of freedom based on an “eastern” approach to human development might typically include searching for a clarification of one's duty in relation to one's position in life and behaving in accord with that duty. In the modern “western” organization, characterized earlier by such terms as “flat”, “learning” and “self-organizing”, traditional power is becoming powerless – it is increasingly difficult and counter-productive to control creative and independent employees and expect them to be enthused, productive and loyal. Their commitment and sense of obligation is obtained in a work place that lends meaning to their lives, promotes those values they adhere to, and contributes to their personal

Camus summarized his master's teaching on this point as follows: “ ‘He who refers every action to God and has no aims save His glory, will find rest everywhere, even amidst the most violent commotions.’ So long as we practice this holy indifference to the fruits of action, ‘no lawful occupation will separate us from God; on the contrary, it can be made a means of closer union.’ ” The concept of “holy indifference” can be said to have had its roots in the writings of Plato and “indifference” was a core value of the Roman Empire's ethics. In a more modern western setting the concept of indifference permeates many of the themes in the best selling book (Covey, 1989), *The 7 Habits of Highly Effective People* (over 10 million copies sold); see e.g. the discussion of peace of mind and integrity on page 298.

²¹ According to (Chakraborty, 1995, p. 261) “The real test of creativity, inner growth etc. should be: can I invest even a mundane, unexciting chore or assignment with the power of my inner richness?”

²² According to (Greenleaf, 1977; p. 13) “The servant-leader *is* servant first ... It begins with the natural feeling that one wants to serve, to serve *first*. Then conscious choice brings one to aspire to lead. That person is sharply different from one who is *leader* first, perhaps because of the need to assuage an unusual power drive or to acquire material possessions. ... The best test is: Do those served grow as persons? Do they *while being served*, become healthier, wiser, freer, more autonomous, more likely themselves to become servants?”

development. In such environments a leader who selflessly performs his duty is a trustworthy source of inspiration. For an American concept of “dharmaic management”, see (Hawley, 1992).

- *Santhi*: the term that Hindus and Buddhists conclude their prayers with. It connotes being able to have such *equanimity* and *peace of mind* that one is able to be calm and discerning even in contexts characterized by turbulence and chaos. This world's pairs of opposites no longer affect a person who, via his devotion and spiritual search, has obtained a state of perfect peace. He experiences joy and sorrow, success and failure with the same spirit of detachment since he acts in perfect accord with his conscience and is one with his Higher Self. The leader who is able to perform his work in a state of equanimity is able to conserve energy, avoid destructive stress and act with concentration, discernment and effectiveness. In so doing he gains the respect and confidence of his employees and all the organization's stakeholders.
- *Self-realization*: the direct experience of the *Self* or the *atma*, realizing the quintessence of one's being, the spark of the divine within each and every human being, our higher consciousness. According to the “eastern” perspective on life and reincarnation, there is a divine purpose to life and it is *not* simply the fulfillment of materialistic desires or a life of comfort and pleasure. Rather it is to develop the knowledge of one's true self, i.e. to obtain self-realization. This knowledge, experience or realization cannot be obtained via the study of learned books or holy texts, although these can help one on one's path. A paradox here is that although a goal in life is to seek this knowledge of the higher Self, the Self can only be realized by the person whose ego has been tamed/ignored and who is truly selfless and does not seek rewards for his deeds. The selfless leader who is not attached to the fruits of his actions does not only achieve spiritual growth, peace of mind and freedom from fear. He also becomes an exemplar for his employees and his surroundings in general. He is stable, strong, trustworthy and, based on a sensitivity to the aspirations of the organization's various stakeholders, clear in his visions as to what is in the best interests of the organization as a whole. He not only motivates, he inspires. Without seeking it directly, he is granted power.
- *Unity*: a term referring to the oneness or identity with creation and the source of creation. It is a notion that is extremely disturbing for a Westerner who has been brought up to focus on his individuality and his individual success in a dualistic world.²³ It expresses the belief that we are all interrelated at a deep existential level, that when we peel away the various physical and psychological factors that distinguish us from each other, we share an identical core. When we ask, “who am I?” the answer is not provided by either our name or physical form, but by our very essence – what we referred to above as the *atma*, the higher consciousness and conscience, the true, divine Self. With a focus on the inter-relatedness of all life the empathetic leader's sincere sense of compassion for his employees inspires and empowers them.
- *Non-violence* or *ahimsa*: an ideal value in Hinduism, Bhuddism and Christianity closely related to the concept of “unity”. According to Chakraborty in (True and Datta, 1999, p. 198), the “feeling of oneness ... eliminates separative egoism (and) is the ultimate emotional foundation of non-violence.” Non-violence here does not just mean physical violence. Rather it refers to non-violence in thought, word and deed. The leader who is guided by the value of non-violence performs his duties in peace, free from the demands of his lower self and its ego and in a deep awareness of his connectivity to all living creatures, to all of existence. His daily practices of e.g. meditation and prayer lead to his shedding his feelings of anger, hatred, jealousy and greed. He realizes that when he hurts others he is really hurting himself. Non-violence in thought, word and deed becomes a creed for him. He is acknowledged as a person of deep integrity and obtains the respect and trust of not only his employees, but also of his customers and his local society. Four national leaders in modern times, each from their own continent and culture have exemplified this concept: Mahatma Gandhi in India, Martin Luther King in the United States, Nelson Mandela in South Africa and Václav Havel in the former Czechoslovakia.

