

# SUSTAINABILITY ETHICS

*Ecology, Economy & Ethics*

Editors

**Sanjoy Mukherjee / Christoph Stückelberger**

**Sustainability Ethics**  
**Ecology, Economy & Ethics**  
*International Conference SusCon III*  
*Shillong/India*



**Sustainability Ethics:**  
**Ecology, Economy & Ethics**  
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Sanjoy Mukherjee / Christoph Stückelberger (Editors)

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# TABLE OF CONTENTS

**Preface 1: Publisher’s Message ..... 13**

*Christoph Stückelberger*

**Preface 2: Director’s Message ..... 15**

*Keya Sengupta*

**Preface 3: SUSCON Chair Message ..... 17**

*Sanjoy Mukherjee*

**0 Inaugural Address by the Chief Guest ..... 21**

*Abdul Kalam, Bharat Ratna*

0.1 Distinctive Profile of the Nation.....	22
0.2 Integrated Action for Developed India .....	22
0.3 Towards a Global Sustainable System .....	23
0.4 Subsystems of Sustainable Development .....	24
0.5 PURA: Connectivity which Lead to it.....	24
0.6 Typical Working PURAs .....	26
0.7 Warana PURA: Farmer Cooperative in Action .....	26
0.8 Conclusion.....	27
0.9 Oath for the Youth.....	28

**1 Spiritually-based Management and Ecological Sustainability ..... 29**

*Laszlo Zsolnai*

1.1 The Materialistic Management Model.....	29
1.2 Ecological Sustainability .....	33
1.3 Spiritually-based Management.....	38
1.4 Conclusion.....	42
1.5 Reference.....	42

## **2 Blooming Red Oleanders: Leadership Insights from Rabindranath Tagore ..... 45**

*Summauli Pyne*

2.1 Introduction .....	45
2.2 Tagore on Eco-Ethical Human Living: The Essence of Environmental Ethics and Environmental Psychology .....	47
2.3 Nature as an Alternative Source of Learning: Leadership Traits from Tagore's Works .....	50
2.4 Tagore's Thoughts On Sustainable Development .....	56
2.5 Tagore's Insights for Future Managers .....	59
2.6 Conclusion.....	60
2.7 References .....	61

## **3 Principles in The Bhagavad Gita Contribute to Spiritual Foundation of Sustainability..... 65**

*Guda Surya Prakash Rao1, Sujatha G.*

3.1 Introduction .....	65
3.2 Methodology .....	66
3.3 Description of the Bhagavad Gita Principles under Study .....	67
3.4 Methods of Gaining Self-Realization According to Lord Krishna .....	69
3.5 Translation According to Srila Prabhupada.....	71
3.6 Results .....	80
3.7 Conclusion.....	84
3.8 References .....	85
3.9 Appendix .....	86

## **4 Sustainability and Violence Against Women ..... 89**

*Paul Shrivastava*

4.1 Scale of the Problem .....	90
4.2 Respect for Women.....	91
4.3 Organizational Actions.....	93

**5 Entrepreneurial Competence in Urban Rural Women: Strategizing the Business Activities for Sustained Growth ..... 95**

*Chitralkha Kumar, Rishi Ahuja*

5.1 Introduction .....	95
5.2 Literature Review .....	96
5.3 Objectives of the Study .....	98
5.4 Research Methodology .....	98
5.5 Demographic Profile of the Respondents .....	99
5.6 Data Analysis and Interpretation .....	100
5.7 Limitations of the Study .....	105
5.8 Conclusion.....	105
5.9 References .....	105

**6 The Anarchist Corporation: Business Models for Sustainability ..... 109**

*PD Jose*

6.1 Introduction .....	109
6.2 The Anarchist Corporation .....	111

**7 Food Processing Entrepreneurship for Rural Development: Drivers and Challenges..... 115**

*Saurav Negi*

7.1 Introduction .....	115
7.2 Literature Review .....	117
7.3 Objectives .....	121
7.4 Findings.....	121
7.5 Conclusion.....	135
7.6 References .....	136



## **8 Director’s Duties and Corporate Social Responsibility: A Mistaken Model for Sustainable Development.... 141**

*Neeti Shikha*

8.1 Introduction .....	141
8.2 Understanding Corporate Social Responsibility.....	143
8.3 Social Responsibility and Corporations: Friedman and Beyond .....	147
8.4 Stakeholders and Corporate Social Responsibility: A Conflicting Concept.....	150
8.5 Directors Duties and Corporate Social Responsibility .....	153
8.6 Enforcing Corporate Social Responsibility: Mapping the Road Ahead.....	155
8.7 References .....	156

## **9 Proposed Model of Partnership between Companies, NGOs and Educational Institutions in Successful Implementation of Corporate Social Responsibility 161**

*Tanuja Kaushik, Gunjan M. Sanjeev*

9.1 Introduction .....	161
9.2 Corporate Social Responsibility: History and Definition .....	162
9.3 Literature Review .....	164
9.4 Corporate Social Responsibility: Partnership Models .....	168
9.5 The Proposed Model .....	172
9.6 Issues from Panel Discussion on Proposed Model .....	175
9.7 NGO Perspectives .....	178
9.8 Academicians Perspectives .....	179
9.9 Conclusion.....	179
9.10 References .....	180

**10 From Knowing and Doing to Being:  
New Paths for the Personal Dimension  
of Sustainability in Management Education ..... 183**

*Mike Thompson*

10.1 References ..... 194

**11 Responsible Management Education:  
An Emerging Tool for Sustainability ..... 199**

*Sharad R. Kulkarni, Sharwari S. Kulkarni*

11.1 Introduction ..... 199  
11.2 Literature Review ..... 200  
11.3 About the Study ..... 202  
11.4 Data Analysis ..... 204  
11.5. Sustainability Responsible Management Education  
Correlation (Hypothesis Testing) ..... 207  
11.6 Findings ..... 209  
11.7. Further Research..... 210  
11.8 Conclusion..... 210  
11.9 References ..... 211

**12 The Power of Sustainability Forces ..... 213**

*Bengt Gustavsson*

12.1 Introduction ..... 213  
12.2 The Financial Sector ..... 216  
12.3 Consumers and Brands ..... 218  
12.4 NGOs and Media ..... 223  
12.5 Politicians ..... 224  
12.6 Recruitment and Labour ..... 226  
12.7 Conclusion..... 227

**13 Inclusive Growth, Labour Migration and Poverty in Uttar Pradesh ..... 229**

*Ajit Dhar Dubey, R. P. Singh*

13.1 Introduction ..... 229  
13.2 Migration and Poverty: What do we Know? ..... 230  
13.3 Migration Patterns in Uttar Pradesh: Are they Changing? .. 232  
13.4 Inclusive Growth and Migration ..... 244  
13.5 Migrants Invisibility ..... 245  
13.6 Should Migration be Reduced? ..... 246  
13.7 Social Politices and Migrants’ Neglect ..... 246  
13.8 Multiple Derivations..... 246  
13.9 Conclusion..... 247  
13.10 References ..... 248

**14 International Legal Framework for the Protection of Cultural Diversity ..... 251**

*Shishir Tiwari*

14.1 Prolegomena..... 251  
14.2 Defining Cultural Diversity ..... 252  
14.3 International Legal Framework ..... 253  
14.4 Summing Up ..... 269  
14.5 References ..... 270

**15 UN Global Compact and Millennium Development Goals: The Indian Perspective ..... 273**

*S.N. Ghosh, Romit Raja Srivastava, Palak Srivastava*

15.1 Introduction ..... 273  
15.2 Literature Review ..... 274  
15.3 Objectives of the Study ..... 281  
15.4 Research Methodology ..... 281  
15.5 Global Compact-India ..... 282  
15.6 CSR, UNGC and Attitudinal Change of Business..... 287  
15.7 Conclusion..... 288  
15.8 References ..... 289

**16 The Future is in Our Hands: Conceptual,  
Economic, Ecological and Spiritual Challenges  
to Sustainable Development..... 293**

*Peter Pruzan*

16.1 Introduction ..... 293  
16.2 Challenges Inherent in The Concept Sustainability..... 294  
16.3 Challenges Arising from The Conflicting Perspectives of  
Ecology And Economics ..... 299  
16.4 The Spiritual Challenge: Some Very Personal Reflections . 311  
16.5 References ..... 313

**17 Ethics – Environment – Economy:  
Ethical Aspects of Climate Justice ..... 315**

*Christoph Stückelberger*

17.1 Painful Questions ..... 315  
17.2 From Climate Change to Climate Justice ..... 316  
17.3 Some Ethical Guidelines for Climate Justice ..... 321  
17.4 Spiritual Responses: Too Late or is there Hope?..... 327

**18 Economic, Social and Ecological Challenges  
Enlightened by Ecological Economics..... 333**

*Ove Jakobsen*

18.1 Introduction ..... 333  
18.2 Symptoms, Pathology and Etiology ..... 336  
18.3 Economics Based on an Organic Worldview ..... 339  
18.4 References ..... 343

**Editors and Authors.....347**



# **PREFACE 1**

## **PUBLISHER'S MESSAGE**

*Christoph Stückelberger*

The importance of sustainability is clearly understood by many, and increasingly so by the international community given the implementation of the United Nation's Sustainability Development Goals (SDGs), adopted by the United Nations in September 2015. Understanding a concept like 'sustainability' requires an understanding not only of what we are seeking to 'sustain' (the diversity and functioning of biological systems that exist on Earth), but also how and in what way man's activities and needs are implicated in and can threaten the future of these biological systems. It is for this first point that we are concerned with Ecology, and for the second that we are concerned with Economics.

But Ethics has its place as well of course. The variety in man's interactions with the environment is dependent on the values of those in those contexts. With a strong understanding of one's values, one can understand what obligations arise when confronted with not only the sustainability of the environment (and in turn the sustainability of human life on Earth), but also the continued economic growth of society, a country, or even a town. It is from these tensions that this publication tries to pull out the main issues, and possible solutions.

The articles in this book come from one of the key countries of the world, India, whose population represents almost 20% of the world's population. Questions surrounding economic development and

environmental sustainability are fundamental to understanding the country's future, and how it will tackle difficult issues, like the eradication of poverty.

This publication represents a selection of 18 out of the original 38 articles which were originally presented at the Third Annual International Conference on Sustainability SusCon III in Shillong, India, which took place between the 6th and 8th of March, 2013, hosted by the Indian Institute of Management, a leading institute in the North East of India.

North East of India is famous as an area rich in biodiversity, but also sensitive to biodegradation and deforestation. Furthermore, the region's very rich spiritual and cultural heritage provides a fertile ground for insights on the interaction between values and life, religion/philosophy and sustainability. This is manifest in the interdisciplinary contributions available in this publication. Who else would be better placed to show the values of the poet Tagore, the holy texts like the Bhagavad Gita and others to a sustainable life style?

This book is part of the Globethics.net Global series, which focuses on ethical issues with global relevance and contextual perspectives. Each volume includes contributions from at least two continents and with two editors, often one from the global South and one from the global North, and through the Globethics.net network gains an international audience. Through this publication, our intention is to contribute to a holistic understanding and urgently needed implementation of the Sustainable Development Goals.

We wish to express our gratitude to the Indian Institute of Management for working with Globethics.net on this unique opportunity, and we look forward to seeing the ideas expressed here bear further fruit around the world.

## **PREFACE 2**

### **DIRECTOR'S MESSAGE**

*Keya Sengupta*

Sustainability development has expanded the horizons of business in the 21st Century and brought in a new paradigm of business values, which does not overlook the society in which business operates. Indian Institute of Management (IIM) Shillong has been viewing sustainability in business as its core focus right from the time of its inception. We are firmly of the opinion that the very existence of profitable and sustainable business is a deep concern for the environment and the society we live in. We strongly believe that ignoring these vital issues may lead to short term business gains and profits but such business cannot be sustained in the long run. It is with this view that we train our students to imbibe the values and the ideas of sustainability right from the time they join our Institute. This is evident both in our course curriculum which is oriented towards sustainability as well as in the various developmental and regular activities of the students. Such value system with a deep concern for the environment and man is common practice of our students not only during the two years which they spend with us but more importantly when they join the corporate sectors as young and dynamic managers of the 21st Century. It is a well-known fact that the managers of this century are functioning in a world with unforeseen challenges. There is a greater possibility now than ever before for managers to fail, if the interests of the nature, environment and mankind is not taken into account. There is also a growing debate as whether business is good for



sustainable development or sustainable development is necessary for business. However, there is absolute consensus relating to economic efficiency, fairness and preservation of the environment, which should all be incorporated into the business strategy, and it is the management skills which balance all these three goals. What is therefore called for, is the identification of the sustainable issues by the corporate sector, along with the definition of the company's goals. Definition of the indicators of sustainability and the company's commitment towards sustainability are the next steps which the corporate sectors have to incorporate. The commitment of IIM Shillong regarding all these crucial issues for business of the 21st century is discussed in the present book. The publication of this Conference is one such endeavour on the part of IIM Shillong with the efforts and hard work of a dedicated team of faculty members of the institute. I sincerely hope the book will go a long way in further strengthening the ideas of sustainable development in business, both for the IIM Shillong fraternity as well as for all other readers.

## **PREFACE 3**

### **SUSCON CHAIR'S MESSAGE**

*Sanjoy Mukherjee*

“Where is the wisdom we have lost in knowledge?” lamented the great poet TS Eliot in his famous poem ‘The Rock’. The dimensions and magnitude of the turbulence and turmoil in our present scenario have compelled us to take a fresh look at our existing and dominant notions and models of progress and development worldwide from the considerations of sustainability in its multiple facets. Burning and uneasy questions are being raised even in such global forums like the recently concluded Rio +20 summit. The title theme of the annual meet of the Academy of Management in 2008 was ‘The Questions We Ask’. Truly enough, it is time we suspend our propensity for finding smart and quick solutions to the complex problems of today and focus more on asking the deeper questions on the life, viz., world concerning ourselves, our planet, and all our fellow beings.

Sustainability is often narrowly defined and equated with green economy or green business. However, beyond mere fiscal economic growth, the notion of sustainability encompasses healthy living for all in an enabling environment, where there is empowerment of the weaker and disadvantaged sections at the bottom of the pyramid, with regard to their access to quality health, education and employment opportunities. In fact, Sustainability implies creation of an enduring ecosystem in society, business, economy, and governance with an ever widening inclusive approach covering all possible aspects of life and work.

Increasing thrust on sustainability in recent times has also seen the emergence of ‘Ecological Economics’ which focuses on value-in-use rather than value-in-exchange. It gives more importance to regeneration of individuals, communities and ecosystems than to mindless acquisition of financial wealth and assets. In the field of business, the thrust has shift from maximization of profits and interests of shareholders towards long term health of the organization and maximization of benefits to all stakeholders. The notion of stakeholders form the founding block of the ‘Business Ecosystem’ that creates space and conditions for harmonious coexistence of diverse constituencies.

There is also a discernible change in the orientation of business leaders towards holistic, purposeful and long term perspectives. For example, in his book ‘Onward’, Howard Schultz, the CEO of Starbucks, offers a leadership perspective to sustainability in his vision and quest of “... building a great, enduring company which has always meant trying to strike a balance between profit and social conscience.” Such attempts to create sustainable business will necessitate ‘cultural transformation’ in organisations under inspiration leadership enlightened with wisdom and enduring humanistic values.

“Unless men increase wisdom as much as knowledge, increase in knowledge will be increase in sorrow.” These words of caution from Bertrand Russell portray the current reality, painfully enough. With increasing depletion of precious natural resources under the steamroller of progress, it has become imperative to take a deep and fresh look at the Human–Nature relationship, understand their organic connection and redirect the path of our agenda of development and business decisions towards a humane and happier habitat in the days to come. Simultaneously, it is vitally important to preserve cultural diversity by awakening our sensitivity to sustenance of marginalised indigenous cultures. The spirit of sustainability can only be ignited by addressing such profound issues like meaning of work, purpose of life and the

relevance of ethics and values. Otherwise we are destined to confront the looming crisis the signals of which are already amply evident in many countries across the globe along all fronts—social, economic, cultural, ecological and spiritual. The seer like vision of the Nobel Laureate poet Rabindranath Tagore from India has become so poignantly true today.

In his last essay in 1941, 'Crisis 1941, of Civilisation', he wrote: "I look around and see the crumbling ruins of a proud civilisation strewn like a vast heap of futility. Yet I shall not commit the grievous sin of losing faith in man."

This faith in human potential to think clearly, feel nobly and act rightly has inspired IIM Shillong, to initiate the movement of sustainability in the context of management education through its prime vehicle 'SusCon'. In consonance with the spirit and mission of sustainability adopted since inception, IIM Shillong is holding its Third Annual International Conference (SusCon III) on Sustainability: Ecology, Economy & Ethics. This Conference has been designed to create a multi-disciplinary platform for one and all—thinkers, academicians, business leaders, government officials, civil society groups and grass root activists and others—to share their ideas, initiatives, experiences and messages for making this planet a better place for healthy and prosperous living. Leveraging the unique assets and expertise of IIM Shillong as a hub of sustainability in business and otherwise, this conference has been planned to cover global perspectives and practices, keeping in view local priorities and challenges.

This Conference Proceedings Volume is divided into two sections—Reflections and Research. The Reflections section will include papers and articles by eminent thinkers, practitioners and experts on multiple dimensions of sustainability from world over including write ups by distinguished panel speakers. This section is a kind of guiding light for the Conference participants and all those who are associated with the

## *20 Sustainability Ethics*

Sustainability movement. The Research section includes accepted research papers for this Conference by scholars and researchers primarily from the academia for future pursuit and continuity of the movement.

“An unexamined life is not worth living.” These golden words of Socrates will provide the stimulus to the participants to re-examine our world views and chart out alternative modes of thinking and living with our senses alive and alert to receive the positive as well as alarming signals from all around. The conference thus aspires to open up these debates in the spirit of dialogue for mutual enrichment and collaborative learning. This provides an occasion to question and challenge ourselves, our existing beliefs and dogma, explore fresh perspectives and values and evolve actionable practices for a better and ethically enlightened future.

## **INAUGURAL ADDRESS BY THE CHIEF GUEST**

*Abdul Kalam, Bharat Ratna*

I am indeed delighted to participate in the inaugural session of “Third Annual International Conference on Sustainability— SUSCON-III”, organised by Rajiv Gandhi Indian Institute of Management (IIM) Shillong. My greetings to the IIM Shillong organisers, experts, thinkers, academicians, business leaders, civil society groups, researchers, policy makers, special Invitees and distinguished guests. I am sure that this conference may kindle the spirit of research and enquiry among the students and the researchers leading to understand the theme of the conference: Sustainability: Ecology, Economy & Ethics, which cover global perspectives and practices, keeping in view of local priorities and challenges.

When, I am in the midst of specialised in various fields of expertise and the specific areas for sustainability, I would like to share my thoughts on the topic, “PURA is a sustainable development system to empower 3 billion”.

Friends, India is focusing on bringing sustainable development through rural and urban infrastructure, quality education, healthcare, environmental up-gradation, bringing vibrancy in the public institutions for better and enhanced delivery of essential public services on time, reforming the financial system for better global integration and a proactive regulatory system. It is critical to the success of India

becoming a Global player. Six decades of democratic vibrancy in providing leadership to the nation gives confidence to manage the socio-economic turbulences and providing the leadership to the one billion people in a democratic, multicultural, multi-linguistic and multi-religious environment.

Now, let me give my visualisation of India during the year 2020.

### **0.1 Distinctive Profile of the Nation**

1. A Nation, where the rural and urban divide has reduced to a thin line.
2. A Nation, where there is an equitable distribution and adequate access to energy and quality water.
3. A Nation, where agriculture, industry and service sector work together in symphony.
4. A Nation, where education with value system is not denied to meritorious candidates because of societal or economic discrimination.
5. A Nation, which is the best destination for the most talented scholars, scientists, and investors.
6. A Nation, where the best of health care is available to all.
7. A Nation, where the governance is responsive, transparent and corruption free.
8. A Nation, that is prosperous, healthy, secure, devoid of terrorism, peaceful and happy, and continues with a sustainable growth path.
9. A Nation, that is one of the best places to live and is proud of its leadership.

### **0.2 Integrated Action for Developed India**

To achieve the distinctive profile of India, we have the mission of transforming India into a developed nation. We have identified five areas where India has a core competence for integrated action: (1)

Agriculture and Food Processing, (2) Education and Healthcare, (3) Information and Communication Technology, (4) Reliable and Quality Electric Power, Surface Transport and Infrastructure for all parts of the country, and (5) Self Reliance in Critical Technologies. These five areas are closely inter-related and if progressed in a coordinated way, will lead to food, economic and national security and achieving energy independence.

### **0.3 Towards a Global Sustainable System**

Friends, today, more than 750 million people in India and in the world about 3 billion people, are living in villages, and hence any mission towards global prosperity and happiness has to be inclusive of the rural regions. When you graduate out of this campus in a year or two, as managers of the future, this development of the underprivileged population will be the most important and challenging issue you will face. Some of you may choose to pursue careers along this line and with your management innovation, bring about unforeseen enhancement to the current state. Hence, let us discuss how sustainable development of villages can be achieved. For sustainable development model, let us take India's example which has 600,000 villages. PURA means Providing Urban Amenities in Rural Areas.

In the past, government, private and public sectors have been taking up rural development in parts. For example, starting an education institution, starting a healthcare institution, laying roads, building houses, building a marketing complex, giving a communication link in a particular rural area have been taken up in the past as individual activities. During the last few decades, it is our experience that these initiatives start well, just like heavy rain resulting into multiple streams of water flow. As soon as the rain stops, few days later all the streams get dried up because there are no water bodies to collect the surplus water and store it at the right place. For the first time, PURA envisages



an integrated sustainable development plan with employment generation as the focus, driven by provision of the habitat, healthcare, education, skill development, physical and electronic connectivity and marketing as a public-private partnership initiative.

#### **0.4 Subsystems of Sustainable Development**

Dear friends, I would first like to discuss on what constitutes sustainable development. Sustainable development means, integrated thoughts and actions which not only lead to financially robust systems but also keenly focus on societal development, environmental conservation, technological infusion and employment creation. In the context of the rural India, it would mean the evolution of socio-economic entities which transform the means of livelihood and quality of life for 750 million rural citizens, with a customised and adaptable action plan which follows the route of citizen empowerment and capacity building. It could also require building a society whose fabric is strongly bounded by a value system of harmony, respect for diversity, and care for the environment. Friends, when we discuss today about the opportunities and challenges of sustainable development like PURA, we should keep all these aspects in mind.

The mission of PURA, apart from concentrating on reinforcing agriculture, will emphasize on agro processing, development of rural craftsmanship, dairy, fish and fish processing, silk production, so that the non-farm revenue for the rural sector is enhanced, based on the core competence of the region. Let me discuss briefly the components of typical PURA and method of integration.

#### **0.5 PURA: Connectivity which Lead to it**

PURA essentially requires four levels of connectivity which has to be customised according to local competencies and needs. It means that:

1. The villages must be connected with-in themselves and with main towns and metros by good roads and wherever needed by railway lines. They must have other infrastructure like schools, colleges, hospitals and amenities for the local population and the visitors. This is physical connectivity.
2. In the emerging knowledge era, the native knowledge has to be preserved and enhanced with latest tools of technology, training and research. The villages have to have access to good education from best teachers wherever they are, must have the benefit of good medical treatment, and must have latest information on their pursuits like agriculture, fishery, horticulture and food processing. That means, they have to have electronic connectivity.
3. Once the physical and electronic connectivity are enabled, the knowledge connectivity is enabled. That can facilitate the ability, increase the productivity, the utilisation of spare time, awareness of health welfare, ensuring a market for products, increasing quality conscience, interacting with partners, getting the best equipment, increasing transparency and so in general knowledge connectivity, that progresses core competence of the rural environment with addition to technology. Hence, these three connectivity integrated ways lead to economic connectivity.
4. Once the three connectivities viz., Physical, electronic and knowledge connectivities are ensured, they facilitate earning capacity leading to economic connectivity. When we Provide Urban Amenities to Rural Areas (PURA), we can lead to upliftment of rural areas, we can attract investors, we can introduce effectively useful systems like Rural BPOs, Micro and Small-Scale Industries.

The number of PURA for the whole country is estimated to be 7000, covering 600,000 villages, where 700 million people live. There are number of operational PURA in our country initiated by many educational, healthcare institutions, industry and other institutions.

Government of India is already moving ahead with the implementation of PURA on the national scale across several districts of India.

## **0.6 Typical Working PURAs**

It is possible to get an insight of PURA by studying few of the operational PURAs which are functioning in different parts of the country. They are: Periyar PURA, Loni PURA, Chitrakoot PURA, Meenakshi PURA and Warana PURA. Let me highlight few aspects of Warana PURA.

## **0.7 Warana PURA: Farmer Cooperative in Action**

Friends, in March 2010, I was in the Warana valley of Kolhapur district. The Warana PURA mission began as a sugar cooperative movement, as a vision of a great social leader called Sah-kaar-shri Tatyasaheb Kore in 1950s to transform the Warana region which was a backward area infested with unlawful activities. The Warana PURA has since then evolved on a cooperative framework and implemented sustainable models based on the core competencies of the rural areas covering

69 villages and about 4 lakh people. This PURA model, which has more than 60,000 farmers, women entrepreneurs and villagers as their members, has been giving consistent dividend of over 25%. The Warana PURA programme has succeeded in creating income generation through value addition to sugar and dairy products, innovative agricultural practices and entrepreneurship, striving towards literacy and healthcare for all. For the welfare of landless villagers, Tatyasaheb Kore envisioned and pioneered the creation of the Warana Poultry and Warana Cooperative Dairy with more than 16000 milk producers spread over 60 villages.

Similarly, the Warana PURA has also initiated cooperative educational institutions, retail outlets and hospitals for better standards

of living. The Warana PURA is an example of how integrated development can be achieved through a strongly knit cooperative structure with value addition and economic empowerment.

Friends, I have specifically explained, how integrated rural development can take place through the creation of PURA complexes covering groups of villages in any region. This type of societal mission will make a greater impact to the society and large number of rural citizens will be empowered through education, healthcare and employment generation schemes. These PURA complexes will also give hands on experience for PURA Management on system design, system integration and system management.

## **0.8 Conclusion**

Friends, I have seen three dreams which have taken shape as vision, mission and realisation. Space programme of ISRO (Indian Space Research Organisation), AGNI programme of DRDO (Defence Research and Development Organisation) and PURA (Providing Urban Amenities in Rural Areas) becoming the National Mission. Of course, these three programmes succeeded in the midst of many challenges and problems. I have worked in all these three areas. I want to convey to you, what I have learnt on leadership from these three programmes:

1. Leader must have a vision.
2. Leader must have passion to realise the vision.
3. Leader must be able to travel into an unexplored path.
4. Leader must know how to manage a success and failure.
5. Leader must have courage to take decisions.
6. Leader should have nobility in management.
7. Leader should be transparent in every action.
8. Leader must work with integrity and succeed with integrity.

For a sustainable growth of any organisation, the important thrust shall be on the generation of, a number of creative leaders through

nurturing the talent, and promoting innovation in every sector. Emergence of such leaders particularly will facilitate global competitiveness and help in transforming any nation as a knowledge society. With these words, I greet all the participants of the “Third Annual International Conference on Sustainability: Ecology, Economy & Ethics—SUSCON III” organised by Rajiv Gandhi Indian Institute of Management, Shillong. My best wishes to all of you for success in all your research missions. May God Bless you.

### **0.9 Oath for the Youth**

1. I will have a goal and work hard to achieve that goal. I realise that small aim is a crime.
2. I will work with integrity and succeed with integrity.
3. I will be a good member of my family, a good member of the society, a good member of the nation and a good member of the world.
4. I will always try to save or better someone’s life, without any discrimination of caste, creed, language, religion or state. Wherever I am, a thought will always come to my mind. That is, “What can I give?”
5. I will always protect and enhance the dignity of every human life without any bias.
6. I will always remember the importance of time. My motto will be, “Let not my winged days, be spent in vain”.
7. I will always work for clean planet Earth and clean energy.
8. As a youth of my nation, I will work and work with courage to achieve success in all my tasks and enjoy the success of others.
9. I am as young as my faith and as old as my doubt. Hence, I will light up then, the lamp of faith in my heart.
10. My National Flag flies in my heart and I will bring glory to my nation.

# **SPIRITUALLY-BASED MANAGEMENT AND ECOLOGICAL SUSTAINABILITY**

*Laszlo Zsolnai<sup>1</sup>*

The paper examines spiritual value orientation in business and explores its implications for sustainability. It argues that with its exclusive materialistic value orientation mainstream business is necessarily destructive for natural beings, ecosystems and the Earth as a whole. To achieve ecological sustainability business should: (i) consider the whole persons and the whole systems, (ii) give priority to intrinsic motivation, (iii) orient itself toward the common good, and (iv) measure success in multi-dimensional, holistic way. To save material values including nature we need to follow a non-materialistic (i.e. spiritual) path.

## **1.1 The Materialistic Management Model**

The dominant management model of today's business is based on a materialistic conception of man. The human being is considered as body-mind encapsulated ego having only materialistic desires and

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motivation. This kind of creature is modelled as Homo economicus in economics and business.

Homo economicus is an individual, self-interest maximizing being. He or she is only interested in material utility defined in the terms of money.

The Materialistic Management Model uses money-driven extrinsic motivation and measures success only by the generated profit. The current economic and financial crisis deepened our understanding of the problems of mainstream businesses which base their activities on unlimited greed and the “enrich yourself” mentality.

There are two distinct but interrelated problems with the underlying assumptions of the materialistic management model. One deals with profit as the sole measure of success of economic activities while the other deals with money as the main motivation of economic activities. (Zsolnai, L. 2011).

### *1.1.1 Profit as a Measure of Success*

Profit is inadequate as the sole measure of the success of economic activities. Profit provides an incomplete and biased evaluation of economic activities. It reflects the values of the strongest stakeholders, favors preferences here and now, and presupposes the reducibility of all kind monetary values.

The market as an evaluation mechanism has its inherent deficiencies. First of all, there are stakeholders that are simply non-represented in determining market values. Natural beings and future generations do not have any opportunity to vote on the marketplace. Secondly, the preferences of human individuals count rather unequally, that is, in proportion to their purchasing power; the interests of the poor and disadvantageous people are necessarily underrepresented in free market settings. Thirdly, the actual preferences of the market players are rather self-centered and myopic; that is, economic agents make their own decisions regarding short-term consequences only.

To use the profit as the sole criterion for judging the success of economic activities implies strong commensurability which means that there exists a common measure of the different values based on cardinal scale of measurement. Mainstream economics suggests that values external to the market mechanism should be calculated by using shadow prices and other market-based evaluation techniques. In this way externalities can be “internalized” and full cost pricing of activities can be developed.

Ecological economists demonstrated that the strong comparability of values is not held in economics. The value of natural assets cannot adequately be expressed in monetary terms. (McDaniel C. & Gowdy J. 2000) Similar arguments can be developed for important human and social values such as health and safety, ethics and aesthetics.

Profit is an indicator of the financial viability of economic projects but cannot be used as an exclusive criterion of the success of economic activities. To judge the overall values of economic activities we should use a number of non-financial value-criteria in addition to profit.

### *1.1.2 Money as Motivation*

Money is dangerous as the main motivation for economic activities. It decreases intrinsic motivation of economic actors which leads to decreasing quality. Also, it cultivates self-centered value orientation which results in ethically irresponsible behaviour.

Bruno Frey’s “crowding out” theory shows why profit motivation may be counter-productive. A monetary reward offered or expected tends to crowd out an agent’s willingness to perform the task for its own sake (i.e. based on intrinsic motivation) if the agent’s sense of recognition, fairness, or self-determination are thereby negatively affected. The crowding-out effect of pricing may also spill over into sectors where no pricing is applied (“spill-over effect”) if the persons affected find it costly to distinguish their motivations according to



sectors. Motivation crowding-out and spillover narrow the scope for successfully applying monetary rewards. (Frey, B. 1997)

In his recent book “What Money Can’t Buy” philosopher Michael Sandel argues that monetizing certain activities degrades their moral standing and corrupts them. (Sandel, M. 2012)

Psychologist Gian-Vittorio Caprara and his colleagues show empirically that cultivating greed leads to manipulation of others and oneself. They start with the observation that a division between thought and action takes place when people break the rules or get involved in dirty business. What is most surprising in rule violation and misconduct is that people are not bothered by their conscience, do not fear any sanction and do not feel obliged to make reparations. (Caprara, G-V. & Campana C 2006)

Stanford psychologist Albert Bandura discovered the mechanisms of moral disengagement, the psychosocial maneuvers by which moral self-sanctions become disengaged, giving free way to a variety of misbehaviors without carrying any moral concern. Self-sanctions can be disengaged by reconstructing the conduct, obscuring personal causal agency, misrepresenting or disregarding the injurious consequences of one’s actions, and vilifying the recipients of maltreatment by blaming and devaluating them. (Bandura, A. 1990)

Caprara and his team developed a scale to assess civic moral disengagement (CMD). Their empirical findings suggest that the more people are concerned with self- enhancement goals, the more they are inclined to resort to mechanisms that permit them to disengage from the duties and obligations of civic life and to justify transgressions when their self-interest is at stake. (Camprara, G-V. & Campana, C. 2006)

This result has important consequences for the naïve belief in the beneficial impact of the “Invisible Hand” of the market. If economic agents become self-concerned then it is likely that - by employing moral disengagement

### *1.1.3 Decreasing Natural Wealth*

American psychologist Tim Kasser states that materialistic values reflect the priority that individuals give to goals such as money, possessions, image, and status. Confirming the concerns of many spiritual traditions, empirical research supports the idea that materialistic and spiritual values are relatively incompatible aims in life. Research shows that the more that people focus on materialistic goals, the less they tend to care about spiritual goals. Further, while most spiritual traditions aim to reduce personal suffering and to encourage compassionate behaviors, numerous studies document that the more people prioritize materialistic goals, the lower their personal well-being and the more likely they are to engage in manipulative, competitive, and ecologically degrading behaviors. (Kasser, T. 2011)

Country	Ecological Footprint in Global Hectares per Person	Ecological Overshot as % of the Sustainable level
Denmark	8,26	465 %
USA	8,00	405 %
Holland	6,19	357 %
Germany	5,08	257 %

*Table 1. Ecological Footprints of the Some Advanced Countries in 2010*

*Source: Global Footprint Network 2012.*

Recent data of the ecological footprint of the most advanced economies shows that the dominance of materialistic values in business and economics destroys nature at a large scale. (Table 1)

## **1.2 Ecological Sustainability**

Business affects the natural environment at different levels. (Zsolnai, 2011):

- (i) Individual biological creatures are affected by business via hunting, fishing, agriculture, animal testing, etc.

### *34 Sustainability Ethics*

- (ii) Natural ecosystems are affected by business via mining, regulating rivers, building, polluting the air, water and land, etc.
- (iii) The Earth as a whole is affected by business via exterminating species, contributing to climate change, etc.

#### *1.2.1 Awareness-based Ethics*

At the level of individual biological creatures the so-called awareness-based ethics is adequate for business. The most eloquent protagonist of this branch of environmental ethics is Australian philosopher Peter Singer. He says: "If a being suffers there can be no moral justification for refusing to take this suffering into consideration." (Fox, 1990)

Singer's influential book *Animal Liberation* is an expansion of the utilitarian idea that "the greatest good of the greatest number" is the only measure of good or ethical behavior. (Singer, 1995) He argued that the interests of animals should be considered because of their ability to feel suffering and that the idea of rights was not necessary in order to consider them.

Singer is against what he calls speciesism: discrimination on the grounds that a being belongs to a certain species. He holds that the interests of all beings capable of suffering to be worthy of equal consideration, and that giving lesser consideration to beings based on their species is no more justified than discrimination based on skin color. Singer does not specifically contend that we ought not to use animals for food insofar as they are raised and killed in a way that actively avoids the inflicting of pain, but as such farms are uncommon, he concludes that the most practical solution is to adopt a vegetarian or vegan diet. Singer also condemns vivisection except where the benefit (in terms of improved medical treatment) outweighs the harm done to the animals used.

From awareness-based ethics a major ethical implication can be derived for business:

(E1) Business should assure natural life conditions and painless existence for animals and other sentient beings.

Systematic concern for animal welfare is based on the belief that non-human animals are sentient and that consideration should be given to their well-being, especially when they are used for food or in animal testing.

The guidelines for animal welfare has been elaborated by the Animal Welfare Council include:

- freedom from thirst and hunger – by ready access to fresh water and a diet to maintain full health and vigor;
- freedom from discomfort – by providing an appropriate environment including shelter and a comfortable resting area;
- freedom from pain, injury, and disease – by prevention or rapid diagnosis and treatment;
- freedom to express normal behavior – by providing sufficient space, proper facilities and company of the animal's own kind; and
- freedom from fear and distress – by ensuring conditions and treatment which avoid mental suffering. (Five Freedoms, 2010).

Concern for farm animals is mainly focused on factory farming, where farm animals are raised in confinement at high stocking density. Issues revolve around the limiting of natural behavior in animals (see battery cage, veal and gestation crate), and invasive procedures such as debeaking and mulesing. Other issues include methods of animal slaughter, especially ritual slaughter. While the killing of animals need not necessarily involve suffering, the general public considers killing an animal an act that reduces its welfare. This leads to concerns with

premature slaughtering, such as the chick culling. This applies in a lesser extent to all food animals.

In animal testing, the well-being of individual animals tend to be overridden by the potential benefits of their sacrifice can bring to a large number of other animals or people. This utilitarian approach might allow intense suffering to be inflicted on individual animals if the trade-off is considered worthwhile, while a more welfare-based approach would afford all animals the right to a minimum standard of welfare.

### 1.2.2 Ecosystem Ethics

At the level of natural ecosystems the so-called ecosystem ethics is relevant for business. The maxim of ecosystem ethics was first stated by American environmentalist Aldo Leopold in his classic “Sand County Almanac”. He writes: “A thing is right when it tends to preserve the integrity, stability, and beauty of the biotic community. It is wrong when it tends to otherwise.” (Leopold, 1949)

Leopold also describes his position in this way: The land ethic simply enlarges the boundaries of the community to include soils, waters, plants, and animals, or collectively: the land. A land ethic changes the role of *Homo sapiens* from conqueror of the land-community to plain member and citizen of it. It implies respect for his fellow- members, and also respect for the community as such.

Ecosystem ethics implies non-declining natural wealth. In more exact terms it requires that the ecological value of the natural ecosystems be not decreasing over time. Robert Constanza proposed ecosystem health as an operational measure of ecological value. It is defined as follows:

$$HI = V \times O \times R$$

where HI is ecosystem health index; V is ecosystem vigor, a cardinal measure of system activity, metabolism, or primary productivity; O is ecosystem organization index, a 0-1 index of the relative degree of the system’s organization, including its diversity and complexity; and R is

ecosystem resilience index, a 0-1 index of the relative degree of the system's resilience. In essence, in calculating HI the ecosystem's primary production is weighted by indices for relative organization and resilience. In this context, eutrophication is unhealthy since it usually represents an increase in metabolism that is more than outweighed by a decrease in organization and resilience. Artificial eutrophic systems tend toward lower species diversity, shorter food chains, and lower resilience. (Constanza, 1992).

Ecosystem ethics requires that business organizations interact with the ecosystem in a way that the health of the ecosystem is not damaged. From ecosystem ethics the following ethical implication can be derived for business:

(E2) Business should use natural ecosystems in a proper way, that is, not damaging the health of the ecosystem during use.

### *1.2.3 Gaian Ethics*

At the level of the Earth as a whole, Gaian ethics applies to business. The Gaia theory developed by British independent scientist James Lovelock proposes that the biosphere and the physical components of the Earth (atmosphere, cryosphere, hydrosphere and lithosphere) are closely integrated to form a complex interacting system that maintains the climatic and biogeochemical conditions on Earth in a preferred homeostasis. It was named after the Greek supreme goddess of Earth. The theory is frequently described as viewing the Earth as a single organism.

Lovelock defines Gaia as a complex entity involving the Earth's biosphere, atmosphere, oceans, and soil; the totality constituting a feedback or cybernetic system which seeks an optimal physical and chemical environment for life on this planet. (Lovelock, 2000).

The essence of Gaian ethics is the respect for the self-regulating character and evolutionary uniqueness of the biosphere. (Fox, W. 1990)

From Gaian ethics the following ethical implication can be derived for business:

(E3) Business should not contribute to the violation of the systemic patterns and global mechanisms of the Earth.

The most important impacts what business organizations make on the living planet include CO<sub>2</sub> emission and reducing biodiversity.

#### *1.2.4 Business Sustainability*

We derived three principles from environmental ethics for business in order to achieve sustainability, namely (E1), (E2) and (E3).

Satisfying the principles E1, E2 and E3 can assure business sustainability in an ethically meaningful way. In this case the impact of business on animal welfare, ecosystem health and the living planet is non-negative.

With their exclusive materialistic value orientation today's mainstream business organizations are not able to satisfy these environmental principles. Usually, they make a negative impact on nature.

### **1.3 Spiritually-based Management**

Spirituality can be defined as people's multiform search for meaning interconnecting them with all living beings and to God (or Ultimate Reality). (European SPES Forum 2012)

Spiritual value orientation has two interrelated but irreducible characteristics: self-transcendence and wholeness. (Yin, E. 2006)

Copenhagen Business School management scholar Peter Pruzan states that spiritually based leadership is emerging as an inclusive, holistic and yet highly personal approach to leadership that integrates a leader's inner perspectives on identity, purpose, responsibility and success with his or her decisions and actions in the outer world of business. The emergence of spiritual-based leadership can also be seen

as an overarching perspective on other approaches to leadership characterized by a focus on concepts such as “business ethics,” “values-leadership,” “corporate social responsibility” and “sustainability,” but spiritually based leadership considers ethics, social responsibility and sustainability not as instruments to protect and promote classical business rationale but as fundamental goals in their own right.

While traditional managerial leadership aims at optimal economic performance subject to both self-imposed and societal constraints that mandate attention to the well-being of the organization’s stakeholders, spiritual-based leadership essentially interchanges the means and the ends. The “why” of organizational existence is no longer economic growth but spiritual fulfilment of all those affected by the organization, where a major restriction is the requirement that the organization maintains and develops its economic capacity to serve its stakeholders. In other words, spirituality provides a framework for leadership that can serve as the very source of an organization’s values, ethics and responsibility. (Pruzan, P. 2011)

The spiritually-based management model is based on a spiritual conception of man. Human beings are considered spiritual beings embodied in the physical world and having both materialistic and non-materialistic desires and motivations. Materialistic motives and outcomes are embedded in and evaluated against spiritual convictions and experiences.

Luk Bouckaert writes that the Homo Spiritualis is not characterized by having preferences and striving for maximum utility but by the awareness of being related to the other. I am the other and the other is part of me. This interest of the self and the other cannot be reduced to a shared group interest or a collective welfare function. We are interconnected on a level of being, prior to our acting within and making the world. The spirit in each of us is the point of awareness where we feel ourselves related to all other beings and to Being itself. This



spiritual self-understanding is not a matter of abstract philosophical thinking but is instead a feeling of universal love and compassion that gives our lives and actions an inner purpose and drive. It transforms our active and rational ego into a responsible and compassionate self. (Bouckaert, L. 2011a)

Bouckaert formulated priority statements expressing the primacy of the spiritual in business. (Bouckaert, L. 2011b)

(1) The priority of basic needs over subjective preferences. Preferences are individual and social constructions which express, intensify and transform basic needs, and in certain cases suppress and obstruct them. Basic needs, on the other hand, are the necessary preconditions for humane functioning in a historically and culturally determined community. One can translate basic needs into rights that one can claim on the basis of one's human dignity.

The classical objection to the basic needs approach is that there is no consensus about the content of basic needs. What people experience as a basic need, according to this argument, depends precisely on their individual preferences. This is partially true. One cannot detach basic needs from an individual's subjective aspirations, but that does not mean that basic needs should be reduced to those aspirations.

(2) The priority of commitment over self-interest.

Experimental economics and economic psychology gives empirical support to the claim that social commitment has a moral priority over selfish behavior. Genuine commitment has its own logic. One who selflessly devotes one's life to justice is aiming at something other than the pleasure of satisfying his/her own altruistic preference. He or she does it for the sake of justice itself, not (at least not primarily) as a means to an extrinsic end such as personal happiness or prestige. There is an essential difference between the instrumental function of a preference and the non-instrumental function of a commitment. While commitment is directed to bringing about an identity, a way of being,

preference satisfaction aims at bringing about an advantage or a pleasure.

(3) The priority of mutual trust over mutual advantage in the market. A good-functioning market requires cooperation and mutual trust. The market instrumentalizes all values in the function of individual, subjective preferences. When everyone determines his values himself, a lack of moral cohesion can open the way to far-reaching opportunistic behavior, which is in the long term a threat to a good functioning of the market. Hence there is the growing awareness that moral self-regulation and “social capital” in the form of mutual trust are constitutive of a good-functioning market.

(4) The priority of economic democracy over shareholder capitalism. Economic democracy is an alternative to bourgeois capitalism and to Marxist collectivism.

Stakeholder management and co-creative entrepreneurship are highly valued in today’s capitalism. Business ethics criticizes shareholder capitalism and promotes the stakeholder theory of the firm.

The strong version of stakeholder theory empowers the stakeholders and makes them full partners of the firm. They get the rights and claims of partners and form a community of co-responsible persons. In principle, economic democracy is broader than workers’ democracy, while it aims at a balanced participation of all stakeholders.

Prime examples of spiritually-based management include slow food, ethical fashion, fair trade and ethical banking. These movements consider the whole persons and the whole systems, give priority to intrinsic motivation, orient themselves toward the common good and measure success in multi-dimensional, holistic way.

## 1.4 Conclusion

By advocating economic action on the basis of money-making and justifying its success by generating profit the materialistic model encourages irresponsible behavior

of economic actors that leads to large-scale ecological destruction and disregards the interests of future generations.

In the spiritually-based management model profit and growth are not final ends but only elements of a broader set of goals. Similarly, cost-benefit calculations are not the only means of managerial decisions but integrated into a more comprehensive scheme of wisdom-informed decision making.

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# **BLOOMING RED OLEANDERS: LEADERSHIP INSIGHTS FROM RABINDRANATH TAGORE**

*Summauli Pyne*

## **2.1 Introduction**

“On August 7, 1941, in the city of Calcutta, a man died. His mortal remains perished, but he left behind him a heritage which no fire could consume. It was a heritage of words and music and poetry, of ideas and of ideals, and it has the power to move us today and in the days to come. We, who owe him so much, salute his memory”. (Ray, 1961:1) These were the words of Satyajit Ray in his essay, “Portrait Of A Man”. Today, India does not only celebrate the thinker and writer Rabindranath Tagore, the Nobel Laureate from India (1913); even in the 21st century we Indians, venerate Tagore’s catholic and universal approach towards humanity. Ever since the inception of civilization man was always busy in improving the quality of life. The journey continues even now. Due to the complexity in our social system, the speed and scale of challenges, our cherished values are increasingly getting challenged. It is observed that classical literature and masterpieces have always had a profound interest on Man: his thoughts and life. This learning, irrespective of language, place of origin etc. have always helped people to instil righteousness across strata of civilization. Along with modern history of literature, modern management thoughts can also be enriched with the

contribution from exponents like Tagore. In his work he has imparted valuable insights for management and leadership in his compositions of songs, poetry, and other literary works. The paper thus tries to elucidate Tagore's thoughts from which modern management can learn and practise as an alternative source of learning. The teachings of Tagore as an educationist have given the impetus to the Leaders of today towards imbibing his philosophies on self-development as well as organizational development. As an educationist he has always tried to infuse components of social learning, much needed in modern management education.

As a proponent of aesthetic education Tagore recognized the importance of literature and other forms of fine arts as facilitators for self-development. During the inauguration of Viswa-Bharati he confirmed the need for connecting to our ancient past focusing on the Puranas, Vedas, and religious texts along with other folk cultures on academic fronts. The coordinated effort towards integrating fine arts with academics eventually created a cultural regeneration to break the traditional model of education only to give birth to a new and expression-oriented model of aesthetic education, the prime need of the day.