²³ Of course there are significant differences in the attitudes which characterize an American or even a British focus on individuality and “getting ahead” with that say of a Scandinavian, who has been brought up in a social-welfare system.

They achieved almost universal respect by “fighting” their respective “wars” in a non-violent way due to their belief in the brotherhood of man and the fatherhood of God.

4. CONCLUSIONS AND RECOMMENDATIONS AS TO SPIRITUALITY AS THE CONTEXT FOR LEADERSHIP

I have taken a normative position and argued that in order for the current emphasis in the “West” on leadership methods and processes to lead to a humanistic, democratic and sustainable frame of reference for the behavior of leader-managers and for their organizations, it should be based on an “eastern” emphasis on the leader and his/her virtues – a focus that derives nourishment from India’s age-old spiritual traditions and beliefs. The basis for this recommendation is two-fold. The first argument is pragmatic and deals with the efficacy of the leader. The successful implementation of these leadership methods and processes in more fluid, autopoietic and dialog-based organizations is highly dependent on the character of the leader. Unless she or he is so rooted in her own integrity, compassion, self-knowledge and fundamental aspirations as to personal development and self-realization, she will not be able to “walk her talk” and to inspire by example. The second argument is moral in nature. Unless our enterprises develop broader, what we have referred to as multi-stakeholder, multi-value perspectives on success and identity, there will not be any solid foundation for the development of corporate social and ethical responsibility. With the growth in the power and influence of the modern corporation, welfare, justice and peace are becoming far more dependent on the leadership of these enterprises than ever before in history.

Fortunately, it appears that such a more holistic approach, which includes a focus on both process and character, on leadership and the leader, is in fact in an embryonic phase in the West. There is for example an increased awareness among younger leaders of major corporations of a need for a greater educational focus on the personal character of business leaders.²⁴ In addition, there are an increasing number of western management educators who are trying to experiment with approaches to the teaching of leadership based upon or inspired by an “eastern” approach with its spiritual footings.²⁵

But the lessons are not unidirectional; there is also a major opportunity available to the “East” to do more than supplementing the teaching of traditional management subjects by building upon its own rich heritage and ethos with its focus on the character of the individual leader, which is of course a major challenge in itself. The challenge from the “West”, is to “teach the teachers” at

²⁴ At the Future Leaders Forum, 16-18 November, 2000 at Davos, Switzerland, 100 young leaders (average age around 35) from 16 European countries were surveyed as to the major issues of importance to them in their roles as “high flyers”. A striking result was the response to the question as to “which skills for future leaders are not properly addressed by education?” 73% of these up-and-coming top leaders referred to “interpersonal skills” and 66% to “ethics” – while only 7% referred to “technical/technological skills” and a bare 2% referred to “financial skills”. See (Kearney, A.T., 2001).