In his lecture, 'The Relation of the Individual to the Universe', Tagore blended the Western ideas of relationship between Nature and Man, with those of the Indian concepts. Pioneers of the West believed in the superiority of human being in the scale of creation. But today the world faces a difficult situation. Approach of people has led to diverse problems. Tagore stated: "To be truly united in knowledge, love, and service with all beings, and to realize one's self in the all' pervading God is the essence of goodness... Life is immense!" (Tagore, 1928: 22). Man as a Leader should know how to segregate his soul from his self and act towards selflessness. The problem of evil, deals with the fact that suffering, pain and evil in the world are only temporary phenomena

and should be faced with courage. A Leader should make his team understand that: “evil cannot altogether arrest the course of life ... for evil has to pass on, it has to grow into good; it cannot stand to give battle to all” (Tagore, 1928: 52). Tagore firmly believed that existence cannot be an evil and calls upon the intellect of a Leader “to realize the truth through untruths, and knowledge is nothing but the continually burning up the error to set free the light of truth” (Tagore, 1994: 66). The idea of pleasure is usually limited to one’s own self but he said: “goodness is concerned with the happiness of all humanity and for all time” (Tagore, 1913: 46). In his lecture on ‘Problem of Self’, Tagore talks about how the self is responsible for the sufferings and the sins that are associated: “It has led man to shame and crime and death; yet it is dearer to him than any paradise where the self lies, securely slumbering in perfect innocence in the womb of Mother Nature”. (Tagore, 1913: 48) Generally hailed as a versatile genius in the arena of fine arts (all branches of literature, music and painting) Tagore’s thoughts pertain to all aspects of practical living. The article endeavours to bring to light three aspects related to management education, i.e., his thoughts on: (i) Ecology and (ii) Leadership Attributes, and (iii) Issues of Sustainable Development, in Tagore’s compositions.

## **2.2 Tagore on Eco-Ethical Human Living: The Essence of Environmental Ethics and Environmental Psychology**

Tagore’s ideas on eco-ethical human living and sustainability are based on ancient Indian philosophy, specially rooted in the Upanishads. Tagore considered Nature and Man as integral parts of the single entity, the omniscient and omnipresent, (sarvang khalwidang), attribute-free (nirguna) Brahman. He emphasized on a symbiosis between us and all other attributes of the mundane world like plants and other living beings, the atmosphere, the universe and the world beyond (moksha). In “Aranya Devata”, (Tagore, Vol. 14: 373), Tagore states that a modern



person indulges too much in lavish and extravagant living. So long as he lived in the forest, he had a profound love and respect for the forest and a perfect symbiosis between Man and other species were seen. As a city-dweller, he lost his love for the forest, the primary source of his sustenance. Reckless destruction of forests for catering to the needs of city life bestowed a curse on human race. Scanty rainfall due to less number of trees endangered human life. Rapid spread of deserts started engulfing human habitation. Hence, his concern for the human race reflected in his writings. He emphasized on retrieving the lost love for the forest and restoring symbiosis with the forest to avoid calamity, a major concern even today.

Tagore's views on ecological stability and symbiosis between human and Nature have been elaborated in the article "Tapayan" (Tagore, Vol. 7: 690-704). The great philosopher-poet does not confine his analysis to the outward manifestations of ecological imbalance only. He examines the inner cause of this problem which springs from the ripu-s; the basic vices of Man. Man's greed, jealousy, pride, lust etc. have dominated the human mind and have left a permanent imprint reflected in unrestrained competition in the areas of commercialism and consumerism. In the article "Bilaser Ph(N)as" (The Trap of Luxury) (Tagore, Vol 6: 526-530), Tagore states that consumerism has engulfed the vitals of western societies and is now affecting Indian lifestyles too. The motive of insatiable greed has made people of India lose their social identity and philanthropic attitude giving rise to a creed of self-centricity. Consumerism is not only generating pressure on the upper middle class but also causing a hardship to the poor who are trying to spend beyond their means. Tagore further states "the revelation of dazzling riches in some parts of the country is making a false impression that this signifies economic prosperity. Unfortunately, this is not due to prosperity, but due to increasing concentration of wealth in the hands of a few at the cost of the majority" (Tagore, Vol. 6: 529).

In “Bharatbarsha” he states: “The motive of competition, which forces people into a mad race for outclassing all other persons around them, leads to an endless struggle for supremacy and deviation from the path of responsibility and ethical living. The demonic impulse for going farther and farther ahead knows no limit and makes one’s mind ever more restless and bereft of stability and peace.” (Tagore, Vol. 2: 711). Tagore expresses a concern for those who consider this attitude as prosperity. As traditional Indian society was based on universal welfare and symbiosis between Man and Man, and had never encouraged this self-destructive competition within human society for individual supremacy, we should now learn to take motivation from the words of the great poet.

In “Samabaya Niti” (Tagore, Vol. 12: 311-332). Tagore states that European society is based on the system of exploitation of the majority by the minority. This is one of the major evils emerging from uncontrolled rivalry and the motive of shameless self-advancement. This should be condemned by the human race. Though motives of self-advancement and competition within limits are healthy and are sometimes necessary for the material progress of human society, Man should learn to have a control over these motives or else the society deteriorates. Thus constructive conditions for eco-ethical human living should be restored or else the consequences will be disastrous.

A unanimous call to increase the green across the deserts through plantation was witnessed during the “Holokorshon Utsav” in 1927. On that very occasion, he wrote: “...rise up the flag of the conquest of the desert”. (Tagore, 1928 : 514) Perhaps it was one of the first thoughtful actions in the world to build up mass environmental awareness. Again in his short story, “Bolai” he developed the same theme of love for Nature. He highlighted a young boy’s love for a Simul tree, a silk cotton plant, in his garden. In the story he related how the love for Nature helped a boy to grow as an emotionally intelligent citizen of the world: “It hurt

him deeply when someone plucked the flowers from a tree. And he totally understood that this feeling was meaningless to anyone else... His worst troubles arose when the grass cutter came to cut the grass, because he had watched countless wonders in the grass; small creepers; nameless violet and yellow flowers, tiny in size; here and there a nightshade, whose blue flowers have a little golden dot at the centre; medicinal plants near the fence, a kalmegh here and an anantamul there; neem seeds left by birds, sprouting into plants, spreading beautiful leaves. All those were cleared with a heartless weeding tool. None of them were prized trees of the garden: there was no one to listen to their protest” (Tagore, 1994: 256-257). The mechanized bureaucracy exploits Nature and Man. Though highly symbolical, the same concept was again highlighted in the play, “Raktakarabi” (Ted Oleanders, 1925). The background of the play states that Tagore was inspired by the image of a red oleander flower crushed to pieces by a discarded iron gate in Shillong. The central character, Raja or the king cruelly exploits Nature and Man to develop an almost mechanized bureaucracy. The character of Nandini symbolizes freedom from the chains of bureaucracy as the free-flowing ever-singing damsel. As Tagore was always against big dams, huge reservoirs and large canal systems in the name of agricultural development, he wrote: “Keno more gelo nodi/Ami bandhi tare, chai dhoribare / ... Tai more gelo nodi. ...” (Tagore, 1896. Chitra: Durakanksha) (Why did the river die? / I bound her, wish to restrain... / for this the river dead.)

### **2.3 Nature as an Alternative Source of Learning: Leadership Traits from Tagore’s Works**

Nature, with its hues, fragrance and beauty enamoured Tagore. This feeling of charm did not bind him; rather it helped to free his mind and spirit. It was like a great force that enabled him to find his identity in the universe. As stated in his song: “Akash bhora surjo tara, bishwa bhora

pran,/Tahari majhkance ami peyechi mor sthan/, Bismaye tai jage amar gaan... (The sky ai jage amar gaan...(The sky glitters with the sun and other starlets, the life beats in the spectrum of Cosmos/ and within them I have found a place for myself...) Tagore has touched Nature in all aspects in his work. Even leadership traits can be identified in his writings. He penned down:

“I have been overwhelmed by another feeling. The one inseparable link between me and the universe, nature— this everlasting unity of soul has drawn me intensely. How often sitting on a boat I have emptied forth my soul over the land, the water and the skies radiant with the sun’s light. I have not then considered earth, quite apart from me, the water with its flow had passed within my heart raising its outburst of joy.” (Tagore, 1913). This idea of learning from nature is mandatory for a leader for self-analysis and self- development. During crisis a leader should never lose his composure. As Tagore wrote: “Bipode more rokha koro, e nohe mor prarthana,/ Bipode ami na jeno kori bhoy”.

(I don’t pray to save me when I am in trouble,/ please give me the courage to fight back and not be afraid) and again in: “Amra sobai raja amader ei rajar rajotte, /Noile mora rajar sone milno Ki sote,/ Amra ja khushi tai kori, tobu tar khushi tei choli,/ Amra noi bandha noi dasher rajar trasher dashotte” (We all are kings at our individual level in this kingdom of Almighty/ ... we give reign to our free will with a connecting bond between each of us/ there are no chain of slavery but a sense of homogeneity that flows at a horizontal plane between all). This song recognizes the approach of unified teamwork within an organization. The manner chosen to enhance the morale of the employees by addressing them as Kings of their individual realm shows the level of confidence and trust that should be posed upon all, by Leaders of the modern organization.

Nature, with her bountiful splendor and hues also teaches us to face the world in the right perspective with her diversity amongst multiple

dimensions. Tagore's writings help us to understand and deal with life, especially in moments of crisis. The unbearable grief associated with death of a dear person can also be faced with courage. It gives a message of hope even in the doomsday. The maturity of understanding that reverberates in his writing says: "... the all-pervading pressure of worldly existence compensates itself by balancing life against death, and thus it does not crush us... Death had given me the correct perspective from which to perceive the world in fullness of its beauty, and as I saw the picture of the Universe against the back the background of Death, I found it entrancing." (Robinson, 1989: 25). These insights are not a result of the conventional learning prevalent in modern management education. Of late, we find alarming critique of our existing methods of learning coming from illuminated minds from the academic world of management. "... Our heart and head does not split knowledge into dualities of thought and being, mind and body, emotion and intellect, but resonates with a wholeness and fullness that engages every part of one's being." (Kind et al, 2005). The time has come to pay rigorous attention to assimilate insights from other sources of learning beyond the realms of traditional business learning. According to Sumantra Ghosal (Ghosal et al, 2005) we may continue to make the mistake of solving the wrong problems precisely using technical perspectives while opting out the possibility of a comprehensive awakening based on human values for a sustainable future. Stephen Covey too advocated a shift in the ruling management metaphor from "stomach to spirit" (Covey, 1992), a move from emphasis on strategic competence to self. All these point towards the urgency to explore certain non-conventional sources of learning in individuals and organizations that will eventually guide to the development of a superior leadership and quality consciousness, valuable for an organization.

Hence it is observed that Modern management thoughts in organizational context revolve around teams which in various forms

perform their duties to ensure sustainable growth of the organization. The same thought is appropriate for a Leader, team member or a client. The works of Tagore cited here lend an insight in the context of self and collective human development of the modern organization. If we analyse his poems we observe the majority of them talk about the presence of light.... the light of knowledge. This indicator of enlightenment helps people to realize that there is a beautiful world surrounding them. We should allow our conscience to awaken and open our closed instincts to let the rays of knowledge wash away the darkness of evil and declare us as king of our individual self. The reference of the poems mentioned can be utilized as metaphors in organizational context that can illumine leadership qualities. Alienated vision results from darkness of mind and non-recognition of environmental factors create a void which effects the growth of an organization. Positive vibes inculcated from Nature leads to creativity in Leaders. His songs and poetry show the strength in attitude of a leader in a time of crisis in the organization. Self-confidence and ability to combat conflicts thus lend a supporting hand to overcome all problems.

The poetry and the songs of Tagore carried a different dimension for varied perspectives and surpassed the boundary of the literary context to organizational context. The simplicity of language and composition of lyrics enriched the acceptability of these songs to such an extent that they appealed even to the common man. The songs of Tagore are genuinely uncomplicated. Even an ignorant person can sing them and can sense the meaning as per his own understanding. In 1930, during his meeting with Tagore, Albert Einstein mentioned that as a physicist he recognizes the importance of sound in music and questioned the relevance of lyrics (Chakravarty, 1998.). Tagore believed in the power of human will which if fostered may strike wonders and may lead towards the truth. The key to self-development as reiterated by man is to know the inner self which essentially becomes the guiding principle. As

mentioned in Gitanjali, the motto for self-development of every individual should be: “When one knows thee, then alien there is none, then no door is shut. Oh, grant me my prayer that I may never lose touch of the one in the play of the many.”(Gitanjali, 1912)

Until recently, the term Eco-ethical leadership, as coined by Simon Western in “Leadership: A Critical Text” (Western, 2008) described a new leadership paradigm for organizations in the inter-dependent global environment. She mentions that Eco-ethical-Leaders reframe the form and the purpose of organizations with their sense of connectivity, distributed leadership, ethics and sustainability which serves as a base for transformational leadership. We observe that in leadership idealized influence provides a role model for high ethical behaviour expected from the team members. It helps to instil pride, gain respect and trust from the team members. In Tagore’ Muktdadhara, (Tagore, 1922) thoughts of idealized influence, environmental awareness and exo-ethical sensitivity is abundantly present. It tells the story of man’s limitless greed and backlash from Nature. The plot revolves around a hideous machine created by the king to block the flow of a huge river and how the crowned prince (the modern leader) joined the masses to protect Nature by revolting against the king through the destruction of the Muktdadharadam. Conflict in modern times, between the power of technology and pristine Nature is glaringly evident in the following conversations from Muktdadhara:

*Citizens of Shivtarai: Water (River) is an abounded creation of God, nobody can restrain it*

*Bibhuti (mechanical engineer): God has given water only for the commoners: he gave me the power to retrain the water flow. I have the power of mighty mechanical.*

*Dhananjaya: What are saying! Is this matter normal about to bound the mighty power (river flow),...*

*Abhijit (Prince): I hear the call of mother tone from water.* (Sykes, 2011)

And again

*Sanjaya: The Yuvaraja has broken the bonds of Muktheadhara...*

*Ranajit: And in her freedom he has found his own!* (Sykes, 2011)

Prince Abhijit can be taken as an example of an eco-ethical leader. Bibhuti is in stark opposition to Abhijit. Abhijit serves as the counterfoil to Bibhuti bringing alternative solutions to the life taking policies of Bibhuti. These Leaders are always admired, respected, and trusted. Self-confidence in these leaders provides a foundation for accepting all organizational change. That is, team members who are sure of the their leader will be less likely to resist proposals for change from her/him. Clearly, idealized influence is associated with charisma though it depends on leaders as well as followers for its expression. Eco ethical leaders always have a clear sense of purpose. They are visionaries who are emotionally mature and value driven, and are able to deal with complexity, uncertainty and ambiguity along with attracting and inspiring others. They are strategic but never manipulative and is able to identify himself as positive change agents. They display convictions, take stands and appeal to followers on an emotional level. The leaders thus have a clear set of values and demonstrate them in every action, providing a role model for their followers. Trust for both leader and follower is built on a solid moral and ethical foundation. Thus sustainability and environmental leadership are vital for our long-term survival on this planet. Business leaders of today should intimately understand and practise commitment towards stakeholders, reputation, ethics, and market viability and try to equally balance them for sustainability amongst individuals and organizations.



## 2.4 Tagore's Thoughts on Sustainable Development

Tagore's thoughts on sustainable development of India are rooted deep in rural regeneration. The majority of Indian population resides in villages. The rural societal structure is still based mostly in two parts: (i) Cooperatives and, (ii) Panchayats. Taking examples of these two cases Tagore calls for stimulating the spirit of the rural masses. He believed that the poor India should be self-sufficient, economically independent and socially empowered. Through proper education the spirit of self-confidence should be sown to fight off the maladies affecting rural India. If cooperatives and panchayats are forced on the rural India. If cooperatives and panchayats are forced on the rural mass, they would fail to generate and support the process of sustainable development can only be successful if the rural mass realizes the benefits of cooperatives and panchayats and takes an initiative to form these organizations by their own attempt.

In "Samabaya Niti" (Tagore, 1931), Tagore rightly points out the agricultural backwardness in India. It results from a subdivision and disintegration of agricultural lands, lack of finance and exploitation by money lenders, problems in marketing products etc. All these problems can be solved through cooperatives if properly formed. He believes the root cause of rural misery is the lack of self-confidence and dependence on outside help, especially from the government. So, the primary task is to make the rural mass aware of their strength and unite them. He further comments: "For this reason, the most urgent need in our country is not to place begging bowls at their hands, but to make them confident of their own power, to make them realize that a man united with others is a complete entity, whereas an alienated individual is but a powerless fragment." (Tagore, Vol. 14: 313)

Regarding Panchayats, he mentioned in 'Atmashakti' (Tagore, Vol. 2: 644), that is the system is imposed government it would be a failure. Coveted panchayat posts would give rise to jealousy and would generate

problems. The members of the panchayats would be interested in serving the rich and officers in power than their brethren. The entire system shall collapse. The rural mass should form panchayats of their own and then only Panchayat system should emerge as a real source of power for the rural people of India. He encouraged the application of modern technologies for rejuvenation of rural India, for rural regeneration, based on self-help and free from outside interference. And hence keeping these ideas in mind, in 1908, Tagore, under his Scheme of Rural Development work, started Youth Organizations in the villages of the Kaligram Pargana of Bengal. He created field workers who could identify themselves with the people. In

1921, he established a Rural Reconstruction Institute at Shantiniketan, in collaboration with Mr. L.K. Elmhirst. A group of eight villages were brought together for the programme. The objective of the initiative was to create an interest for rural welfare work by analyzing rural problems and solving them for a better perspective. It helped the villagers develop their resources and their standard of living. All these efforts helped in creating a spirit of self- help. It helped in developing leadership skills amongst the rural mass. Even village scouts (“Broti Balika”) were formed for self-development. Dairies were formed and they supplied pure milk; animals were also bred. Poultry farms were formed. The weavers were trained on tanning, pottery, embroidery, tailoring and was organized to meet the need of the market. The concept of meetings and village meals were introduced. An essence of universalism was sown into all. As his rebellious character Gora cried out in one of his novels: “It is you who are my mother... You have no caste, you make no distinction between men, you know no hatred, you give flesh to nothing but the good that is in all us. It is you who are India.” (Tagore, Vol. 9: 350). He named his school Shantiniketan (Abode of Peace), where he preached exactly what he believed.

Keeping the writing of Tagore in mind we see that a sustainable business is one which is financially, socially and environmental visible, enduring and ensures a better quality for everyone, now and in future. The rewards of sustainable business development are directly reflected in contribution towards environmental sustainability. Environment protection is no longer a voluntary effort as part of CSR. The businesses today are being asked to adhere to environment protection norms. A sustainable development strengthens community relations and also increases productivity and loyalty of employees. It also enhances customer loyalty and supplier commitment. It boosts up the financial return and reduces risk for shareholders. Even today, the five sustainable business focus areas, (i) environment, (ii) empowerment, (iii) education, (iv) enjoyment and (v) Ethics, remain the same as in Tagorian thoughts.

As regards adopting Panchayats system in the organization – it has been experienced that participatory system of management wins commitment of employees. However decision making through participatory management requires educated and knowledgeable employees. Who are internally motivated and hence spontaneously committed to perform specialized tasks, individually as well as collectively. Therefore, if Tagore's thoughts have to be adopted taking into consideration present day realities then organization should adopt more of participatory decision making. The Board of Directors should have greater number of employee representatives from diverse constituencies of stake holders. Quality of work life should be a primary concern of employers. Environment protection, fulfilling CSR and ethical business practices should be mandatory—perhaps by making it part of the Company Law. Violations may have to be severely dealt with. The governance of organizations in particular and that of Nation should adopt policy of inclusive growth with Panchayat like formations as primary units of functioning and transformation.

## **2.5 Tagore's Insights for Future Managers**

“Riktotar bokho vedi aponare koro unmochon/byakto hok jiboner joy/byakto hok toma majhe oshimer chiro bishmoy...” (Tagore, Vol. 4: 668) (Set aside the realm of nothingness, open thy heart, /let the victory of life be expressed/let the infinite energy express its magic through you...). The Managers of today should feel that from vulnerable situations, too, life can be seen from a different perspective. Conflicts and crises are part of the professional life but then too hope and inner strength of a leader could be a steering force to take him ahead in life. Modern leaders should remember the example of a bee-hive as stated by Tagore in “Parri Prakriti” (Tagore, Vol. 13:510). He said, a honeycomb is more than a repository of food for sustenance or a home built through labour. There is something very special in this joint endeavor for it transfers the ordinariness of a home into goodness itself. A Leader should always try to remember this when he works together with this team. The ideal of collective unity essential for the sustainability of an organization should be felt and practiced. Non-formal ways of organizing based upon mutual cooperation and fostering creativity should be imbibed to transcend the limits of the claustrophobic structures of modern organizations. Market economy which constitutes the dominant philosophy of functioning of modern organizations celebrates the phenomena of consumerism and champions the victory of the Economic Man (*Homo economicus*) at the dire expense of irreparable loss of deeper and finer human qualities. Tagore's insights give direction to future leaders of organizations to nurture these vital qualities of the human being in order to live better and sustain organizations for the posterity.

## 2.6 Conclusion

The vital criterion for sustainability is the preservation of natural resources. Human being, (especially the civilized people) today are negative and indifferent towards Nature despite pro-conservation sentiments. Though there is no consistent theory or consensus within the fields of environmental ethics, environmental psychology or environmental social science, there empirical evidence consistently links all of the above-mentioned factors. Environmental psychology and ethical theories fail to explain why a few individuals, who, perhaps grew up in a village amidst forests will willingly agree to work for the logging company cutting down trees, while there will always be others to plant more trees. We once again return to Rabindranath Tagore's story of Bolai, the small boy's excruciating pain at seeing the weeds, in all their loveliness and variety being removed from the garden: "Bolai had long begun to realize that some of the pains he experienced were his alone. They were not felt by anyone around him. This boy really belonged to the age, millions of years ago, when the earth's would-be forests cried at birth among the marshlands newly sprung from the ocean's depth... The plant, vanguard of all living things on the road of time, had raised its joint hands to the sun and said,—I want to stay here, I want to live. I am an eternal traveller. Rain or sun, night or day, I shall keep travelling through death after death, towards the pilgrim's goal of endless life. That ancient chant of the plants reverberates to this day, in the woods and forests, hills and meadows, and the life of the mother earth declares through the leaves and branches,—I want to stay, I want to stay. The plant, speechless foster mother of life on earth, has drawn nourishment from the heavens since time immemorial to feed her progeny; has gathered the sap, the vigour, the savour of life for the earth's immortal store; and raised to the sky the message of beleaguered life,—I want to stay. Bolai could hear that eternal message of life in a special way in his bloodstream. We used to laugh at this a good deal" (Tagore, 1994 : 257)

Sadly enough human beings have emerged as self- interested specie concerned only about their narrow materialistic pursuits at the dire expense of sustainability of individuals, organizations and the planet at large. The time has come to question our dominant ways of thinking and accepted modes of living. Tagore's characters like prince Abhijit or Bolai represent a powerful and sensitive yet radically different voice in this mad world of speed, greed and lure for money. But an effort should be made to change this perspective. The article discusses fictional characters like, prince Abhijit, Bolai, Nandini... who acts as the voice of modern India. As long as people have no such alternative voice of their own, the possibility of a counter movement towards sustainability recedes afar. It is in this regard that the relevance of Tagore's thoughts and insights is still valid today like never before. His aesthetic visions have a great relevance in modern culture and the mechanized world. We thus conclude with the remarkable thought which he wrote though fatally ill, on his 80th birthday: "I had one time believed that the springs of civilization could issue out the heart of Europe. But today, when I am about to leave the world, that faith has deserted me. I look around and see the crumbling ruins of a proud civilization strewn like a vast heap of futility. And yet I shall not commit the previous sin of losing faith in Man. I shall wait for the day when the holocaust will end and the air will be rendered clean with the spirit of service and sacrifice. Perhaps that dawn will come from this horizon, from the East, where the sun rises. On that day will the vanquished man retrench his path of conquest, surmounting all barriers to win back its lost human heritage."(Ray, 1961: 11)

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*Note: All translations from Indian languages and writings are done by the authors except where exact citation is given as references.*

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## **PRINCIPLES IN THE BHAGAVAD GITA CONTRIBUTE TO SPIRITUAL FOUNDATION OF SUSTAINABILITY**

*Guda Surya Prakash Rao1, Sujatha G.*

### **3.1 Introduction**

Global leaders, managers and professionals always need new concepts, acceptable creative models and reliable instruments for self-development, organizational empowerment and national prosperity. (Covey, 2004) “Being effective as individuals and organizations is no longer optional in today’s world—it’s the price of entry to the playing field. But surviving, thriving, innovating, excelling and leading in this new reality will require us to build on and reach beyond effectiveness. The call and need of a new era is for greatness.”<sup>1</sup>

*The Bhagavad Gita Principles under study:*

- Principle 1 – Inner Peace (atma jnana) (Ch. 2, verse 55)
- Principle 2 – Stable Mind (sthita-prajna) (Ch. 2, verse 56)
- Principle 3 – Focus on Means (karma yoga) (Ch. 2, verse 47)
- Principle 4 – Mode of Goodness (sattva guna) Ch. 14, verse 17)
- Principle 5 – Surrender

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<sup>1</sup> Athreya, M. (2005), Indian Managers Have Distinctive Strengths, Indian Management, pp. 34–40.

Management Attributes under study:

- Time Management
- Conflict Resolution (Interpersonal conflict handling grid-Kilmann and Thomas)
- Leadership (Blake and Mouton's managerial grid)
- Transactional Analysis (Eric Berne's theory)
- Circle of Influence (Stephen R. Covey's model)

Source: "Principles of Srimad Bhagavad Gita As Tools of Management," doctoral thesis, March 2010.

(Athreya, 2005) expresses that "Indian business leadership has also shown some distinctive tenets. Some of these are from India's spiritual tradition. Leadership is to be seen not as power, privilege and enjoyment, but as a sacred trust and responsibility. There is stress on public good, on all stakeholders and not just shareholder value maximization. The ideology includes ethics, social responsibility and philanthropy. The leader is expected to demonstrate 'self-management', before being worthy of "organizational management." <sup>2</sup>

The purpose of this paper is to review the existing literature, so as to understand how principles in *The Bhagavad Gita* may form the spiritual foundation of sustained growth.

Note: Sections of methodology and results are taken from the doctoral thesis "Principles of Srimad Bhagavad Gita As Tools of Management" researched by the main author.

### 3.2 Methodology

A preliminary survey reveals that many articles, books, theses have been produced on *The Bhagavad Gita*, which contains universal principles that may be applied to many life situations, but very few

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<sup>2</sup> Covey, S. R. (2005), *The Habit from Effectiveness to Greatness*, Simon & Schuster UK Ltd, London, pp. 4-5

studies have empirical evidence. There is also a need to develop acceptable management model for both Eastern and Western countries.

A comprehensive study (2004–2010) which comprised empirical research, interviews and opinions on different issues relating to The Bhagavad Gita and management was undertaken by the researcher. The objectives of the study were—To gauge the extent to which the principles of The Bhagavad Gita can help in solving the problems of the management personnel, and enhance their individual and organizational performance and to develop The Gita–Management Model.

*Out of 700 Gita slokas, five slokas or five principles and five managerial principles are studied, which are as shown in Table 1:*

### **3.3 Description of the Bhagavad Gita Principles under Study**

For the five selected slokas from Srimad Bhagavad Gita, interpretation from Srila Prabhupada, Bhakti (devotion) point of view are described.

#### *Principle 1 Inner peace-atma jnana*

Principle 1 is based on the verse (2.55) from The Bhagavad Gita.

<i>sri-bhagavan</i>		<i>uvaca</i>
<i>prajahati</i>	<i>yada</i>	<i>kaman</i>
<i>sarvan</i>	<i>partha</i>	<i>mano-gatan</i>
<i>atmany</i>	<i>evatmana</i>	<i>tustah</i>
<i>sthita-prajnas</i>	<i>tadocyate</i>	

#### *3.3.1 Translation According to Srila Prabhupada*

“The Blessed Lord said: O Partha, when a man gives up all varieties of sense desire which arise from mental concoction, and when his mind

finds satisfaction in the self alone, then he is said to be in pure transcendental consciousness.”<sup>3</sup>

### 3.3.2 What is Self or Inner Peace (Atma Jnana)?

‘Self’, Pure consciousness or Brahman or Paramatma or Atma are the names given to the substratum of the visible world. It is the screen on which the pictures of this world are projected Bhagvan Sri Ramani Maharishi describes the nature of the awareness of one’s ‘Self’ as “existence, consciousness, and bliss” in the book, ‘Who Am I’ (Pillai, 1901).<sup>4</sup> Elaborating it further he says, “What exists in truth is the Self alone. The world, the individual soul, and God are appearances in it, like silver in mother-of-pearl, these three appear at the same time, and disappear at the same time. The Self is that where there is absolutely no “I” thought. That is called “Silence”. The Self itself is the world; the Self itself is “I”; the Self itself is God; all is Siva, the Self.”

Another definition of the ‘Self’ is infinite peace, pure potentiality, the field of all possibility and infinite creativity, infinite silence, perfect balance, invincibility and bliss (Chopra, 1996).<sup>5</sup> Jung (1933) writes, “The Self is superior to the ego and is experienced as the center of the personality.”<sup>6</sup>

*A Self-realized or Enlightened person:* A Self-realized person is one who experiences the peace un-interruptedly. For example, Buddha, Jesus, Sri Ramakrishna, and Sri Ramani Maharishi.

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<sup>3</sup> Prabhupada, A.C. (1983). *The Bhagavad Gita As It Is*, The Bhaktivedanta Book Trust, Mumbai, 2.55 – p.143

<sup>4</sup> Pillai, S. (1901), *Who Teachings of Am I? (Nan Yar)-TheBhagavan Sri Ramana Maharshi, Sri Ramanasrama*, (English translation-Mahadeven T.P.M), pp.7–8.

<sup>5</sup> Chopra, D. (1996), *Seven Spiritual Laws of Success*, Excel Books, New Delhi, (1st ed.)

<sup>6</sup> King, S. & Dave M. N. (1999), *Organizational enhancement through recognition of individual spirituality- Reflections of Jaques and Jung*. *Journal of Organizational Change Management*, Vol. 12. No. 3, p. 234.

*Partially-realized person:* Partial realization means a person experiences periods of silence, has integrity, has less negative thoughts, balances emotions, nurtures ethical values, does not harm anyone, follows the directions of the spiritual master, meditates regularly, participates in corporate social responsibility, does what is good for the company, to the society and to world at large. Examples of partial realized persons are Mahatma Gandhi, Sarvepalli Radha Krishnan, JRD TATA, Narayana Murthy, Azim Premji, Lee Iacocca etc.

### *3.3.3 How a Corporate Leader/Manager can Gain Self-Realization*

“Realization is nothing to be gained afresh. It is already there. All that is necessary is to get rid of the thought ‘I have not realized’, (Pillai, 1901)<sup>7</sup>

### *3.3.4 Steps in Experiencing ‘Self’*

Simple as it sounds, knowing one’s self is not a simple task, especially for a leader working in competitive global markets. In order to do so, one may follow the principles of The Bhagavad Gita: Sthitaprajna-calming and stabilizing the mind, karma yoga-focusing on the process rather than the results, sattva guna-the mode of goodness, and sharanagathi-surrendering to the Supreme Consciousness by erasing all negative ego. Once these steps are followed, the awareness of the ‘Self’ is experienced.

## **3.4 Methods of Gaining Self-Realization According to Lord Krishna**

Lord Krishna explains various ‘Yoga’ systems to attain Self-realization. Yoga means union of individual soul with Super Soul.

Karma Yoga is a process of uniting with the Supreme Being, by performing one’s duty skillfully and offering the fruits of the action to Him. Normally people work hard with a philosophy that ‘work is worship’, or do Karma, but do not convert it into Yoga. But a simple

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<sup>7</sup> Pillai, *op.cit.*, pp. 7–8.

affirmation at the end of the day like, 'Oh Lord, it is with your blessings I have utilized the available resources to their best use, I thank you for giving me an opportunity to work', removes the false ego that 'I am' the doer and one advances spiritually. An atheist who contributes to the society in several ways is un-consciously on the path of Karma Yoga though his ego refuses to admit the unseen hand behind his performance.

Jnana Yoga is a process of uniting with the Supreme Being by gaining knowledge. To become a Jnana Yogi a corporate leader needs to read several scriptures, understand their inner meaning, contemplate and discuss with elevated souls. He can also practice 'Atma Vichara' i.e., search for the source of 'I' in oneself. Sri Krishna in The Gita says if one has 'Shradda', faith in the Lord; one quickly gains Jnana (Enlightenment). The Bhagavad Gita (4.39)<sup>8</sup>

Bhakti Yoga is a process of uniting with the Supreme Being with love and devotion. Here an executive can establish various 'relationships or bhava' with the Lord. For example, a manager can treat his loving deity as his friend, or child or father etc.

Finally, through proper discipline, and grace of the Spiritual Master, a corporate leader may experience the Self/Pure consciousness and transform his lower nature into higher nature, even while working in a competitive business environment.

*Principle 2 Stable Mind–sthita-prajna*

Principle 2 is based on the verse (2.56) from *The Bhagavad Gita*.

*duhkhesv*                      *anudvigna-manah*

*sukhesu*                      *vigata-sprhah*

*vita-raga-bhaya-*      *krodhah*

*sthita-dhir munir ucyate*

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<sup>8</sup> Prabhupada, *op.cit.*, p. 267.

### **3.5 Translation According to Srila Prabhupada**

“One who is not disturbed in spite of the threefold miseries, who is not elated when there is happiness, and who is free from attachment, fear and anger, is called a sage of steady mind.”<sup>9</sup>

Lord Krishna asserts that mind is one’s best friend and is also one’s worst enemy. Understanding the nature of the mind, nurturing its hidden potential and utilizing its power are the key to corporate success.

Speaking about the turbulent nature of the mind Arjuna says, The Bhagavad Gita (6.34) “Mind is very restless, forceful and strong. O Krishna, it is more difficult to control the mind than to control the wind,”<sup>10</sup> then Sri Krishna replies, “O mighty-armed son of Kunthi, it is undoubtedly very difficult to curb the restless mind, it is possible by suitable practice and detachment.” The Bhagavad Gita (6.35)<sup>11</sup>

#### *3.5.1 Swami Vivekananda on Mind*

“Ninety per cent of thought–force is wasted by the ordinary human being, and therefore, he is constantly committing blunders; the trained man or mind never makes a mistake.”

Explaining the nature of uncontrolled mind he says, “Free! We, who cannot, for a moment, govern our own minds, nay cannot hold our minds on a subject, and focus it on a point to the exclusion of everything else, for a moment! let we call ourselves free. Think of it! ... The mind uncontrolled and unguided will drag us down, for ever-rend us, kill us; and mind controlled and guided will save us, free us.” (Vivekananda, 1900)<sup>12</sup>

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<sup>9</sup> Prabhupada, *op.cit.*, p. 144.

<sup>10</sup> Prabhupada, *op. cit.*, p. 344.

<sup>11</sup> Prabhupada, *op. cit.*, p. 345

<sup>12</sup> Swami Vivekananda (1990), Complete Works of Swami Vivekananda, Volume III, Ramakrishna Mutt, Mylapore, Kolkata.



3.5.2 *Sri Ramana Maharshi on Mind*

What is called ‘mind’ is a wondrous power residing in the Self. It causes all thoughts to arise. Apart from thoughts, there is no such thing as mind. Therefore, thought is the nature of mind. Apart from thoughts, there is no independent entity called the world. In deep sleep there are no thoughts, and there is no world. In the states of waking and dream, there are thoughts, and there is a world also. Just as the spider emits the thread (of the web) out of itself and again withdraws it into itself, likewise the mind projects the world out of itself and again resolves it into itself. When the mind comes out of the Self, the world appears. Therefore, when the world appears (to be real), the Self does not appear; and when the Self appears (shines) the world does not appear. When one persistently inquires into the nature of the mind, the mind will end leaving the Self (as the residue), (Pillai, 1901).<sup>13</sup>

Further, he adds that what is referred to as the Self is the Atman. The mind always exists only in dependence on something gross; it cannot stay alone. It is the mind that is called the subtle body or the soul (jiva).

3.5.3 *A Stable Minded Leader or an Employee is One Who is*

1. Bestowed with patience, listens to his subordinates, higher ups, critics without an ego ‘I know it, you don’t have to tell me anything’ seeks all the information, evaluates all the options carefully, and in consultation with the stakeholders comes to collective and effective decisions. He makes sure that a fool proof implementation plan is in place
2. Not perturbed, does not react un-necessarily but responds effectively, when people do unpleasant things or circumstances are not favorable.

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<sup>13</sup> Pillai, op. cit., pp. 7–8.

3. A person who converts negative thoughts into positive thoughts.
4. Aware of the emotions like anger, fear, love, positive ego, negative ego, one's self and has desire to balance them. He also has the ability to recognize and balance the emotions of his team members and steer them effectively towards goals i.e., He is high on Emotional Intelligence.
5. Bestowed with the wisdom loss, victory/defeat, success/failure, are part of the nature, which every human being experiences at one or other point of life. Knowing this he is neither elated when success comes, nor depressed when failure comes. Whatever happens he takes note of it and takes proactive steps to rectify or move ahead with the plan i.e., He is high on Spiritual Quotient.

#### *3.5.4 How a Global Leader/Employee can Nurture Stable Mind?*

- Identifying the core ethical values in oneself, and nurturing them to their logical end and by following the ethical code of the company e.g., Integrity or respect for all
- Identifying a suitable “meditation technique” or alternative means of mental relaxation and practicing it regularly in a quiet place e.g., Being aware of the flow of one's breath or listening to music or playing golf
- Always contemplate on ‘Win-win’ situation in mind e.g., While negotiating a deal or resolving a conflict a leader/employee may see that both parties benefit
- Cultivate ‘I am ok and you are ok’ attitude (Transactional Analysis) e.g., Not having superiority or inferiority complex

- Keeping oneself away or remain undeterred by the harmful objects of pleasure e.g., Excessively not involving in alcoholism or lustful activities
- Meticulously give up vanity, aggressiveness, pride, desire, anger and attachment (enemies within) e.g., By listening to the speeches of a leader who speaks with humility in spite of achieving difficult goals, ‘pride’ and ‘vanity,’ would reduce.

A Stable Minded leader/employee not only has clarity of thoughts, research indicates that he would be assertive, takes decisions on group consensus and is a good motivator.

*Principle 3 Focus on Means-karma yoga*

Principle 3 is based on the verse (2.47) from The Bhagavad Gita.

<i>karmany</i>	<i>evadhikaras</i>	<i>te</i>
<i>ma</i>	<i>phalesu</i>	<i>kadacana</i>
<i>ma</i>	<i>karma-phala-hetur</i>	<i>bhur</i>
<i>ma</i>	<i>te sango ,stv akarmani</i>	

*3.5.5 Translation According Srila Prabhupada*

“You have a right to perform your prescribed duty, but you are not entitled to the fruits of action. Never consider yourself to be the cause of the results of your activities, and never be attached to not doing your duty.”<sup>14</sup>

The above principle of karma phala tyaga – focus on means, is often misunderstood. At the outset it appears that Lord Krishna is asking Arjuna to abstain from work and also gives an impression that this principle is non- practical for survival in the material world. But if Karma Yoga principle is analysed four ideas emerge.

1. “You have a right to perform your prescribed duty.”
2. “But you are not entitled to the fruits of action.”

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<sup>14</sup> Prabhupada, *op.cit.*, p. 134.

3. “Never consider yourself to be the cause of the results of your activities.”
4. “Never be attached to not doing your duty.”

One agrees with idea one, but questions idea two as “Why cannot I get what I want?” which throws him into further confusion about idea three “How is that I am not responsible for the result?” That develops apprehension in him about idea four “Why should I keep working?” There is a need for deeper and comprehensive understanding of this verse to stave off all dubiousness.

‘You are not entitled to the fruits of action’ does not mean that a corporate leader should not expect any result, what it means is that The Supreme Lord will decide the extent of profits or results one gets. A corporate leader of a large organization should set goals, should develop strategies and set deadlines, but he may not rigidly attach himself to the results.

There may be internal and external factors that influence the results. Lord Krishna is cautioning not to be rigidly attached to results because, situations like 9/11, Tsunami, Bhopal Gas Tragedy, can upset all the business plans, shatter all the dreams and there is a possibility that a corporate leader may go into depression, or involve in self destructive activities, or become hostile with innocent employees. Hence, Lord Krishna is asserting that one should not be obsessive about the results, but must never be attached to not doing one’s duty and The Supreme Being will award results as per merits of the performance. Considering the above mentioned reasons, a corporate leader may enjoy every step of his plan, be prepared for any eventualities, have contingency plans and disaster management in place.

### *3.5.6 This Principle Can be Clarified with two Examples*

*Example 1.* When an athlete is participating in Olympic 100 metre’s race, and if he is only thinking of the gold medal (result), his mind may not focus on all the steps required of sound preparation. When his

preparation suffers he will not be confident and competent. When he lacks confidence he may not enjoy the race and may or may not get the gold medal. But if he focuses on the means of preparation and enjoy every bit of the race, he will be happy whether he get the gold medal or not. As mentioned in the above paragraph, too many external factors influence success.

*Example 2.* General principle of any business is “my input should get so much output”. Naturally, the sweet meat shop owner estimates, and calculates the turn-over he should get say ` 5000 by the end of the day. But he realizes that one day he gets, say ` 7000 and another day he gets ` 3000. Now what is it that crept into the equation? “My input must yield, so much output”. This is where Sri Krishna says that you have right to perform your duty only, i.e., open the shop in time, produce high quality products, treat customers properly, but it is Me or The Supreme Consciousness who will decide the number of customers who will visit the shop or the amount of profits one gets at the end of the day.

*Principle 4 Mode of goodness - sativa guna*

Principle 4 is based on the verse (14.17) from The Bhagavad Gita.

*sattvat sanjayate jnanam rajaso lobha eva ca pramada- mohau tamaso*

*bhavato 'jnanam eva ca*

*3.5.7 Translation According to Srila Prabhupada*

“From the mode of goodness, real knowledge develops; from the mode of passion, greed develops; and from the mode of ignorance, foolishness, madness and illusion develop.”<sup>15</sup>

Real knowledge or Pure knowledge means, that knowledge based on truth, supported by moral values, backed by original research, or revelations of the Supreme Being to Self-realized saints or knowledge seekers, whose ultimate aim is to lead a person from ignorance to

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<sup>15</sup> Prabhupada, *op.cit.*, pp. 697–698.

enlightenment or benefit the world at large. On the other hand impure knowledge is based on falsehood, improper research and meets the selfish ends of the people.

It is from the pure knowledge that right perception is born. A person with right perception has the ability to see and judge things as they are. For example a sincere person working in office at 8 p.m. may be perceived as stealing something (wrong perception) or is working on an important assignment (right perception).

The Three Gunas – Bhagavad Gita has thorough analysis of the nature of a human being, identifies the areas of weakness and suggests ways to remove them. Every human being is made of matter and Spirit. Gita helps us sieve out matter. What remains is Spirit. Matter is of three distinct hues. These are called gunas or qualities. The gunas or modes are sattva (purity), rajas (passion) and tamas (ignorance). These three gunas are present in every human being and in the entire universe.

In an article Jaya Rao, a Gita—Management expert explains that, “The gunas determine the quality of thoughts, emotions and actions in a person. Together they bind us to the world. Like the three primary colours— red, yellow and blue—that mix to create all colours, the combinations of the gunas create the infinite variety in the world”.<sup>16</sup>

Further, she adds that Tamas is a state of inertia and indifference. In this state the best qualities get shrouded and one’s inherent talent is prevented from manifesting. Rajas is a state of stress and agitation brought about by greed, craving and lust. The incessant desire-driven activity and its resultant agitation of the mind end in mediocrity.

Sattva is tranquillity of mind when one function at one’s best. This is the state that all executives, sportspersons and professionals in every field of activity strive for —being in the ‘zone’, performance is at peak levels. In other words, one comes up with peak performance when sattva

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<sup>16</sup> Rao, The Three Gunas, accessed in 2005, <http://www.vedantavision.com/article/10?page=1>, Source: Internet

predominates. When rajas prevails greed, disquiet and hankering weighs down. And when tamas reigns supreme, one is overcome with delusion, heedlessness and inertia.

However, very few people know how to achieve this, much less remains in this superlative state of being. The Bhagavad Gita spells it out clearly and simply so that everyone can operate out of one's sattva while marginalizing and eventually eliminating the rajas and tamas within.

Managers with different modes of nature work differently. Sattvik Manager works silently, Rajasik Manager likes challenges, and Tamasik Manager works with closed mind.

### *3.5.8 How a Corporate Leader can Apply this Principle*

Sattva Guna can be increased by meditating on the Supreme Lord during morning sandhya and evening sandhya (twilight time), when positive vibrations manifest in the atmosphere and these vibrations induce 'Positive Thinking'. Sattva guna is also enhanced by reading scriptures, visiting holy places, associating with holy people, speaking truth, and eating vegetarian food.

#### Principle 5 Surrender—sharanagathi

Principle 5 'Surrendering to the Divine during crisis' is based on two verses from The Bhagavad Gita ( 9.22) and (18.66).

"The Supreme Being, demands our total devotion, and enjoins us to surrender ourselves to Him completely. Then He will give what we lack, preserve what we have, and deliver us from sinful reactions." Essence of the two slokas, The Gita (9.22) and (18.66)

Translations of both the verses are mentioned here.

*ananyas cintayanto mam*

*ye janah paryupasate*

*tesam nityabhiyuktanam*

*yoga-ksemam vahamy aham*

–The Bhagavad Gita (9.22)

### *3.5.9 Translation According to Srila Prabhupada*

“But those who always worship Me with exclusive devotion, meditating on My transcendental form--to them I carry what they lack and preserve what they have.”<sup>17</sup>

Translation of another verse is as follows:

sarva-dharman parityajya mam ekam saranam vraja aham tvam  
sarva-papebhyo moksayisyami ma sucah

—The Bhagavad Gita (18.66)

### *3.5.10 Translation According to Srila Prabhupada*

“Abandon all varieties of religion and just surrender unto Me. I shall deliver you from all sinful reaction. Do not fear.”<sup>18</sup>

The concept of ‘Surrender’ in a worldly sense means surrendering to the higher authority for material benefit like a defeated army surrendering to the victorious one. But the meaning of ‘Surrender’ according to Lord Krishna has a different meaning. Surrender means the letting go of the ego, ‘I am the doer’ (Jeeyar, 2002)<sup>19</sup> or letting the universal consciousness use its infinite intelligence. Srila Prabhupada, in the purport of Chapter 18, verse 66, of The Gita, writes “Now, in summarizing The Bhagavad Gita, the Lord says that Arjuna should give up all the processes that have been explained to him; he should simply surrender to Krishna. That surrender will save him, from all kinds of sinful reactions, for the Lord personally promises to protect him.”<sup>20</sup>

The phenomenon of ‘Surrender’ is in the experience of one and all, but are not conscious of it. For example, if one is searching for a pen or an important report or trying to remember the name of a person, he may be trying his best but may fail to find it, then he gives up the search. Later on suddenly he may remember his search object, while working on

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<sup>17</sup> Prabhupada, *op.cit.*, p. 482.

<sup>18</sup> Prabhupada, *op. cit.*, p. 850.

<sup>19</sup> Jeeyar, T.C.R., (2002), *Gita Jyothi Slokamalika*, Jeeyar Educational Trust, Sitanagaram, pp. 201–209.

<sup>20</sup> Prabhupada, *op. cit.*, p. 851.



something else or while relaxing. This process of ‘letting things go’ is ‘Surrender’.

*Hypotheses were framed and a structured questionnaire was finalized after conducting three pilot tests. The questionnaire contained statements to be marked on Likert scale, and open-ended questions. It was administered to entrepreneurs, managing directors, senior and middle managers in reputed private, public sector companies, and to select management students. Ten interviews were also conducted. Secondary data was collected from reputed journals and books.*

### **3.6 Results**

Statistical analyses like Chi-square Test, Reliability Test, Correlation Analysis, Regression Analysis and Discriminant Analysis were carried out.

170 respondents answered the questionnaires. The statement “A leader with inner peace is self-motivated, self-contented, focuses on core issues, co-ordinates activities harmoniously, and aids in transforming an organization” was agreed by more than 90.6% of the respondents indicating its true relevance to management. Overall percentage of agreement for all the other statements varied from 71 to 90.6%.

#### *3.6.1 Based on the Chi-Square Test, Following Alternative Hypotheses (Sets) Have Been Accepted*

1. Sector, Category, Age, Type of job, Gender, have effect on the level of belief in *The Gita* principles.
2. Level of belief in *The Bhagavad Gita* principle of inner peace—*atma.jnana* has effect on the managerial quality of being a ‘good corporate citizen’.
3. Level of belief in *The Bhagavad Gita* principle of stable mind—*sthita-prajna* has effect on managerial qualities like ‘independent thinking’, ‘decision making based on group consensus’ and ‘assertive’.

4. Level of belief in *The Bhagavad Gita* principle of focus on means—*karma yoga* has effect on the managerial qualities like ‘joy in work’ and ‘duty mindedness’.
5. Level of belief in *The Bhagavad Gita* principle of focus on means— *karma yoga* has effect on the managerial qualities like ‘joy in work’ and ‘duty mindedness’.
6. Level of belief in The Bhagavad Gita principle of surrender—sharanagathi, during crisis, a leader/manager find solutions to complex problems.