²⁵ The following are just a few of the many examples of this new focus in the West: In 1998 the “Spirituality, Leadership and Management Network” (SLaM) had its origin at the University of Western Sydney in Australia; in 1999 the book (Mitroff and Denton, 1999): *A Spiritual Audit of Corporate America* was published in the US; on November 1, 1999 the cover story of *Business Week* was “Religion in the Workplace: The Growing Presence of Spirituality in Corporate America”; in April 2000 The University of Notre Dame held a conference on “Business, Religion and Spirituality” and in the same month the conference “Spirituality and Governance: Reigniting the Spirit of America” was held in Washington D.C.; in April 2001 the International Academy of Business Disciplines for the first time had a track on “Spirituality in Organizations” at its 13th annual meeting in Orlando, Florida; in July 2001 an international workshop on “Spirituality in Management” was held in Szeged, Hungary; in August 2001 the American Academy of Management for the first time had a session on “Management, Spirituality and Religion” organized by a new special interest group of the same name; in April 2002 a major international conference “Spirit in Business: Ethics, Mindfulness and the Bottom Line” was held in New York; in July 2002 another international conference “Living Spirit in Work and Learning” was held at the University of Surrey, UK; in August 2002 the conference “Balanced Mind - Balanced Business” was held in Holland by the newly formed association: Spirit in Business; in October 2002 there was a conference in New York on “Women in Business and Spirituality”; in 2003 the 11th International Conference on Business and Consciousness will be held in the US; the Journal of Management, Spirituality and Religion will be launched in 2003; the website www.spiritatwork.com contains many links and a large and growing reference material on publications and research dealing with spirituality in the workplace.

Indian schools of management to expand their perspectives by focusing upon leadership in more fluid organizational forms than hitherto have characterized Indian business (and management education). This includes developing concepts and attitudes dealing with notions of collective/corporate identity, success and responsibility where the leader is not simply a powerful and competent decision maker, but is a visionary, inspiring, empowering and facilitating role model. Clearly, this challenge too is already being met at a limited number of leading Indian schools of management, often via collaboration with leading western educational institutions.²⁶

Before concluding, some comments are called for as to the question of “how?”. Attempting to integrate these complementary focuses, and in particular to base the “western” approach to leadership on an “eastern” approach to leader virtues, can not simply be achieved via traditional courses and traditional pedagogies. The perspectives place demands on both professional skills as well as on the mind-set, character and personal competencies of the leader – and the teacher as leader. We are here speaking of such matters as the ability to generate trust and confidence, to embody work with a meaning which transcends traditional notions of success such as effectiveness and profitability, and to contribute to the well-being and the (spiritual) development, of all those affected by the leader’s decisions and actions. While at the same time promoting effective, competitive, sustainable and profitable enterprises. That notions of character as well as skills are at the forefront does not mean that such an expanded concept of management and of managerial virtues cannot be taught and realized in practice. Rather it means that “management education”, both at institutions of higher learning as well as at the workplace must develop arenas for the development both of professional leadership skills and of personal leadership qualities – by teacher-leaders who embody such skills and virtues.

Developing one without the other will not be efficacious or wise. Ethics, values and personal character are not simply “management tools”. Traditional management tools are *used* by the manager – and can be replaced or renewed when economic rationality deems appropriate. Personal qualities and competencies on the other hand cannot be separated from the individual; they *are* the essence of his being. The “tool” and the wielder of the “tool” are one.

Attempts by educators to simply teach matters dealing with values, responsibility and sustainability without embodying these virtues and being a role model for the students will lead to cynicism and an instrumental approach to ethics in business. And attempts by managers to simply develop such qualities as if they were technical skills or tools will lead to cynicism amongst employees and other key stakeholders – rather than to a feeling of corporate “we’ness” and to a sense of commitment and pride in “who we are” and what “we stand for”. They will regard with distrust managers that are not compassionate people of deep integrity who demonstrate harmony between thought, word and deed – alchemistic managers whose only interest in human values is to transform them into shareholder-value.

There is much to be learned from the spiritual perspectives and traditions from the “East”. May our teacher-leaders be blessed with the wisdom that will enable them to promote such sharing – for the benefit of us all.

²⁶ In April 2001 the Indian Institute of Management, Lucknow held the first major Indian conference on values-based management. As to collaborations, agreements have been reached between several of the Indian Institutes of Management with American and Australian business schools in developing educational programs for middle and top-level managers. Another example is the increasing number of working agreements as to the exchange of students and faculty with western institutions of higher learning; my own institution, the Copenhagen Business School has such agreements with five of India’s leading schools of Management including the IIMs at Ahmedabad, Bangalore, Calcutta and Lucknow and the Management Development Institute at Gurgaon.

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