<b>Belief and Practice of all five Bhagavad Gita principles</b>	<b>A leader/manager/professional can excel in the following Managerial Attributes</b>
<b>Principle 1</b> Inner Peace (atma jnana)	<b>Conflict Resolution</b> (I win – you win approach— Interpersonal conflict handling grid—Kilmann and Thomas) <b>Leadership</b> (Equal concern for people and production—Blake and Mouton’s managerial grid) <b>Circle of Influence</b> (Stephen R. Covey’s model)
<b>Principle 2</b> Stable Mind (sthita-prajna)	
<b>Principle 3</b> Focus on Means (karma yoga)	
<b>Principle 4</b> Mode of Goodness (sattva guna)	
<b>Principle 5</b> Surrender (sharanagathi)	

Table 2. *The GITA -Management Model*

Source: “Principles of Srimad Bhagavad Gita As Tools of Management,” doctoral thesis, March 2010

### 3.6.2 Based on Correlation Analysis, the following Conclusions are Drawn

1. There is significant Correlation among *The Gita* principles—Inner peace. Steady mind. Focus on menas, Modes of goodness, and Surrender, which are compiled from different chapters.
2. Opinions on the questions corresponding to the five *Gita* principles are dependent on each other.

*The Gita-Management Model* was developed based on the results of the Regression Analysis carried on the five Gita Principles and five managerial attributes, which is as follows:

In order to elicit examples of managerial situations where The Gita principles were applied, accomplished managing directors, socially eminent persons and experts in diversified fields were interviewed. Snapshots of seven interviews are considered for this paper. According to Sri V. S. Rao, former Executive In-charge of Ferro Alloys Division, TISCO, Indian scriptures like Upanishads, discourses and workshops on The Gita and meditation have aided in maintaining inner peace and stable mind which helped him in transforming an organization in Hyderabad, and also to deal effectively during the conflict situation created by the Adivasis in Noamundi, Jharkhand State. Dr. Atul Sen, Head, Knowledge Management Division, Defence Research & Development Laboratories, Hyderabad, emphasized on integrating value system with action to maintain inner peace. He suggested that one has to experience both success and failure in life to achieve the highest state of mind: *sthita-prajna* (stable mind) which has been highlighted in the Second chapter of The Gita within eighteen erudite slokas (2– verses 55–72).

Sri T. N. Chaturvedi, former Governor of Karnataka State, suggested to be proactive rather than reactive to situations. Dr. D. Babu Rao, Director of Geo Technical Laboratories, and former Professor of Civil Engineering, and Controller of Examinations, Osmania University, Hyderabad, offered a practical method to nurture a stable mind by constantly listening to scriptures, and to focus on means (*karma yoga*). He also explained how mode of goodness (*sattva guna*) can change the attitude of a person in maintaining better interpersonal relations.

Sri Ravinder Burju, Managing Director of Texel InfoTech Pvt. Ltd., Secunderabad, described how it is possible for a manager to maintain stable mind by ‘letting things go’ for some time and get back to the problem. Sri Anandam, former Senior Executive of General Electric dwelt on how to stay focused on ‘duty’ in spite of opposition, which is the essence of The Bhagavad Gita. Sri Anadam and Sri Ravinder Buru

reiterated the principle of ‘Surrender’ savored with real time stories. Sri K. Padmanabham, CEO of Analogic Controls India Limited, Hyderabad opined that, “If one follows the principle of ‘Focus on means than on results, a situation will not arise where one has to surrender to the Divine.”

### *3.6.2.1 The Gita Offers a Success Formula Rooted in Wisdom*

Following is a fundamental formula of success offered by Sanjaya in Srimad Bhagavad Gita (18.78): “Wherever there is Krishna the master of all mystics, and wherever there is Arjuna the supreme archer, there will also certainly be opulence, victory, extraordinary power, and morality. This is my opinion.”<sup>21</sup>

### *3.6.3 Translation*

Wisdom — Skill = Prosperity, victory, glory and sound policy.

### *3.6.4 Application to the Corporate World*

Wisdom (Ethical Leadership) + Skill (Executives) = Organizational Growth and Success.

Wisdom is the result of following ethical practices. Skill is what education imparts. Corporate leaders may follow ethics, implement the ethical code rigidly and be a role model for the entire organization. Upon seeing their top management executives (skilled ones), rest of the employees will also value the ethical code of the organization, ultimately resulting in a healthy atmosphere in the organization leading to its growth.

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<sup>21</sup> Prabhupada, op. cit., p. 863.

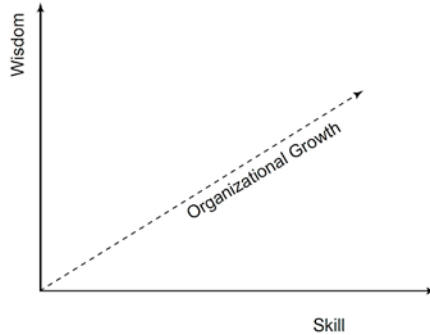


Diagram 1. Wisdom (Lord Krishna) and Skill (Arjuna)

Source: “Principles of Srimad Bhagavad Gita As Tools Of Management,” doctoral thesis, March 2010, pg. 10

The relationship between wisdom and skill can be understood with the following diagram for organizational sustained growth. Lord Krishna represents the wisdom dimension where as Arjuna represents the skill dimension. The resultant is the organizational growth.

### 3.7 Conclusion

Above insights highlight how The Gita principles: Inner peace, Stable mind, Focus on means, Mode of Goodness and Surrender may be applied in management. These principles help in nurturing human potential and human touch which leads to higher individual performance and form the spiritual foundation of sustained organizational performance. When a global leader, local manager or a professional practices them, one gains a new perception about the life situations and takes proactive approach in finding long term solutions to complex problems and takes decisions based on wisdom concerning oneself, family, planet and other fellow beings.

Further, to understand the extent these principles may help in sustainability of the organization, future research may be carried with ‘Experiment Methodology’ where the Global Leaders, Managers and Professionals would apply these principles in day to day operations. The

degree of transformation should be recorded and its impact on the development and sustainability should be measured. Study on other principles in The Gita and universal principles in other Indian scriptures like Vedas, Upanishads and Bramhasurtas may contribute to the knowledge of management.

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### 3.9 Appendix

What is Bhagavad Gita?

'*The Bhagavad Gita*' literally means song of the Lord. It is the essence of Indian Scriptures like the *Vedas*, the *Upanishads* and the *Puranas*. *The Gita* teaches various paths to gain Self-knowledge or inner peace. It is a complete guide to practical life and provides "All that is needed to raise the consciousness of man to the highest possible level."

Lord Krishna (embodiment of wisdom) preached *The Gita* to Arjuna (embodiment of skill) to motivate him to do his duty when he faced an ethical dilemma whether or not to kill his relatives and friends in the battlefield of Kurukshetra.

From the Table below it may be observed that, the transformation of Arjuna from a self-centered, restless person to a conscious, peaceful person is a case of Leadership Transformation. The action of killing the enemies is the same after Lord Krishna's message, but later Arjuna was functioning with a clam mind.

Calm/stable mind and following the Cosmic law are prerequisites to nurture potential in a leader or employee. To apply the above example to the corporate situation: After Recruitment/Selection a new employee in an organization may have the state of mind like that of the 'Arjuna Before The Gita,' who may be egoistic of one's education, questioning the authority and unable to work in teams. But after initial induction training, constant coaching and mentoring from a Senior Manager (like Lord Krishna's Message), the new employees transforms himself like the 'Arjuna After The Gita), where he understands the culture of the

organization, knows the chain of command and contributes to the mission of the organization.

Lord Krishna's Message—Transformation of Arjuna		
Arjuna before The Gita's Message	Lord Krishna's Message	Arjuna after The Gita's Message
<ul style="list-style-type: none"> <li>• Depressed</li> <li>• Fear of Sin</li> <li>• Doubting mind</li> <li>• Forgetting his Core duty</li> </ul> <p>Core duty 'I think..</p> <ul style="list-style-type: none"> <li>• Attached to family, friends and world</li> <li>• family, friends and world</li> <li>• Not peaceful</li> </ul>	<ol style="list-style-type: none"> <li>1. Karma Yoga</li> <li>2. Jnana Yoga</li> <li>3. Bhakti Yoga</li> <li>4. Raja Yoga</li> <li>5. Mind's Nature</li> <li>6. Things one should Offer to Him</li> <li>7. Universal form of the Supreme Being</li> <li>8. Dieva-Asura Gunas</li> <li>9. Benefits of Surrender</li> </ol>	<p>No more depressed</p> <p>Acting on Lord's words, and does not carry sin</p> <p>Stable minded</p> <p>Duty bound</p> <p>'I will do what Lord says'</p> <p>Peaceful</p>

*Source: "Principles of Srimad Bhagavad Gita As Tools of Management," doctoral thesis, March 2010, pg. 7.*





## **SUSTAINABILITY AND VIOLENCE AGAINST WOMEN**

*Paul Shrivastava*

The “social” dimension of sustainability is usually interpreted as one of economic equality among nations, social groups, and generations. Achieving economic equality is very critical, so governments and companies should continue to develop socially responsible policies for achieving it. Recent events in India point to another form of equality that is indispensable if the country has to achieve sustainability – it is gender equality.

I was visiting India when the news on the rape in Delhi broke. A 23 year old student was raped and beaten and thrown out of a moving bus by 6 men. She died three weeks later. Although data show that such incidents happen every half hour in India, this particular incident aroused the conscience of the nation and led to huge protests and inquiries. We now understand that this single case was just the tip of the iceberg of violence against women in India. India has great women role models including a former Prime Minister Indira Gandhi, current Leader of the Ruling Party, the Speaker of the Parliament (Lok Sabha), at least three State Chief Ministers, and a number of sports and business leaders. Yet, Thomson Reuters TrustLaw ranks India as the worst among G20 nations for a woman to live in. A nation cannot sustain in modern times if it oppresses half its population with such hatred, anger, and violence. Women are crucial for cultural, social and economic sustainability. So equal treatment of women is not only a feminist issue, it is also a sustainability issue.

## **4.1 Scale of the Problem**

Information about women's mistreatment is notoriously unreliable and under reported. But the information that is now trickling out about the treatment of women across India is deeply disturbing. According to a BBC report, in 2011 there were 24,000 reported rape cases in India, an increase of 9.2% over the previous year. Delhi accounted for over 17% of the total cases making it the "rape capital" of the country. And it is not just rape. In the same year, kidnappings and abductions of women were up 19.4%, women killed in dowry disputes increased by 2.7%, torture by 5.4%, molestation by 5.8% and trafficking by an alarming 122% over the previous year.

2011 Census shows a serious decline of female to male ratio caused largely by female infanticide. Girls and women get less food, less healthcare, less social services, leading to more deaths of women than men— the "missing" women. Nobel Laureate Amartya Sen estimates 100 million "missing" women worldwide. The Pre-Natal Determination Test (PNDT) Act outlawed sex- selective abortion in 1994. In 2004, it was amended to include gender selection even at the pre-conception stage. Yet, there are 40,000 registered ultrasound clinics plus thousands of unregistered ones, many of them providing illegal sex-determination tests at prices of up to Rs. 10,000.

Lack of political leadership in dealing with rape and torture of women is apparent in the slow response or non-action by government agencies, regarding mounting crimes against women. The Association for Democratic Reforms reports that 6 Members of Legislative Assemblies (MLA) at the state level, have declared that they have charges of rape against themselves in their sworn affidavits submitted to the Election Commission of India. 36 other MLAs declared that they have other charges of crimes against women such as outraging the modesty of a woman, as- assault, and insult. 2 Members of Parliament

have declared that they have charges of crimes against women, such as cruelty and intent to outrage a woman's modesty, etc.

One does not have to look at crime statistics to understand the tremendous oppression women face in everyday life. Social violence against women is embedded in our conversational language rife with derogatory terms for women and female anatomy, the common occurrence of eve-teasing, the unequal treatment of girls in homes, schools, social and cultural institutions, and public forums. It is so common place we don't even notice it, we constantly ignore and condone it. As philosopher Hannah Arendt pointed out about Naziism – there is a certain banality of violence. Violence is an aspect of everyday life, it is so commonplace that it goes unnoticed, uncommented, ignored until it reaches a monstrous proportion that shocks us all. Silence of the majority is what allows it to proliferate. The Indian phrase “Chalta Hai” captures the attitude of tacit acceptance of minor unacceptabilities in everyday life, and the eventual normalization of even atrocities. Silently we are being transformed into monster societies where girls/women are preyed upon routinely. This can be stopped only by personal engagement.

## **4.2 Respect for Women**

Preventing violence against women is huge task. Yes we need stronger laws and swifter justice processes, violence prevention measures, safety and surveillance services, police protection, public policies, etc. Yes, we need to use more technological solutions, attack-alert systems, and social media. But there is also great need for education of boys and men about how to treat the other half of humanity. Respecting girls and women, treating them with honor are values in most traditions, certainly in the Indian tradition. And if there is one gender lesson that modernity teaches us, it is to take women seriously and treat them as equals of men.

We should engage both the perpetrators and victims, and bystanders, and our business and political leaders regardless how awkward, uncomfortable, even futile it seems. So in the spirit of breaking our silence and engaging our families, friends, colleagues and organizations in a dialogue here are some preliminary ideas for addressing this major sustainability challenge. This is not an exhaustive list, nor is it intended to be universally applicable. My hope is that it will encourage bringing the scourge of women's oppression out into the open, for examination and action.

#### *4.2.1 Individual Actions*

- In our interactions with others, we not use words, phrases, innuendos, stories, and jokes that objectify or derogate women
- We encourage and engage where feasible, conversations on women's condition, rights, and remedies as an awareness-raising measure
- We allocate some part of our normal charitable donations to women's support groups, orphanages, and shelters in our own communities

#### *4.2.2 Family Actions*

- Within our own family and neighbourhood we examine, critique and engage with situations or incidents of ill-treatment harassment of women
- We actively discourage the institution of dowry within our own extended family, not accept dowry for our male children, and not offer dowry for our female children
- We open up for conversation within our family and among friends the scourge of female infanticide, and help educate ourselves and others on the options, and help rational and humane choices

- We report to relevant authorities incidents of women harassment, ill-treatment, torture.

### **4.3 Organizational Actions**

- We initiate and encourage workplace policies for equal and fair treatment of women
- We raise the issue for women's work conditions at upper management level and Board levels within our own organizations

If the concept of sustainability and sustainable development has to have any meaning in India, it cannot pertain to sustaining only men. It must address the unacceptable conditions facing women and girls. This is part of the social mandate of sustainability. And it is also relevant to the ecological mandate of sustainability, since at least in rural India women are more connected to the ecosystem through work in agriculture, gathering water, wood and forest products.

In closing, let me highlight the responsibility of all people, but especially of educational institutions, to take serious initiatives and do so urgently. Awareness and education are central pillars of human behaviour. We as educators bear a special moral responsibility to address these challenges.



# **ENTREPRENEURIAL COMPETENCE IN URBAN RURAL WOMEN: STRATEGIZING THE BUSINESS ACTIVITIES FOR SUSTAINED GROWTH**

*Chitralkha Kumar, Rishi Ahuja*

## **5.1 Introduction**

Entrepreneurship development is perceived as driver to sustainable growth through market forces. India is experiencing faster economic growth since last two decades which has been changing the pattern of Indian economic environment. Growth story of Indian economy has been through development of private sectors during this period. Most of this growth has taken place through entrepreneurial growth in the private sector and has occurred in the service sector. Yet regional pattern of growth in Indian economy has been diverse. Some states have experienced faster growth while many of them have low per capita income and high percentage of population under poverty line and Low Human Development Index (HDI). Recent National Sample Survey Office (NSSO) 66th round report shows that self-employment in the Indian economy has gone up to more than 66 per cent. According to Global Competitiveness Report (GCR) (2011-12), India's competitiveness has deteriorated compared to previous years and compared to other countries. According to the study, India is still in nascent state of entrepreneurial growth which is factor-driven instead of being efficacy-driven and innovation-driven. This type of entrepreneurial growth is more dynamic and creates employment among



high skilled workers which contributes to further growth market development in different sectors. Growth of self-employment alone does not reflect growth of dynamic entrepreneurship. Knowledge Commission of India has categorized growth of entrepreneurship in four groups e.g., agriculture and allied services (level I), trading services (level II), old economy sectors such as manufacturing, gas, electricity and water supply (level III), knowledge intensive high growth sector like IT, Finance, supply chain, transportation and communication (Level IV). This paper investigates the managerial competencies present in the rural women entrepreneurs in the unorganized sector. History reveals that there are women who could demonstrate high feats and bring glory in their lives as well as to the nation. However, majority of women who reside in rural areas continue to be in the state of vulnerability and deprivation in many parts of the country. For a sustained growth oriented process it is necessary to bring them to the forefront of economic process.

## **5.2 Literature Review**

The literature review presented here is intended to offer a clarification of the key concepts in entrepreneurial discourse. These concepts are entrepreneur, entrepreneurship, and entrepreneurial competencies. The literature is replete with various definitions of entrepreneurs but scholars rarely agree to any universal definition of any sort. The term “entrepreneur” is French in origin and literally translates to mean “one who takes between”. Meredith, Nelson and Neck (1991) posit that entrepreneurs are people who have the ability to see and evaluate business opportunities; to gather the necessary resources and to take advantage of them; and to initiate appropriate action to ensure success.

Entrepreneurship has been one of the most promising management research fields (Wortmann, 1987) with the entrepreneur at the centre of

entrepreneurship research. Research on the entrepreneur began with the personality traits approach. Scholars tried to differentiate entrepreneurs from non-entrepreneurs by identifying their personality traits. Although attractive for its simplicity, there are limits to the usefulness of the approach, with results reported in literature showing considerable inconsistency (Begley and Boyd, 1985). Since 1990s, the traits approach was out of favour and researchers began to look at entrepreneurs from a behavioural and contextual perspective. Hirisch and Peters (2002: 10) see entrepreneurship as a “process of creating something new and assuming the risks and rewards”. Aruwa (2006: 3) sees entrepreneurship as “The willingness and ability of an individual to seek for investment opportunities, to establish and run an enterprise successfully”. Entrepreneurship serves as a linchpin between invention, innovation, and introduction of new products and services in the marketplace and also enables the entrepreneurs to act as engines of growth in the economy (Ketchen, 2003; Venkataraman, 1997).

In recent years, the competency approach has become an increasingly popular means of studying entrepreneurial characteristics (e.g., Huck and McEwen, 1991; Changler and Jansen, 1992; Minet and Morris, 2000; Baum et al., 2001; Man et al., 2002; Sony and Iman, 2005). Like managerial competencies, entrepreneurial competencies can be defined as underlying characteristics such as generic and specific knowledge, motives, traits, self-images, social roles, and skills which result in venture birth, survival, and/or growth (Bird, 1995).

All current research that involves entrepreneurial competencies implicitly presumes that entrepreneurs are different from non-entrepreneurs in terms of the competencies they possess (e.g., Huck and McEwen, 1991; Chandler and Jansen, 1992; Minet and Morris, 2000; Baum et al., 2001; Man et al., 2002; Sony and Iman, 2005). However, no one has empirically examined whether or not entrepreneurial competencies can be present in illiterate rural women entrepreneurs in

the unorganized sector. Our research aims to address this gap and highlight the competencies present in these rural women entrepreneurs and the various business strategies used by them for a sustained growth.

### 5.3 Objectives of the Study

1. To identify the entrepreneurial competencies present in the rural women entrepreneurs.
2. To offer valuable suggestions on the basis of the study.

### 5.4 Research Methodology

The present study is based on both primary and secondary data and is descriptive cum analytical in nature. The survey was conducted in two parts.

#### 5.4.1 Part 1

On the basis of existing literature, a list of 20 competencies for entrepreneurship was developed. The list was circulated to 24 entrepreneurs and 44 scholars in Mumbai region. They were asked to rank the 20 competencies as per their importance. The response could be collected from 20 entrepreneurs and 42 scholars, giving a response rate of 83.33% and 95.45% respectively. As per the ranks, 10 entrepreneurial competencies were identified.

Demographics	No. of Respondents	Percentage
Age:		
17-24	30	36
25-34	28	33
35-55	26	31
Total	84	100
Gender:		
Female	84	100
Male	0	0

Total	84	100
Education:		
Illiterate	52	62
1-5th Standard	22	26
10th	8	10
12th	2	2
Total	84	100
Marital Status:		
Married	62	74
Unmarried	12	14
Divorced/ Widow	10	12
Total	84	100

*Table 1. Demographic Profile of Respondents*

#### *5.4.2 Part 2*

The researchers approached 12 villages in and around Mumbai region and interviewed 84 rural women entrepreneurs. Looking at the regional language and the comfort level of the respondents, the interviews were taken in Marathi and the responses were noted in English, during and after the interview. The respondents there encouraged for narrating their overall experiences of starting a business. Most of the respondent preferred to sit with their female friends and answer the questions asked to them. 6 married women were resilient to talk until due permission was taken from their respective husbands to conduct the interview.

### **5.5 Demographic Profile of the Respondents**

Table 1 reflects the demographic profile of the respondents. All the 84 respondents were female. 36% respondents were of the age group of 17-24 years. 33% belong to the age group of 35-55 years. 52 women respondents were illiterate and 22 of them had studied till 5th standard in a government school. 8 of these women had passed 10th standard exam and 2 of them were 12th pass. 14% of the respondents could

understand only Marathi language and 86% of the respondents could understand and speak both Marathi and Hindi language, 74% respondents were married and 14% were unmarried. 12% of the respondents were divorced/widow.

## **5.6 Data Analysis and Interpretation**

The demographic profile of the respondents reflects that there is a great need to provide the elementary education to the rural women as 62% of them were illiterate and had never been to a school and only 38% of them had been to school with only 2% of them passing 12th standard. 74% of the respondents were married. Along with the small entrepreneurial activity that these women have initiated, they were responsible for the household work and the family as well. 69% of respondents belong to younger age. The younger women in the villages are keener to take up some entrepreneurial activities.

Objective 1- To identify the entrepreneurial competencies present in the rural women entrepreneurs.

As reflected in Table 2, there are 4339 registered units and 1394 women entrepreneurs in Maharashtra. Other than the 32% registered women entrepreneurs, there are many other women in the village areas who are working efficiently as entrepreneurs. They deserve recognition and support to sustain in this era of globalization.

The interview reveals that out of the 10 most important entrepreneurial competencies ranked by the experts, 4 of them that were mostly present in the rural women entrepreneurs are as follows.

### *5.6.1 Opportunity-Seeking and Initiative*

Entrepreneurs seek opportunities and take the initiative to transform them into business situations. Most of these women had to face rough financial situations but they were determined to change their destiny by seeking the opportunity and taking initiatives. This is in line with the

previous research (Chandler and Hanks, 1994; Mitton 1989; Murray, 1996) which suggests opportunity competency as one of the basic leading firms to competitive advantage. The owner of the women's clothes shop suggested:

“In the beginning, I worked in a shop. I had better skills to sell these clothes but my job was only to clean the shop. My husband supported me and I started selling clothes occasionally. I was visiting my relatives and neighbours and other places where I cleaned shops along with my clothes. Today I run a small cloth shop at my village.”

<b>States</b>	<b>No. of Units Registered</b>	<b>No. of Women Entrepreneurs</b>	<b>Percentage</b>
Tamil Nadu	9618	2930	30.36
Uttar Pradesh	7980	3180	39.84
Kerala	5487	2135	38.91
Punjab	4791	1618	33.77
Maharashtra	4339	1394	32.12
Gujrat	3872	1538	39.72
Karnataka	3822	1026	26.84
Madhya Pradesh	2967	842	28.38
Bihar	7344	1123	15.04
Other States and UTS	14576	4185	28.71
Total	64769	19971	32.82

*Table 2 Women Entrepreneurship in India*

*Source: CMIE Report 2011.*

### *5.6.2 Commitment*

Commitment competency means the competencies to drive business and achieve the goals. This was among the key competencies that were found in these interviewees. This finding is in line with previous studies that studied female entrepreneurs' competencies in developed

economies (Lerner et al, 1997; Mitton, 1989). Rural women are not as aware and literate as to handle all the legal and other formalities involving in loan taking and establishing an Industrial Unit. But these women were highly dedicated to their work. Sultana, 32, from Wadala has set up a small unit where she stitches pillow and cushion covers Sultana is experienced in making these covers. Here, though this simple business, she would create 19 jobs; for 12 women and 7 men in her community. She says:

“Even ill health has not stopped me from working. I have never missed any deadlines and I make sure that the order is completed as per our commitment. All the people associated with me respect my commitment and complete their jobs. Mumbai gets tough in the rainy seasons. We use the local trains for our convenience but tracks get flooded and trains stop during the rains. We have still delivered the order in time.”

### *5.6.3 Relationship/Networking*

Relationship competencies include competencies related to building networks and trust with suppliers and customers (Man et al, 2002; Mitton, 1989). Suneeta, popularly known as Suneeta taai (mother), is the most famous and respected lady in her village. She started working as a maid and had gone through various ups and downs in her life. Today there are 23 poor women who work as maids under her guidance. She successfully utilizes her networking to supply household support to her customers and earns a living out of it.

### *5.6.4 Conceptual*

Prior research suggests that risk-taking, innovativeness, decision making skills are among the conceptual competencies of entrepreneurs (Man et al, 2002). Contrary to some previous studies suggesting that women entrepreneurs are risk-averse (Brush, 2006), several entrepreneurs interviewed in this study reported risk- taking preferences

and meant that ability to take risks is one of the key success factors of their firm's performance. One of the respondents said:

"I have earned my capital due to, diligence, persistence, as well as ability to take risks. My husband is not so risky.

He always stopped me. In my village, items of daily necessity are difficult to access. I invested my savings from the household and sold my jewelry to start this work. I and my husband along with seven other people from our village are involved in this work. We bring the items of daily necessity to our village on weekly basis and sell it to them. I am the only lady who has passed 10th exams and feel proud of it. I want all the young girls of my village to go to school."

Objective 2: To offer valuable suggestions on the basis of the study.

Right efforts from all areas are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities. Entrepreneurship basically implies being in control of one's life and activities and women entrepreneurs need to be given confidence, independence, and mobility to come out of their paradoxes. The following measures are suggested to empower the rural women to seize various opportunities and face challenges in business.

- Attempts should be there to enhance the standards of education of women in general as well making effective provisions for their training, practical experience and personality development programs, to improvise their overall personality standards. Most of these rural women are illiterate and hence there is a felt need to educate them in order to enhance their conceptual competencies. Elementary education must be provided to each woman.
- More opportunities must be provided to the rural women and the ones who seek the opportunities, they must be encouraged. There should be a continuous attempt to inspire, encourage, motivate and co-operate women



entrepreneurs. They lack confidence and do not identify their skills in spite of their initiative seeking nature.

- An Awareness program should be conducted on a mass scale with the intention of creating awareness among rural women about the various areas to conduct business so that they exploit their networking and relationship building competencies to a larger extent.
- Research suggests that the rural women entrepreneurs have shown lot of commitment towards their work and deadlines. Thus steps must be taken for skill development in rural women.
- Women in rural areas should be made aware of soft loans. The financial institutions should provide more working capital assistance both for small scale venture and large scale ventures.
- Attempts must be made by various NGO's and government organizations to widen the networking and relationship building ability of these women entrepreneurs in the rural areas.
- Self-help groups of women entrepreneurs to mobilize resources and pooling capital funds, in order to help the women in the field of industry, trade and commerce can also play a positive role to solve this problem.
- Women's entrepreneurship must be examined both at the individual level (i.e., the choice of becoming self-employed) and at the firm level (the performance of women owned and managed firms) in order to fully understand the differences between men's and women's entrepreneurship.

## **5.7 Limitations of the Study**

There are several limitations that warrant future research. This study has been conducted in 12 villages in and around Mumbai city in Maharashtra. The result of the same if conducted in the other parts of the country may vary. The sample size consists of 84 rural women entrepreneurs. The small sample size is also error prone.

## **5.8 Conclusion**

Women's entrepreneurship is both about women's position in society and about the role of entrepreneurship in the same society. The study shows that the women entrepreneurs possess such great competencies, but they also face many obstacles specifically in rural areas. At one hand they have family responsibilities and at the other hand they do not have access to the same opportunities as men. In addition, the rural areas increase the challenges faced by the women entrepreneurs. Rural women in the urban area are still not as aware and literate as to handle all the legal and other formalities involving loan taking and establishing an Industrial Unit. They need capacity building and training in functional areas such as finance, literacy skills, marketing, production and managerial skills. More opportunities must be available to women who are eager to initiate business activities through Self Help Groups and other similar bodies. The only urgent need is to create a favourable atmosphere to increase self-employment for women and the overall development of the country. Thus, there are bright prospects for rural women entrepreneurship in Mumbai.

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## **THE ANARCHIST CORPORATION: BUSINESS MODELS FOR SUSTAINABILITY**

*PD Jose*

### **6.1 Introduction**

Corporations are today rediscovering the virtues of serving the world's poor in their pursuit of increased growth and profitability. Consequently business have innovated on multiple fronts and a range of approaches have emerged in the recent past. The size of this golden pie - 4 billion people or 2/3rd of the world population and growing and estimated at about \$13 Billion - is uncontested but the solutions proposed are open to debate. Predominant among these are the now popular ideas of Base of the Pyramid approaches (BOP), inclusive businesses and approaches to frugal innovation.

While these approaches have opened up new and exciting possibilities for corporates and their financial viability, it has also opened up new debates on the role and relevance of the corporation in the discussions on ecological and social sustainability. The case of the BOP is a case in point. . However as Prahalad and Hart<sup>1</sup> point out the markets for the poor show a few specific characteristics namely they have highly variable income levels, high levels of illiteracy, often no legal titles to land asses and live in rural villages and urban slums. The potential remains untapped even though these markets are underserved- but high aggregate buying power markets- remain unserved or

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<sup>1</sup> Prahalad, C K and Hart, Stuart L (2002). "The Fortune at the Bottom of the Pyramid," Strategy +Business, 26, 1-14.

underserved. The BOP problem has been generally formulated as an issue of reworking cost structures and asset ownership. Such a formulation can potentially lead to corporate windfalls but also unsustainable outcomes. This is apparent when we note that corporate and societal objectives even when seeking to converge in the long run end up diverging in the short run. Corporations, justifiably, seek to maximize profits and returns to shareholders; societies on the other hand seek equity, efficiency, or justice related outcomes.

So can corporations nudge the world towards sustainable development? The obvious answer is not an emphatic yes but a definite maybe. To help in this transition to sustainable society corporations will need to fundamentally rewrite the rules of engagement with customers and other stakeholders. This paper attempts define such an approach.

To create truly sustainable businesses, firms may need to fundamentally restructure the structure and the role of businesses in these markets. These may call for fundamentally different and at times radical approaches that restructure markets and rewrite the existing notions of corporate advantage that firms hold. Consider one instance of this kind. Traditional business models are about increasing asset ownership/accessibility and achieving it through reworking cost structures. In all of these the underlying assumption of corporate property rights—especially on firm driven innovations— remains non-negotiable. On the other hand if the world's poor are to be served in a sustainable manner within the constraints of limited available resources there needs to be a change of focus to one of increasing benefit ownership and asset control. When asset ownership is a key assumption the solutions are likely to be production and technology oriented, more resource intensive, and more likely to be corporate driven. On the other hand when benefit ownership / asset control as seen as required outcomes possible solutions are not necessarily production oriented, but are more likely to be resource magnifying, partnership driven initiatives.

It is clear that the sustainability challenges that we face cannot be resolved using the existing frameworks of business.

## **6.2 The Anarchist Corporation**

The dictionary defines Anarchist as a person who supports disorder or upheaval without any regard for existing norms and institutions. Traditionally the word has been used pejoratively to characterize those who work to disrupt government or systems of any kind. There are however more nuanced explanations such as the one by Emma Goldman.

“Anarchism stands for a social order based on the free grouping of individuals for the purpose of producing real social wealth; an order that will guarantee to every human being free access to the earth and full enjoyment of the necessities of life, according to individual desires, tastes, and inclinations.”<sup>2</sup> For the purpose of this paper we define anarchist

simply as someone who challenges the existing order without being bound by current paradigms and rules. Clearly then this may involve some disruptive or even painful reconfiguration of market and firm structures and even a redefinition of corporate advantage. Consider a comparison of the traditional and the anarchist models.

Consider the notion of property rights, a key assumption that underpins our current notions of competitive advantage. A decade ago if the music industry to give up the property rights on music and make digital music freely available; it would have been considered anarchist. Yet when Shawn Fanning created napster he created the very specifically the conditions for that. Today the music industry is itself talking about DRM free music, partly driven by changing technology

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<sup>2</sup> Emma Goldman, *Anarchism and Other Essays* (Third revised edition, New York: Mother Earth Publishing Association, 1917)  
<http://ucblibrary3.berkeley.edu/Goldman/Writings/Anarchism/anarchism.html>



and the resulting change in economics of the industry. Similar stories have emerged in other industries, particularly in pharmaceuticals. The best known among them regarding the pricing of aids drugs in Africa. Eventually big pharma was forced to concede on IPRs and allow generic manufacturers like Cipla enter the market. The Anarchist Corporation in this case would willingly giveaway its intellectual property. This is not an easy option as it implies forgone profits.

The anarchist corporation builds its business around the community rather than the corporation itself. This implies reimagining the corporation to be a facilitator of and not the centre of the transformation process. It calls for building partnerships with communities and sharing in the prosperity, not taking over the economic assets of the community. In summary, the key defining characteristics of the Anarchist Corporation are the following:

- Is built around the community rather than the corporation.
- Business Models are about sustainability and not profitability/property rights driven.
- Is need driven and not marketing driven/supply managed. Actively facilitating innovations for resource magnification (joint production and demand pre-emption).
- Increases the bargaining power of the customer (allows value capture by SH).
- Is about shared prosperity & destiny and not about moving in & taking over.

	<b>Traditional</b>	<b>Anarchist Corporation</b>
Assumptions	<ul style="list-style-type: none"> <li>• Serving the poor sustainably means increasing as- set ownership and accessibility</li> <li>• Corporations drive sustainability and innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Serving the segment means increasing benefit ownership and asset control</li> <li>• Corporate community partnerships drive sustainability and innovation</li> </ul>
Focus	<ul style="list-style-type: none"> <li>• Corporate profitability (efficiency)</li> </ul>	<ul style="list-style-type: none"> <li>• Social sustainability (equity efficiency and justice)</li> </ul>
Key Methods	<ul style="list-style-type: none"> <li>• Production and technology oriented, emphasis on reworking cost strictures, resource intensive, corporation centric</li> </ul>	<ul style="list-style-type: none"> <li>• Not production oriented, resource magnifying, partnership driven</li> </ul>

The challenge of being Anarchist is that the existing frameworks do not reward the corporation or its managers for rethinking the corporation and its engagement models with society. It also does not fit in with the conventional metrics of measuring corporate and managerial performance. After all it is much easier to measure corporate performance by using Economic Value Added rather than Stakeholder Value Added (SVA). That raises several hard questions not just for business but also for public policy. For instance how public policy should be framed to allow for rewards to accrue for innovators while simultaneously incentivizing them to share private corporate knowledge in the private space.



# **FOOD PROCESSING ENTREPRENEURSHIP FOR RURAL DEVELOPMENT: DRIVERS AND CHALLENGES**

*Saurav Negi*

## **7.1 Introduction**

Today India is facing two main challenges—poverty and unemployment in the rural areas. Development of rural economy cannot be solely done by improving only the productivity of agriculture; however, subsidiary activity, rural industry and food processing industry in particular are playing a very vital role and are of great importance for a rapid transformation of the rural economy in India. Rural food processing industry establish linkages between agriculture and industry which provides an employment opportunity to the people of rural areas and improve the economic well-being by increasing their income, and also prevent the migration of rural people to cities which increases slums. This is an area which provides ample opportunities to the modern minded farmers and entrepreneurs to set up agro business and food processing industry. Food processing industry plays a very significant role for the development of India as it links two pillar of an economy; agriculture and industry. It accounts for 32 percent of India's total food market and estimated to be worth US\$ 121 billion. It is the one of the largest industries in India. The export of fruits and vegetables from India, including processed food items, have registered a growth of 24

percent in terms of value to record ` 8,241 crore (US\$ 1.51 billion) in 2011-12 as compared to ` 6,638 crore (US\$ 1.22 billion) in the previous fiscal year. Accounting for 17 percent of the global milk production, India is the world’s largest producer of milk.

<b>Sectors</b>	<b>Type of Units</b>
Fruit and vegetables	Beverages, Juives, Slives, Pulp, Frozen and Dehydrated products, Concentrates, Wine, Potato chips/wafers etc.
Milk and Dairy	Skimmed milk powder, While milk powder, Condensed milk, Butter and Ghee, Condensed milk
Meat and Poultry	Egg powder (only a couple of units), Frozen and packed mainly in fresh form.
Fisheries	Fresh and canned products mainly in fresh form.
Consumer Industry	Confectionary, Chocolates, Soft Drinks, Aerated Beverages.
Grain and Cereals	Flour, Starch, Glucose, Cornflakes, Bakeries, Biscuits, Malted foods, Pasta foods, Beer and Malt extracts, Grain-based alcohol

Table 1. Type of Entrepreneurship and Food Processing Unit

Source: A manual for entrepreneurs, Entrepreneurship Development Institute of India, 2006

### 7.1.1 Entrepreneurship and Rural Development

Growth of Food processing sector will lead to employment opportunities, raising agricultural yields, increased productivity, and enhance the standard of living of the people across the country, especially those who are in rural areas. India is the second largest producer of food after china in the world and has the potential to become a leader.

The processed food and ready to eat packaged food is a new and evolving sector which needs emphasis and focus of entrepreneurship. It plays a vital role in diversification and commercialization, ensures value addition, enhance shelf life of the agro produce, creates market for export of processed food, generates employment, enhance the income of farmers and overall development of the rural areas. There are many

opportunities for entrepreneurship in food processing. The various streams of ventures that may be set up in the sector has been shown in Table 1.

## **7.2 Literature Review**

Rural Development is very necessary for the growth and development of any economy of the country. For the sustainable Rural Development of any country to be achieved driving factor and producers must be recognized (Haraldon, 2007). Value can be added to the agricultural and horticulture produce to increase the shelf life of the commodity. As India is the second largest producer of fruit and vegetable in the world, so there are ample of opportunity in the Food processing for the entrepreneurs that includes areas like Bakery, Snacks, Beverages, Convenience, Food, Dairy, Meat and Poultry etc. There are many challenges for small and Medium Enterprises in India, so innovation management in the food sector is very crucial. The Food processing Industry is pressurized to improve the quality and pace of its innovation processes. These all can be tackled by entrepreneurship in Food Processing, Contextualizing entrepreneurship is important for understanding when, why and how entrepreneurship happens (Welter, 2011). Development of entrepreneurs is also a very serious consideration for the development of rural areas. There are various entrepreneurial approaches which are needed to nurture entrepreneurship development (Lucky, 2011). Entrepreneurs are facing various challenges which are affecting their business and units. Challenges Relating to Finance, Marketing and Technologies identified in the Agro processing entrepreneurship for the Rural Development (Shehrawat, 2006). Training and Education is an important aspect that needs to be addressed to cope up with the problems faced in the food processing sector (Awasthi, 2011). Policies are made for the entrepreneurs as a Government support to promote Entrepreneurship for the Rural

Development. Some research has been done in the field of Entrepreneurship and Food processing. Agenda for future research are also made by the researcher. (Haraldson, 2007) discusses the drivers of the producers relates to rural development and how they perceive the preconditions for their business and found lifestyle is the main driver, which is of importance to local development. (Mann, 2011) examines the scope and hurdles in the agro-processing for the entrepreneurs in the Haryana state by a case study of value addition in the agricultural commodities in the Haryana. (Gavane, 2012) discuss the scenario of food processing industries and the major drivers and opportunities for Indian entrepreneurs in this sector. Entrepreneurial expertise, managerial skills and technology implemented measures by the Govt. agencies will help the agribusiness and rural development (Bansal, Garg & Saini, 2012). It also discusses the avenues for the growth and development of agribusiness in the rural area. Various agri and food processing challenges are similar in different countries (Singh, Garg & Sing, 2010). The study analyses the challenges for SMEs in India and China which are following globalization and also describes the status of the SMEs and examines the roles of Govt. policies and strategy development. The quality of human capital, the geographical context and the age of the firm influence product innovation (Capitanio, Coppola & Pascucci, 2009). They analyzed the main dynamics of Italian food system and indication for the drivers of innovation management in the food sector. High pressure of buyers and communication from R&D to marketing needs are the factors which constitutes the main drivers of innovation success (Fortuin & Omta, 2009). The study also examine the barriers for innovation and explores how food processing industries can rely on the principle of innovation management. To cope with the changes access to communication and technology is very crucial. Lag in uptake of Information Communication and Technology in the rural areas is the main problem that results in the failure of demand and supply (Galloway

& Mochrie, 2005). They also reviewed the literature on the use of Information, Communication and Technology in SMEs of rural areas to provide an overview on the issue, relevant to policy. Contextualizing entrepreneurship is a crucial aspect that needs to be taken care for understanding how, when and why entrepreneurship happens and who become involved (Welter, 2011). Author explores contexts for entrepreneurship and identifies the challenges faced by researchers in contextualizing the theory of entrepreneurship and offers possible ways forward. Entrepreneurial approaches are crucial success strategies and deserve a serious consideration in entrepreneurship development field (Lucky, 2011). They identified various entrepreneurial approaches and documented which are needed to nurture entrepreneurship development in the 21st century across the globe for the development of entrepreneurship. For the recognition of successful opportunities and mobilization of resources entrepreneurs must utilize the social and human capital contained in the networks (Pandeya, 2010). The study explores the emergence of entrepreneurial marketing as a discipline, its history, challenges and prospects. As per a study conducted by (Shehrawat, 2006) entrepreneurs are encountering a number of constraints in running their food processing unit pertaining to technology, marketing, export and finance. Study has encompassed four industrial districts of Haryana state to determine the correlates specific training needs of entrepreneurs, problem encountered by entrepreneurs to facilitate setting of sustainable units and challenges in the agro processing. Two main challenges which the entrepreneurs face as they attempt to attain the desired outcomes are innovation and opportunity challenges (Shahidi & Smagulova, 2008). They discuss how these challenges can inspire and encourage entrepreneurs to achieve their goals and values by nurturing and promoting entrepreneurship. (Thompson, 1999) discusses the term entrepreneur and entrepreneurship, emphasis on the economic and social importance of entrepreneurs,



challenges faced and summaries key research findings to produce a model of outcomes and capital created by entrepreneur. There are various sectors in Food processing and every sector is a growing sector. Ability to build entrepreneurship team with complementary skills and knowledge and experience of the lead entrepreneurs are found to be the critical success factors in this industry (Kumar & Ali, 2010). They also discuss and analyze the entrepreneurial process and the factors affecting entrepreneurship in this sector. (Awasthi, 2011) discusses the importance of training and education in the entrepreneurship and approaches and strategies to promote entrepreneurship through training and education. Author argues that entrepreneurship needs Govt. policy support to promote and mature, thus highlights the policy framework in which entrepreneurship can be grown. Scenario analysis exercise is a best way to deal with the considerable uncertainties by understanding the barriers to the growth of small firms and economic generation of rural areas (Fuller-Love, Midmore, Thomas & Henley, 2006). They advocate the use of scenario analysis for the improvement of policy supporting entrepreneurship in the rural areas of the Mid Wales. (Stathopoulou, Psaltopoulos & Skuras, 2004) provides the view of entrepreneurship and the agenda for the future research in this area. The agenda addresses issues related to theoretical studies in the field of rural entrepreneurship processes and applied on the formulation of competent policies supporting rural area entrepreneurship.

	<b>India</b>	<b>Global Rank</b>	<b>Share in Global Production</b>
Arable Land (million hectares)	161	2	-
Irrigated Land (million hectares)	55	1	-
Coast Line (km)	8041	19	-
Major Food Crops (MT)	35	3	4%
Fruits (M)	47	2	10%
Vegetables (MT)	82	2	10%

Rice/Paddy (MT)	132	2	22%
Wheat (MT)	65	2	12%
Milk (MT )	88	1	16%
Sugarcane (MT )	289	2	21%
Pulses (MT)	12	1	21%
Tea (MT )	0.88	1	28%
Edible Oilseed (MT)	25	3	7%
Cattle (million)	226	1	20%

*Table 2. India's Competitive Edge in Food Processing*

*Source: Cygnus report, India Food Processing Sector, 2005.*

### **7.3 Objectives**

The above study of literature highlights not only the importance of food processing entrepreneurship for the overall growth of rural development but also the importance of waste management, technology, agri production, financial, training, innovation and policy in ensuring effective management of the same. Since the identification of the drivers and challenges may pave a path for planning and implementation of effective mitigation strategies. Hence the present study has been conducted with the following objectives:

- To identify the main drivers in the entrepreneurship of food processing
- To identify the challenges for the Food Processing entrepreneurs in India
- To suggest mitigation strategies for the identified challenges in Food Processing entrepreneurship in India

### **7.4 Findings**

In order to achieve the laid down objectives the researcher has taken into account both the secondary and primary data and the analysis of the same has been undertaken. The major findings of the study may be described under the broad classification of 4.1.1 Drivers of food

processing entrepreneurship 4.1.2. Challenges in the food processing entrepreneurship 4.1.3. Mitigation strategies of key challenges in food processing entrepreneurship.

#### *7.4.1 Drivers of Food Processing Entrepreneurship*

Food processing sector has the potential to be a major driver in the growth of India as well as Entrepreneurship in coming years. Without growing number of entrepreneurs and entrepreneurship, an economy is certain to become sluggish in growth. Entrepreneurship plays a very vital role in the growth of rural areas as well as an economy of the whole country. If economic growth is the effect, entrepreneurship is the cause. India has access to several natural resources and provides a competitive advantage to food processing sector. The Main drivers which are identified for the food processing entrepreneurship may be segregated in five categories namely:

##### *7.4.1.1 Favorable Conditions and Competitive Edge in Food Processing*

Due to its favorable climatic condition India has a very wide range of raw materials which drives entrepreneurship in food processing and has a very wide scope in this sector. Some of the Favourable factor and India's competitive edge in food processing have been depicted in Table 2.

The Table 2 shows that there are many growing areas which drive entrepreneurs towards this sector. India has the largest irrigated land in the world. It is also the world's largest producer of milk, tea and pulses. These all above areas gives several opportunities to the entrepreneurs to run various kinds of units like juices and beverages, Skimmed milk powder, butter and ghee, frozen and packed food, soft drinks, confectionary etc.

*7.4.1.2 Increasing Consumers Spend on Ready-to-Eat item and Processed Food*

The per capita income of consumers is increasing day by day and they are spending more on the food items. Awareness and Consciousness towards health is increasing and consumers are demanding for better quality of food products and expending on that heavily. Below are the factors which drive entrepreneurship in the said area.

- (i) Increase in the per capita of disposable income leading to an increase in the per capita of consumption expenditure on food.
- (ii) Growth in consumption of both primary and secondary processed foods item.
- (iii) Around 50% of agro-products, fruits and vegetables in the overall consumption basket.

*7.4.1.3 Government Support*

Government has taken many initiatives by providing various offers in taxes, infrastructural facilities, and financial support etc. Government conducts various EDPs and training programmes to promote entrepreneurship. Some of the these supports are:

- (i) Government has allowed technology transfer in this sector
- (ii) Grants for setting up common facilities in Agro Food Park.
- (iii) Institutional and credit support for new industries in fruits and vegetables.
- (iv) For first 5 years 100% income tax rebate and 25% for next 5 years is allowed for new industries in fruit and vegetables.
- (v) Reduction in Central excise duty on meat poultry and fish.
- (vi) Reduction in Custom duty on refer vans, packaging machineries, food processing machineries and its parts.
- (vii) Completely exemption in Central excise duty on dairy machineries.

#### 7.4.1.4 Increasing Food Retailing in India

Backed by huge potential and changing lifestyle, the retail food market is growing at a robust rate of 30-35% per year. Various outlets and retail format are growing which are attracting entrepreneurs to sell their commodities in the market. Following are some factors which are driving entrepreneurship with ample opportunities:

- (i) Increasing number of outlets.
- (ii) In India Food retailing format are growing.
- (iii) Established and reputed brands are planning to expand their geographies and to tap the backward linkages. Brands like Food Bazaar, Subhiksha, Nilgiris, More, Reliance Fresh, Spencer's Daily, Food World, etc.
- (iv) Growing retail business of food.

#### 7.4.2 Challenges in the Food Processing Entrepreneurship

In order to achieve the objective of identifying the challenges in food processing entrepreneurship the researcher has undertaken an extensive literature review and identified the various challenges. These challenges may be classified in six categories namely: Agri Production, Infrastructure and Technology, Finance, Management, Policy and Wastages. Table 3 shows the list of identified challenges. In order to authenticate the identified challenges with the various stakeholders a close ended questionnaire on a Likert scale ranging from 1-5 with 5 being strongly agree and 1 being strongly disagree was designed. The reliability of the questionnaire was verified by deriving Cronbach's alpha on the total number of 52 variables. The output was 0.83 which authenticated the reliability of the Questionnaire. For collecting the data the Questionnaire was sent to

450 respondents comprising of entrepreneurs, Banks and Financial Institutions, Regulatory, Agro Processing managers, Exporters, Warehouses and cold storage. The adequacy of the sample has been established by KMO statics of 0.69.

The study indicated that entrepreneurs are encountering number of constraints in the food processing entrepreneurship which are affecting the growth of the rural development and economy of the country. For food processing entrepreneurship in India around 52 challenges are identified from the literature. The main issues are Technology, Finance, Management, policy, and Wastages. Major identified issues and challenges in food processing entrepreneurship are depicted in Table 3.

<b>Issues</b>	<b>Challenges</b>
<b>I. AGRI PRODUCTION</b>	
1. Raw Materials Quality	The Quality of raw material available for food processing is very poor, with improper handling
2. Volume of crops available	Quantity of raw material available for food processing is insufficient and very low because of post-harvest wastage and poor storage facilities.
3. Seasonality of production	Due to seasonality production of agriculture & horticulture produce non availability of raw material and inventory carrying cost in this sector is very high
4. Low yield of crops	Agriculture has only largely treated as the survival of the people and source of income for the farmer and has not been market-driven. This has not yielded the sufficient and adequate amount of crops for processing.
<b>II. INFRASTRUCTURE AND TECHNOLOGY</b>	
1. Land Availability	In some regions, there is extreme shortage of land for cultivation of different crops which results in the non-availability of variety of raw materials and also very far from the road connectivity.

<p>2. Water Availability</p>	<p>Poor irrigation facilities and dependency on rain fed agriculture and shortage of rainfall in the period influences of growth and quality of the crops which affects the food processing sector.</p>
<p>3. Appropriate technology/Plant access</p>	<p>There is lack of access to the appropriate technology and processing plant for the process of raw material produce in rural areas because of the prohibitive cost of technology</p>
<p>4. Access to services</p>	<p>In some region there is lack of service facility to access like storing (warehousing and cold storage) of agricultural produce, fumigating services, testing laboratories</p>
<p>5. Lack of equipment</p>	<p>Lack of facilities for quality control, maintenance and repairs of the machineries</p>
<p>6. Poor access to communication and networks</p>	<p>Access to information and communication technology and information networks in rural areas is very poor and that the reason for this include supply and demand failures</p>
<p>7. Lack of technical know-how</p>	<p>It is challenging to keep entrepreneurs abreast with the latest technical know-how to survive in</p>
<p>8. Obsolete and out-dated technology</p>	<p>Challenge to cope up with the entrepreneurs having the latest updates on the technology</p>
<p>9. Inability to compete with the urban-based industries</p>	<p>Urban industries are using modern technologies, machineries and marketing techniques which the rural based entrepreneurs are incapable.</p>
<p>10. Growth of Mall Culture</p>	<p>Mall culture attracting the Branded companies product, which is not an easy for rural food processing entrepreneurs to compete with the brands.</p>

11. Power Failure	In rural areas problem of TRIPS and TRIMS are very high which effects the smooth running of the Plant/Unit without the uninterrupted power supply.
12. Technological gap between different institutions and entrepreneurs	Gap due to poor functioning of field functionaries, insufficient finance to use latest technology, lack of specialized skills for innovation on their units and lack of communication means
13. Non availability of technologies in time	Fall short of the current requirements in the areas of process equipment, process and product development and control
<b>III. FINANCE</b>	
1. Cost of Production	Because of low productivity, cost of production is very high which is making the processed food and other products uncompetitive
2. Investment and modernization of the food processing sector	Modernisation and Investment in the food processing sector may be hampered by unavailability of plant and machineries
3. Inadequate structures for taxes and levies	Processed food in India has the highest tax level among the world that discourage the innovation, R&D and other processing practices in this sector. Because of high taxes and duties the prices of the products become very high which could not compete in the national and international market
4. Poor access to credit	It is very difficult to access credit facilities for entrepreneurs in rural areas and they forced to rely on their own pocket which would not as sufficient to run the viable unit
5 High cost of Distribution	High distribution cost because of the large number of middlemen and intermediaries in the food processing from the farm gate to the consumer



<p>6 High inventory carrying cost</p>	<p>Cost of inventory is very high in food processing sector because of the non-availability of quality raw material due to seasonality of the production</p>
<p>7 High cost of packaging</p>	<p>Cost of packaging in food processing sector is around 40 percent of product price, which is very high. To maintain the quality packaging is very important concern in the food processing</p>
<p>8. Lack of Working capital</p>	<p>In food processing sector the entrepreneurs need high requirements of capital for day to day requirements so as to procure raw material, transportation liabilities etc. Because of high inventory carrying cost, high packaging cost and due to season production sufficient capital is required</p>
<p>9 Difficulty in borrowing fund</p>	<p>Entrepreneurs in rural area face the problem in procuring finance loans and funds because of very less money lender, high interest rates and cumbersome procedures of the financial institutes</p>
<p>10 Lack of awareness of financial know how</p>	<p>The rural entrepreneur in rural areas has not the viable knowledge of all the financial activities and has to make the decisions regard each of the financial operation of the unit</p>
<p>11 Inadequate amount advanced through financing agencies know how</p>	<p>In rural areas, the loan sanctioned from financing agencies is too low to meet the requirements of the rural entrepreneurs; therefore entrepreneurs have to take money from private agencies and money lenders in high interest rate which leads to high production costs</p>
<p>12 High rate of interest</p>	<p>Because of insufficient loan granted by financial institutions rural entrepreneurs have to lend money from private agencies and money lenders in which they have to return in high rate of interest</p>

<b>IV. MANAGEMENT</b>	
1. Lack of trained manpower	In rural areas availability of trained manpower with technical understanding and management skills is very difficult which restricts innovation and consistent performance in the food processing sector
2. Ineffective linkages between R&D institutions and productive sector	In rural areas there is a poor linkage between R&D institutions and productive sector which restricts to innovation in the horticulture sector, processing behavior and varieties of quality raw material and products
3 Farmer-Processor relationship	Relationship between farmers and processors is very poor in the food processing sector which leads to difficulty in timely procure of raw material and in reasonable prices
4 Postharvest management	Rural areas farmer has lack of knowledge regarding the post-harvest management which deteriorate the quality of agro and horticulture produce
5. Inadequate knowledge of market	Entrepreneurs of rural areas have low knowledge about the needs of the consumers in the market and they fail to balance demand and supply of their goods which leads to wastage and unsatisfied customers
6 Designing of Package/Labeling	Entrepreneurs of rural areas have lack of knowledge regarding the labelling and package designing of the product and also the requirements for the international market in case of export
7 Product Promotion & advertisement	Rural entrepreneurs fails in healthy promotion and advertisement of their products because of lack of marketing knowledge and high cost of promotion & advertisement so cannot increase their sales turnover
8. Local exchange activities	Entrepreneurs face the problem in local exchange activities because of high price differentiation and bidding process in Mandis.

<p>9. Time Management</p>	<p>Rural entrepreneurs is facing problems in proper and effective time management for which it is unable to supervise all the operations of the units. It also results in forgetting the critical aspects regarding daily running of business unit</p>
<p>10. Multiple responsibility of entrepreneurs</p>	<p>Entrepreneurs of rural areas has to tackle all the responsibilities alone like marketing, operation, finance, Information, production etc. and he has lack of knowledge in all fields</p>
<p>11. Lack of Specialized skills to the entrepreneurs</p>	<p>Entrepreneurs have lack of technical and management skills to use innovations on their unit</p>

*Table 3. Issues and Challenges in Food Processing Entrepreneurship*

*7.4.3 Mitigation Strategies of Key Challenges in Food Processing Entrepreneurship*

The collected data for objective 2 was analyzed further for identifying the key challenges and corresponding mitigation strategy by using factor analysis. The outcome of the same is depicted in Table 4. Various challenges have been identified in the food processing Entrepreneurship which relates to Agri Production, Wastages, Infrastructure and Technology, Policy, Finance, etc. Government need to take suggested steps to remove the hindrances by providing adequate infrastructural facilities in rural areas, technological support to cope with the changing environment, institutional support to update the knowledge of entrepreneurs. Financial support is a very crucial challenge for the entrepreneurs which can be removed by government by taking steps like favorable taxes, access to service facilities, strengthening the agencies etc.

Issues	Strategies
<b>I. AGRI PRODUCTION</b>	
1 Poor Raw Materials Quality	Contract farming can be done, Continuous effort such as providing knowledge on good quality of seeds and fertilizers by the processor to increase the production of quality raw material
2. Seasonality of production	Use of Preservation and Chilling technologies or use of cold storage for processing control
<b>II. INFRASTRUCTURE AND TECHNOLOGY</b>	
1. Lack of Access to services	Planning undertaken before investing and establishing facilities. Access to Food Park
2. Lack of technical know-how	Communication should be effective between the research/academic institution and the rural entrepreneurs. Development of rural entrepreneurs in technologies, engineering and food sciences
3 Obsolete and out-dated technology	Through seminars and conferences of the rural entrepreneurs the latest technology developed by research institutions should be effectively communicated to fill the gaps. Exhibitions and technical fair can be conducted for recent developed technologies
4. Inability to compete with the urban- based industries	Communication of modern technologies and Marketing knowledge through seminars and exhibitions
5. Technological gap between different institutions & entrepreneurs	To make the respective system more adaptive there is a need to strengthen the field functionaries so they can communicate the technical know-how to the rural entrepreneur

<p>6. Non availability of technologies in time</p>	<p>To successfully use the technologies in time latest technology developed by research labs should be diffused to the rural entrepreneurs</p>
<p><b>III. FINANCE</b></p>	
<p>1. Cost of Production</p>	<p>Can be reduced by mechanization and economic size of production</p>
<p>2. Investment and modernization of the food processing sector</p>	<p>More Investment on the latest technological machine. Government support for importing machinery</p>
<p>3. Inadequate structures for taxes and levies</p>	<p>Restructure the taxes for food processing sector so the agro and horticulture produce can pro- mote and the employment opportunities can be opened and poverty can reduce from rural areas</p>
<p>4. Poor access to credit</p>	<p>Liberal credit should be provided at low interest rate</p>
<p>5. High inventory carrying cost</p>	<p>Value can be added to the produced material by processing in my form</p>
<p>6 High cost of packaging</p>	<p>Recycle or Reverse logistics can be done for packaging materials. Low price &amp; environmental friendly packaging</p>
<p>7. Lack of Working capital</p>	<p>For day to day requirements Financial institution should support the rural entrepreneur so they can run their unit smoothly institutions</p>
<p>8 Difficulty in borrowing fund</p>	<p>To provide credit facilities in time there is a need to strengthen the network of the financial institutions</p>
<p>9. Inadequate amount advanced through</p>	<p>Strengthen the agencies to provide sufficient amount of money in time &amp; with no delay. Can be taken care by private leading banks</p>

10 High rate of interest	Provide liberal rate of interest for the food processing entrepreneurs
<b>IV. MANAGEMENT</b>	
1. Lack of trained manpower	Strengthen infrastructure for training. Support of Research Institutions to provide knowledge on latest technologies
2. Ineffective linkages between R&D institutions and productive sector	Strengthen R&D institutions to support and encourage private sector in R&D
3. Farmer-Processor relationship	Contract Farming. Construction of post-harvest facilities. Outsourcing. Raw material exchange. Crop zoning
4. Postharvest management	Construction of post-harvest facilities. Training to farmers and processors. Establishment of Semi Processing Unit by entrepreneur nearer to agriculture produces area
5. Inadequate knowledge of market	Customer orientation. Market research. Customer education. Knowledge on demand forecasting
6 Designing of Package/ Labelling	Knowledge support from institutions like Indian Institute of Packaging, regarding labelling and requirements in receiving countries, Food laws for packaging
7 Product Promotion & advertisement	Direct selling. International trade fairs. Exhibitions. Strengthening linkages between producer, processor, food service and consumer.
8. Local exchange activities	Elimination of middlemen and intermediaries. Relationship with producers

<p>9. Multiple responsibility of entrepreneurs</p>	<p>Delegation of authorities. Entrepreneurship Development Programme.</p>
<p>10. Lack of Specialized skills to the entrepreneurs</p>	<p>Entrepreneurship Development Programme. Knowledge support from institutions like Indian Institute of Entrepreneurship.</p>
<p>11. Inadequate training practices</p>	<p>Contents, Objectives should be highlighted and only concerned entrepreneurs should be selected for training. Trainer must be well experienced. For continuous support post training follows up.</p>
<p><b>V. POLICY</b></p>	
<p>1. Policy support for exporting</p>	<p>Policy to promote export of processed food. Information about international market. Explore export opportunities for rural entrepreneurs who are capable to meet the standards of foreign market. Export policies should be flexible and long-term. For establishing policies public sector support is required.</p>
<p>2 Policy framework for REPI</p>	<p>Implementation for Good governance. Adequate monetary and fiscal support. Adopt a proactive policy towards industry.</p>
<p>3. Multifarious laws and multiple authorities</p>	<p>Law as per the sector-wise of food processing industry. Different agency for different sector of food processing.</p>
<p>4. Lack of cooperation and coordination among different developmental agencies</p>	<p>There should be coordination between enterprises, agro research institutions, research labs for latest updates of technologies and marketing bodies like Developed European countries.</p>

5. Poor working of various industrial agencies such as directorate of small industries, SISIs, DICs, etc.	Improved technical service. Less procedural formalities. Partnership arrangement with the leading private institution.
6. Lack of Govt. incentives	Support of public sector is essential. Support for production, marketing and export that will promote & manage food processing development.
7. Long and complicated procedures to avail institutional help	Elimination of unnecessary formalities. Partnership with private sector.
<b>VI. WASTAGES</b>	
1. Low yields and high levels of waste	Contract farming. Knowledge of planting materials, equipment and technical information, crop inputs leads to quality farm materials.
2. Postharvest losses	Post-harvest facilities. Establishment of semi processing unit in major production area.

*Table 4. Mitigation Strategies for the Identified Key Challenges*

## **7.5 Conclusion**

Indian food processing is a growing industry and presents a large opportunity to the entrepreneurs for the development of the rural areas. However there are many challenges in the food processing entrepreneurship which are hindering the economical and viable processing unit. The study indicated that lack of government support, quality and quantity of raw material, seasonality, inadequate infrastructure, access to latest technology, poor access to credit, lack of export support, lack of trained manpower, inadequate training practices,



and wastages constitutes serious challenges for food processing entrepreneurship which are affecting the growth of rural development. To overcome these challenges Government need to properly addressed and take some steps regarding the development of rural entrepreneurs like training programmes, favorable policies, favorable initiatives/schemes, financial support, infrastructure development in the rural areas etc.

Entrepreneurship need to focus on enhancing the shelf life of the agro and horticulture produce, value addition, reduce the increasing number of wastages, increase the income of the rural farmer, and increase employment opportunities for the people of rural areas which lead to the development of rural area and the whole Indian economy.

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# **DIRECTOR'S DUTIES AND CORPORATE SOCIAL RESPONSIBILITY: A MISTAKEN MODEL FOR SUSTAINABLE DEVELOPMENT**

*Neeti Shikha*

## **8.1 Introduction**

In 1987, the World Commission on Environment and Development defined Sustainable Development as an ethical concept which became the major of definition of Sustainable Development: “Sustainable Development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” The definition is reflection of a global view that development should not compromise the future needs. In light of this newly emerged global vision, the profit making corporations were compelled to think for long term success and look beyond instant gains. One of the ways of ensuring this was promoting CSR in corporations. It was felt that corporations must consider the well-being of society at large, while carrying out the profit making goals. Thus, they must assess social impact of their behavior and not just economic impact of their conduct. Further, in many countries, the political will shifted from voluntary CSR to making CSR mandatory. India is one such country that initially aimed to make CSR mandatory. The proposal was to make all the companies spend at least 2% of net profits on CSR. Facing strong

criticism, it gave up the effort and made the spending voluntary. The CSR clause covers all companies that have either net worth in excess of ₹ 500 crore, or turnover of ₹ 5 crore, or turnover of Rs 1,000 crore or more, or net profit of ₹ 5 crore or more. Such companies have to set aside 2% of the average net profit of the preceding three years for CSR activities. This means that the smaller corporations are exonerated from paying for CSR.

The framework of CSR has been established in the 1950's and 60's. Bowen (Bowmen, 1953) defined CSR in 1953 as “an obligation to pursue policies to make decisions and to follow lines of action which are compatible with the objectives and values of society” (Douglas et al., 2004). In the beginning, however, the term “Social Responsibility” was rather used than CSR. Social Responsibility assumes that economic and legal duties of the companies should be extended by certain responsibilities to society (McGuire, 1963). Carroll argues that social responsibility exists of four components such as economic, legal, ethical and discretionary expectations that society has of a company and that companies have to decide which layer they focus on (Carroll, 1979).

Though the concept of CSR precedes the concept of sustainable development in time, it has been well recognized that former can be used as an effective tool for achieving the latter. Hence, a natural correlation was found between social responsibility and sustainable development as both aims at society as the end object. The debate has gained impetus with increasing capitalism and the role of private enterprise being questioned across the world, particularly after the last year's economic meltdown and the current economic recession, which has gripped the world. Criticism, which appears largely valid, focuses on the factors that led to the current crisis. Many felt that the lacks of effective regulation of private sector activity combined with unethical decisions at the leadership level in the corporate sector have been the main cause of the current impasse. The Indian legislation, in line with

the UK laws, took a giant leap by codifying director's duties under the proposed Companies Bill 2011 whereby they made corporations duty bound to undertake CSR activities. Further, the law makers gave a list of CSR activities that the companies may undertake to meet the legal requirement. Has this lead to mandatory CSR or does CSR still remain a voluntary norm, is another debate. The focus of this paper is whether making directors duty bound to consider stakeholders at par with shareholder a tenable model for achieving sustainable development?

The first part of the paper will look into the theoretical justification of CSR. In the light of this, the second part of the paper will critically evaluate whether Milton Friedman's views that negate corporations from having any social responsibility hold relevance in today's time? In the third part of the paper will discuss the conflicting nature of stakeholder's theory and CSR. The directors' duties towards CSR will be discussed in the light of proposed regulations. This part will also evaluate whether directors duties towards CSR and sustainable development converge or remain parallel concepts? In the end, some suggestions to meet sustainable development by redefining duties of directors will be proposed.

## **8.2 Understanding Corporate Social Responsibility**

Historically, debate on the social role of corporations has been premised on shareholder primacy on one side and social welfare theorists on the other. The views of each school are best conveyed by Adolph Berle and Merrick Dodd, whose public debate in the post-Depression era spawned widespread controversy regarding the potential regulation of industry. The theory of shareholder primacy which was propagated by Berle, contends that a corporation is primarily responsible to its shareholders to maximize profits; as a result social factors which sacrifice shareholder wealth should not be taken into account (Adolph Berle, 1931). Berle contends that the managers owe a fiduciary



responsibility to its shareholders where they share a relationship of trust and good faith. He proposes that an equitable limitation exists on the exercise of all corporate powers and that such powers "...are necessarily and at all times exercisable only for the rateable benefit of all the shareholders as their interest appears."

Interestingly, Silverstein promotes the idea that corporations owe responsibility to shareholders by dismissing any social obligations owed by them, if any (Silverstein, 1987). He notes that this philosophy evolves from Adam Smith's "invisible hands" doctrine which argues that individuals, any implication businesses, cannot be "do-gooders" as they lack the knowledge required to make social decisions. According to him, corporations will benefit society by creating wealth for individuals, which will in turn lead to a more dynamic community. He further observes that "Individuals should simply seek to maximize profits. Profit seeking, according to him, frees us from having to make controversial value judgments and keeps the managers focused on the main aim of the business which is profit maximization. The "invisible hand" doctrine assures us that profit seeking will invariably lead to the most economically efficient allocation of resources which, in turn, will produce the greatest utility for the world taken as a whole" (Silverstein, 1987). Berle's theory of shareholder primacy has been most famously endorsed by eminent free market economist Milton Friedman who suggests that external factors such as social responsibilities must be considered ultra vires and illegal if they do not result in increased shareholder wealth (Friedman, 1970). This has been discussed in detail in the later part of this paper.

Conversely, Dodd argues for the expansion of directors' fiduciary duties to protect the interests of society, not just shareholders. He contends that "Business must provide a social service, even at the expense of profits, in order to serve the best interests of employees, creditors, customers, and the broader community. Though Dodd does

not question Berle's theory that the managers owe a fiduciary duty, he does reject the assertion that corporate entities exist solely for the purpose of maximizing shareholder wealth, Dodd observes that "Public opinion, which ultimately makes law, views the business corporation as an economic institution which has a social service as well as a profit making function." (Dodd, 1932). With the increasing economic power that the corporations have gained, their impact on the market is colossal and hence, exonerating them from any social responsibility will in turn be detrimental for the society at large.

The debate hence surrounded around two separate theory of governance; stakeholders' theory and shareholders theory. Proponents of stakeholder theory support providing for the discretionary expectations of society. On the other hand, advocates of shareholder theory maintain that businesses should simply obey the law and maximize shareholder wealth. It is submitted that even if the stakeholder theory is taken into consideration, the shareholders are the primary stakeholders and hence, the managers must take into consideration their interest before considering other stakeholders interest. Further, CSR cannot be panacea for all the social ills. CSR may make the business run ethically but business alone does not control the societal functioning. The relationship b between business and society has, for long, been a source of intellectual interest to business ethicists (Carroll, 1999 : 268). Though it appears undeniable that corporate organizations function "...as part of an interactive system of relationships with individuals and groups in society" (Mescon, Bovée and Thill, 1999 : 64), the ideal business-society relationship remains intractable. Concern for business to contribute towards social prosperity has always persisted since the days of Aristotle who reckoned the need for business to reflect the interests of the society in which their operations are based (Solomon, 1999 : 83).

Secchi's propounded that corporate management in which CSR are approached by the corporation internally (Secchi, 2007). According to

him, business and society is proposed to mean ‘business in society’ in which CSR emerges as a matter of interaction between the two entities. CSR can be measured in form of economic values in a society, effect of individual’s decision and action on the whole social system. Stated in the form of a general relationship, social responsibilities of businessmen need to reflect the amount of social power they have. CSR has developed on stakeholder approach one of the strategies in improving the management of the firm. It is also said as a way to understand reality in order to manage the socially responsible behavior of a firm. The stakeholder approach further considers a firm. The stakeholder approach further considers a firm as an interconnected web of different interests where self-creation and community creation happen interdependently; and individuals behave altruistically. Based on Garriga and Mele’s analysis, stakeholder approach is both within the integrative and ethical theories, where the former emphasizes the integration of social demands and the latter focuses on the right thing to achieve a good society (Garriga and Mele, 2004). This proposition finds its support in the work of Mitchel, Agle and Wood where balances among the interests of the stakeholders are the emphases (Mitchel, Agle and Wood, 1997); and the work of Freeman and Philips that considers fiduciary duties towards stakeholders of the firms, respectively (Freeman and Philops, 2002). However, the concept of CSR is easier said than achieved. Votaw as quoted by Carroll (Votaw 1973 in Carroll, 1999) seems to be summarizing the complications of coming up with a unanimous definition of CSR when he notes that:

“The term social responsibility is a brilliant one; it means something, but not always the same thing, to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in an ethical sense; to still others, the meaning transmitted is that of “responsible for,” in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially

conscious; many of those who embrace it most fervently see it as a mere synonym for “legitimacy,” in the context of “belonging” or being proper or valid; a few see it as a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizens at large.”

Thus, any attempt to define CSR is elusive as its exact nature and role in the business-society relations is not defined and is constantly evolving. Such absence of a specific and widely agreed definition makes CRS vulnerable to confliction interpretation by stakeholders (Windsor, 2001).

### **8.3 Social Responsibility and Corporations: Friedman and Beyond**

In the light of above definitions, this part of the paper will discuss whether corporations have a social responsibility. The discussion has been going on for a long time now and it has only got more complicated with time. Despite the theories that have evolved over time, the natures of corporations have become more complex. Globalization has crossed many national boundaries promoting mix of culture. No legal system has been left without influence from another and there has been a pressing need to harmonize market regulations. The political system of a country that influenced the law making process itself is being guided by international considerations. In this regard, it is submitted that there the changes in one part of the global necessarily affects the policy decisions in another part. What needs to be understood is that in a free- enterprise, private-property system, a corporate executive is an employee of the owners of the business (Windsor, 2001). He has direct responsibility to his employers. His primary responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while doing business ethically. Of course, in practice the doctrine of social responsibility is frequently a cloak for actions that

are justified on other grounds rather than a reason for those actions (Windsor, 2001).

But the doctrine of “social responsibility” taken seriously would extend the scope of the political mechanism to every human activity. It does not differ in philosophy from the most explicitly collectivist doctrine. It differs only by professing to believe that collectivist ends can be attained without collectivist means. That is why, in his book *Capitalism and Freedom*, Milton Friedman have called it a “fundamentally subversive doctrine” in a free society, and have said that in such a society, “there is one and only social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.

Friedman concludes that the idea of social responsibility means nothing for businesses; in fact, since CSR spending involves managers “taxing” shareholders and spending their money without their consent, it is actually an immoral business practice. In his subsequent argument, Friedman relies largely on the supposition, articulated later by Frank Easterbrook and Daniel Fishel in *The Economic Structure of Corporate Law*, that a corporation is nothing but a nexus of contracts (Easterbrook and Fishel, 1996).

However, Milton Friedman’s views have not been free from criticism and Newell Hampson Jones. He notes that “They view the company as a whole representative and if one man’s mistakes leads to an error is social judgment, the public will judge the whole company, not just the one man. It is submitted that a negative publicity vis-a-vis social responsibility of corporations negative impact on its profit. In the early twentieth century, social performance was tied up with market performance. The pioneer of this view, Olivier Sheldon however, encouraged management to take the initiative in raising both ethical

standards and justice in society through the ethic of economizing, i.e., economize the use of resources under the name of efficient resource mobilization and usage (Sheldon, 1923 in Bichta, 2003). Thus, business will generate wealth along with improving standard of living in a given society.

Davis (1960), Herald (1970), Johnson (1971), Manne and Wallic (1972) in Carrol all concur that socially responsible business practices are not only beneficial to society but are also of strategic importance in achieving the profit motive and enhancing public rating and acceptance of such corporations that incorporate CSR in their business models (Dentchev, 2005). CSR may be viewed as a means to the desired ends of corporate organizations and not an end in itself (Kant, 2002).

German rationalist philosopher, Kant (2002) had a firm belief in the universality of ethical behaviours. He argues that if there is to be universal moral law that is morally binding, it must be predicated on reason (Boss, 1999 : 25; Norman, 1986 : 103). Central to Kantian moral thought is the belief that moral actions must not be justified by their consequences or any other reasons except for their own sake. He would disapprove of enforcing CSR simply because it brings about favourable consequences to society.

Hence, it is submitted that CSR as a concept is a mistaken concept as it misguides the managers who are supposed to undertake CSR activity, from their primary duty which is to bring profit to the corporations. Further, the stakeholders' theory also supports shareholders as primary stakeholders and hence their interest must be considered first. Lastly, CSR that is premised on concept of morality in business suffers from inherent defect as sense of morality is unconditional and universal, as suggested by Kant. CSR on the other hand, is premised on meeting favourable ends to the society.

## **8.4 Stakeholders and Corporate Social Responsibility: A Conflicting Concept**

This part of the article will discuss how the stakeholder's theory and corporation's social responsibility suffers from an inherent paradox, a conflict that is impossible to resolve in true sense. It is not argued that a balancing act as warranted by law is impossible; however, to act in accordance with the objective is improbable. European Trade Union Confederation observed that "With respect to corporate governance, shareholder models are contrasted with stakeholder models. The distinguishing criterion is not whether ultimate control lies with shareholder since a company's board should be held accountable to its shareholders. The real question is what checks and balances are needed to enable a company to maximize its profits in the long run and perform optimally in social and economic terms". (European Trade Union Confederation, 2006).

Some people view corporate governance as dealing with mechanisms by which stakeholders of a corporation exercise control over corporate insiders and management such that their interests are protected. The single-minded pursuit of shareholder interests with little regards to other stakeholders might be both unfair and inefficient (OECD, 1999). However, role of various stakeholders is even greater in many Asian enterprises where a key challenge to prevent the power abuse of controlling owners. The stakeholders differ from each other as they are part of separate interest group. For instance, what is beneficial for a stakeholder may not be for the creditors or consumers. The conflict is inherent and exists as a natural consequence of a business enterprise. The conflict between the stakeholders, however, can be less in case of a socialist market. The real conflict is whether the corporation should have a single valued objective or one which redeems the interest of various stakeholders. The debate necessarily takes us to one between shareholders versus stakeholders. What is commonly known as

stakeholder theory, while not totally without content, is fundamentally flawed because it violates the proposition that any organization must have a single-valued objective as a precursor to purposeful or rational behavior. Stakeholders' theory provides no clear objective criteria to corporations. The result will be confusion and lack of purpose that will fundamentally handicap the firm in its competition for survival. It is submitted that the ambiguity can be resolved if the trade-offs among the various dimensions are specified and corporations are provided with specific objective function.

Among panoply of conflicting objectives circumventing the Board decision, the real issue to be considered here is what firm behavior will result in the least social waste and eventually least social cost. To the extent that stakeholder theory argues that firms should pay attention to all their constituencies, the theory is unassailable (Jensen, 2009). It is consistent with value maximization as it proposes that the corporation must pay attention to all constituencies that can affect its performance. However, the problem begins here. How do managers choose among the multiple competing and inconsistent constituent interests? (Jensen, 2009).

Thus we see that stakeholder's theory for corporate social responsibility is based on conjecture of the managers who run the corporation. Resolving the competing interest among various stakeholders remains a conundrum and hence the stakeholders' theory of achieving social responsibility can be jettisoned as it discourages a corporation from performing primary objective of doing a rational business as well as the secondary objective of serving society that consists of people of varied interest group. Stakeholder theory taps into this confusion and antagonism and relaxes constraints on the small group in ways that are damaging to society as a whole and (in the long run) to the small group. Such deeply rooted and generally unrecognized conflict between allegiances to family and tribe and what is good for



society as whole has a major impact on our evolution, and in this case, the conflict does not operate for the good” (Donaldson, Thomas and Lee E. Preston. 1995).

As Frederick Hayek points out “however, we are generally unaware of the functioning of these market systems because no single mind invented or designed them—and because they work in very complicated and subtle ways. We are led—for example, by the pricing system in market exchange—to do things by circumstances of which we are largely unaware and which produce results that we do not intend. In our economic activities we do now know the needs which we satisfy nor the sources of the things which we get. Almost all of us serve people whom we do now know, and even of those whose existence we are ignorant; and we in turn constantly live on the services of other people of whom we know nothing. All this is possible because we stand in a great framework of institutions and traditions—economic, legal, and moral—into which we fit ourselves by obeying certain rules of conduct that we never made, and which we have never understood in the sense in which we understand how the things that we manufacture function.” (Hayek, 1988)

By talking of business and social responsibility as if they are two separate things, we unintentionally promote the idea that they involve discrete thought processes and activities. The challenge is to promote a different way of doing business that integrates considerations of business, ethics, and society.

Thus it can be concluded that CSR reinforces the “separation thesis”—the idea that we can separate “business” from “ethics or society.” This separation is an idea that reaches very deeply into Western culture. It is reinforced by the disciplines of business, by our major theoretical frameworks in management, and by many executives and business thinkers themselves. At its worst it generates an absolutely destructive idea of capitalism— that capitalism is about “anything

goes.” After all, the theory says, “it’s just business.” Viewed in this way, corporate social responsibility becomes an “add-on” to ameliorate it.

## **8.5 Directors Duties and Corporate Social Responsibility**

UK Hampell Committee in its report observed that Good governance ensures that constituencies (stakeholders) with a relevant interest in the company’s business are fully taken into account. It further observed that the director’s relationship with the shareholders is different in kind from their relationship with the other stakeholder interests. The shareholders elect the directors. To redefine the directors’ responsibilities in terms of the stakeholders would mean identifying all the various stakeholder groups; and deciding the nature and extent of the directors’ responsibility to each. The result would be that the directors were not effectively accountable to anyone since there would be no clear yardstick for judging their performance. This is a recipe neither for good governance nor for corporate success.

Evidence suggests that companies are increasingly concerned with CSR issues and the Government is encouraging companies to consider them. In addition, there is also a plethora of empirical evidence to suggest CSR positively affects market performance (Bedi, 2009). Previous cases such as *Hampson v Price’s Patent Candle Co* have shown a judicial willingness to accept CSR issues over maximizing profits.

Andrew Keay argues that duty of a director goes beyond maximizing the entity, it is important to sustain it as a going concern (Keay, 2008). Academic opinion seems to argue that directors must adopt a balancing act while taking firm decision.

The objectives that companies are legally required to pursue are determined by the duties imposed on directors to operate the business in the interests of the “company as a whole”. The ultimate objective or the overriding goal of the firm is to maximize total long-term market value. It would, *de facto*, be reasonable to consider “the company”, and

especially “the company as a whole” as a separate entity which includes the various parties that are bound together in carrying on the business—that is, not only shareholders, but also employees, lenders, customers, and suppliers (Parkinson, 1998). The directors are required to serve the interests of these groups as a means to advancing the interests of the shareholders. Jensen put it simply when he stated that “the change in the total long-term market value of the firm is the scorecard by which success is measured” (Jensen, 2001). These relationships are to the mutual advantage of all parties, and the adoption of the stakeholder model generates legitimate expectations that each side will seek to advance the interests of the others (Parkinson, 1996). Moreover, a long-term focus will enable the directors to devote their efforts to improving the long-term interests of the stakeholders, because they do not have to exclude long-term value-enhancing strategies (Agarwal and Chandra, 1990).

This suggests that the corporate community has gone beyond recognizing corporate social responsibility as a concept with participation as an option. It is perceived as a necessity for economic survival (Davis, K., Frederick, W. and Blanstrom, R. L., 1980). However one may ask a question, what are the director branches duties towards the stakeholders? Can the stakeholders file a suit under the company’s law?

So far bringing a derivative suit or a suit for oppression or mismanagement is concerned, it can be brought only by members. Stakeholders who are not members cannot file a derivative suit. A possible answer to this could be that the directors can be liable for breach under the act and be liable to actions that entails criminal or civil sanctions, if brought in a suit by a third party.

Interestingly, the common law has developed in such a way that directors are not in breach of their duty towards the company when they consider stakeholders’ interests so long as this is also in the best interest

of the company, it has not gone to the extent of making it an obligation for directors to consider stakeholders' interest. Bowen L.J. observes in one of the cases that:

“A railway company, or the directors of the company, might send down all the porters at a railways station to have tea in the country at the expense of the company. Why should they not? It is for the directors to judge, provided, it is a matter which is reasonably incidental to the carrying on of the business of the company... The law does not say that there are to be no cakes and ale, but there are to be no cakes and ale except such as are required for the benefit of the company.” (Hampton, 1876). Hence, there seems to be a clear indication that in case of conflict of interest between various stakeholders, it is the interest of the company that will triumph.

Codification of directors' duty towards stakeholders needs to be supported by clear statements relating to its enforcement.

## **8.6 Enforcing Corporate Social Responsibility: Mapping the Road Ahead**

In the previous section, it has been argued that making directors under take CSR activities can harm the business and will deviate them from main focus of their job, which is to make profit for the company. It is submitted that making CSR as an imperative will create more conundrum in the minds of directors whose primary duty is towards shareholders. However, considering that CSR is a good thing, this part of the paper will forward two suggestions.

The key component of the general discourse around CSR has been so-called multi-stakeholder initiatives, which bring together corporations, governments, and non- governmental organizations to talk about and in some cases develop mechanisms for addressing, particular areas of concern. There are two key areas in which to look for answers to this question. One lies in strengthening incentives to regulate

corporations. Legislature has a responsibility to hold corporations accountable for operating responsibly. But fulfilling this responsibility is unlikely to happen given the inequitable power structure in the global economy that serves the interests of the rich countries (and the corporations that are headquartered there). Further, the skewed power imbalances in developing countries themselves enable the elites to benefit from globalization while leaving everybody else in the dust. A second area is perhaps more workable. It lies in identifying what corporations are most interested in. The profit of a corporation depends on access to capital and access to markets. If ways can be found to link corporate performance on CSR issues to continued access to both of these things, real leverage could be established for holding corporations accountable.

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# **PROPOSED MODEL OF PARTNERSHIP BETWEEN COMPANIES, NGOS AND EDUCATIONAL INSTITUTIONS IN SUCCESSFUL IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY (CSR)**

*Tanuja Kaushik, Gunjan M. Sanjeev*

## **9.1 Introduction**

Around seventy three percent of the Global 250 companies have CSR strategies in place with well-defined objectives whereas only 16% of the top 100 companies in India have a CSR strategy in place with well-defined objectives and targets. This means in India CSR activity done by corporate are either not reported or are not making any impact to society. Even the engagement with NGOs seems to be limited (KPMG report, 2011).

This makes us ponder over following questions: Do businesses really appreciate the need for CSR? Do businesses really appreciate the need for CSR? Do businesses view CSR as extra financial burden and therefore find excuses for not honestly adhering to it? Is CSR only a public relation tool? Do businesses engage with NGOs only to improve their image/value/brand? Can we think of a model where there is a win-win situation for all the stakeholders? For years there has been an era when businesses believed that competition improves quality. Today,

there is a paradigm shift in the thinking and collaboration is seen as a key to success. It not only creates synergy but also helps to complement each other. “It’s time we understand that power to influence outcomes and create change comes not from playing at well-known roles and pushing worn-out buttons, but from engaging properly with potential partners, listening to their perspectives and being honest about our own.” Je Phelan, India Director, International Business Leaders Forum.

This paper proposes of strengthening bonds between Corporate, NGO and Educational Institution. The three stakeholders if join hands in real terms can help developing countries like India fight social issues like poverty, illiteracy, gender inequality, employment.

## **9.2 Corporate Social Responsibility (CSR): History and Definition**

Responsibility of firm towards society has been there for several decades. Firm is not merely for making profit but should serve the society that has directly or indirectly helped them in making the profit. From society they get inputs like land, labor, raw materials, knowledge etc. With the help of these inputs they produce goods and services which are brought by customers to help them earn profit. So, apart from being responsible to shareholders firms is equally responsible to stakeholders both internal as well as external. Internal stakeholders include customers, suppliers and employees whereas external stakeholders are governments, environmentalists and NGOs. (Dodd 1932).

Even in India the movement towards social responsibility is not new. Rich people use to help needy people in cash or in kind. They used to donate money for public welfare like building roads, schools, hospitals and like. Religion too played a major role in encouraging social responsibility. Wealthy people belonging to Hinduism, Jainism, Islam, Christianity donated part of their wealth in uplifting their community. They gave grants for building worship place which used to be attached

with educational institutions. They also generously gifted land, food, cloth to the needy. So, uplifting of community led to doing justice to society.

At the time of the freedom movement Mahatma Gandhi also appealed that the business community should voluntarily share their part of wealth in a formulated trustee. He emphasized that trusteeship was neither a charity nor philanthropy but it was a way of life i.e., giving to the society from where they have earned. After India became independent some of the business icons laid stress that working for social cause is not mere charity or philanthropy but a ladder for sustainable growth.

Corporate Social Responsibility (CSR) as a concept was introduced in 1950. Before 1950 it was mere philanthropy in which firm used to donate to charities. Later the concept of CSR was extended to include directions to achieve business targets. Bowen (1953) who is called the 'Father of Corporate Social Responsibility' defined CSR as "the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society" Davis (1960) pointed out that CSR must be seen from managerial perspective. Socially responsible decision can be complex and involve planning to get long term economic gains for the firm.

The International Business Leaders Forum (IBLF) defines CSR as transparent practices on human rights issues, business standards and corporate governance, health and safety of employees, education and leadership development, disaster relief and environment. The World Business Council for Sustainable Development (WBCSD) defined CSR as 'the continuing commitment of business to behave ethically and contribute to economic development while improving the quality of life of their workforce and their families as well as of the local community, and social at large'.

There is no universal definition of CSR as the concept is always being redefined as per the needs of the society. Same concept might not hold true for developed and underdeveloped or developing countries. Even it will differ from firm to firm or industry to industry since it requires more of moral judgment.

## 9.3 Literature Review

### 9.3.1 Corporate Social Responsibility (CSR): Models

There is a plethora of literature in the area of CSR. However, there is no consensus on the definition of CSR. Each model has defined CSR with a certain set of perspectives.

Carroll (1979) formulated a CSR model where CSR is divided into four faces:

- Economic: Responsibility to produce goods or services that society wants at a profit
- Legal: Obligations to fulfil economic mission within confines of the law
- Ethical: Ethical expectations of a company
- Discretionary: Desirable but discretionary acts that contribute to societal good

It's a pyramid model where Economic is a very important aspect of CSR and must for an y firm to obey. Discretionary means not mandatory but as a responsible citizen expected out of you.

On the other hand Chen (2011) proposed a CSR model where CSR is divided into 4 major components:

- Accountability: accountable for what you are responsible
- Transparency: disclosure of corporate information through CSR report
- Competitiveness: competitive edge over others through CSR
- Responsibility: morally responsible for CSR

If the firm is transparent and accountable to their CSR approach it will automatically lead to competitive advantage and firm will be seen as a responsible corporate citizen.

Lantos (2001) claimed that CSR is basically a marketing strategy of firm where he divided CSR:

- Ethical CSR: moral responsibility of the firm to protect the society
- Altruistic CSR: voluntary services to the society at the cost of organization loss
- Strategic CSR: a win-win situation for both firm and society

Firm should try for strategic CSR where not only society benefit from bottom line also improves.

Skinner and Mersham (2008) notified that in South Africa Corporate Social Investment (CSI) is more popular as compared to CSR. For CSI to be strategic there should be a win-win situation for both corporate and society, which is possible by emphasizing on (CSI Handbook 2006:9):

- Public relation management: CEO's emphasis on publicity than on social cause
- Reputation focus: CEO's work for social cause so that they are seen as doing great for the society
- Charitable giving: CEO's here donate money through cheque but has no track of its outcome in real terms
- Grant making: CEO's grant fund for social welfare project but hardly evaluates project impact over time
- Social investment: long term commitment in a project with a stronger focus on return
- Social change approach: strives to improve social conditions by bringing structural changes in the form of better operating environment.

Corporate benefit will be more on public relation management and reputation focus approach than on others. Similarly society benefit will

be more on social investment and social change approach than on others. So we see that charitable giving and grant making neither benefit corporate nor the society in long run.

Das (2009) talks about CSR model in an Indian perspective. In India some of the important social problems are poverty, health, primary education and illiteracy, female foeticide, unemployment etc. Business enterprises can play important role in solving these problems. Three views on CSR which can be considered according to him are:

- Classical view: define CSR as a ladder in profit making
- Stakeholder view: CSR to look into the interest of all parties directly or indirectly involved
- Social activist view: Corporate should contribute to the social cause with no selfish motive

Thus, we find that different models highlight different perspectives. However, the central focus of each is the welfare of society.

### 9.3.2 Corporate Social Responsibility (CSR): Practices

Globally, CSR is still being practiced more as charity and providing money to needy people than providing solution to the social problems. CSR funds mostly being used for sponsoring sports, arts, hospitals etc. to build public image. In fact small and medium entrepreneurs informally are engaged in CSR activities. They are not aware of the concept but do it as a moral duty to society. CSR separate sections with reports are there on websites but these reports are biased as they are not audited by independent firm. (Aluchna, 2010)

It is also interesting to note that perceptions of CSR differ not only from organization to organization but within the same organization perceptions on CSR vary. Some take it as competitive advantage while others as public relation exercise and still others as commitment to society. For some CSR is an instrument to improve relation with stakeholders while for others to increase operational efficiency and reduce cost and still for others it is like building reputation as a good

corporate citizen. For most of the managers CSR means environmental friendly products, safe workplace for employees and taking care of local communities so that they value you as a good corporate citizen. (Pedersen and Neergaard, 2009)

Reasons for practicing CSR could be:

- Boosting profit
- Reducing cost
- Strengthening brand value
- Enhancing reputation
- Improving morale
- Improving corporate image
- Demanded by top management
- Enhancing the company's ability to innovate and learn
- Source of competitive advantage
- Protects the company from negative press, boycotts, activism etc.
- Improves work processes
- Demanded by investors
- Demanded by consumers
- Regulatory requirement
- Competitors doing it
- Attracting new talent

Benefits which society gets out of CSR:

- Environment friendly products and services Improves education level
- Open doors for employment Uplifting of disadvantaged people
- Supports in terms of food, clothes, shelter etc. to needy people
- Preventing crimes



CSR, if voluntary not done, may be made mandatory by regulatory bodies. But until unless an individual, a firm themselves does not have the integrity, responsibility and accountability it will be of no good.

This is the reason why CSR has become a management concept and is being taught in management schools as a core paper. Students before entering the corporate world are sensitized to CSR concept, practices, issues etc. so that when they enter corporate world firm don't have to sell this concept to them. Also future managers would be more responsive to social problems and would do it as a moral duty and not as a charity.

## **9.4 Corporate Social Responsibility (CSR): Partnership Models**

The partnership between corporate and NGOs is not uncommon both in the global as well as the Indian context. According to Nijhof and Bruijn (2008), CSR implies having cordial relationship with stakeholders and one of the ways of achieving it could be by having partnership with NGOs. But this partnership requires not only time and commitment but also understanding and trust.

Following are the three different CSR partnership orientations that a company may follow:

- Business case orientation—through CSR company tries to prevent reputation damage of the company. This orientation is followed when company wants visibility or when their production process involves danger to the society. Here partnering with NGOs would be highly beneficial for the company's image. (NGO dictator)
- Identity orientation—through CSR company tries to strengthen organization identity. This orientation is followed when management wants to be seen as good corporate citizen. Here partnering with NGOs is not company's need but they may still do it for building

common values among the organization. (Company and NGO at par)

- Stewardship orientation—through CSR discussing the role and responsibility of the stakeholders. This orientation is followed by company who is powerful and has good image and believes that the responsibility towards society is not only their concern but should be shared by all stakeholders. Here partnering with NGOs would facilitate their CSR activities. (Company dictator)

Borwankar and Velamuri (2009) stated that corporate people work for social cause by partnering with NGO. Here Britain Corporate people were sent to work in Indian NGOs. Most of the individual managers felt that they have rejuvenated after working with NGOs in terms of confidence level, communication skills, listening skills, team building etc. In fact they were surprised to see that NGO can do so much in so little while corporate have so much but can do so little.

Murray, Haynes and Hudson (2010) believe that for effective CSR and sustainable development, collaboration of business with government and NGOs may play a very important role. But collaboration comes with complexity since different parties with different goals, objectives and interests are involved.

Avina (2011) talks about how public–private partnership can together practice CSR work in preventing crimes. Most of the CSR activity provides support services like health, education, environment etc. Crime prevention is rarely at the top agenda of CSR. Companies have difficulty in working on fraud and corruption issues where government policy, social support system are not appropriate. But IT is one area where public—private partnership in preventing crimes have been found beneficial.

Hansen and Spitzbeck (2011) discuss to what extent does NGOs and private partnership benefit corporate and community and if it does how do we measure the performance of partnership. Corporate can provide financial resources and NGOs can provide the necessary know-how in solving social problems. NGOs serve as a mediator or middleman between corporate and community and there should take care of both parties benefit i.e., Corporate and Community. These benefits can be measured at input, output and impact levels. Community benefit is measure more at input level i.e., how much cash, kind and time contribution given to the community. Corporate benefit is measured more at output level i.e., how much profit, employee satisfaction and enhancement of reputation achieved. However measuring correctly the performance of community and corporate benefit due to NGO partnership is difficult as there are many things which are intangible in nature and so cannot be statistically measured.

NGO partnership and CCI (Corporate Community Involvement) profect help in following ways:

- Donation from corporate and its customers
- Employees and customers volunteering for social cause
- Suppliers and family members of the stakeholders also joining for the social cause

According to Baraka (2010) Corporate and Third Sector Organization partnership is like a marriage and can be successful only if there is compatibility. Each party need to appreciate others strength and support weaknesses.

As per the survey conducted by Industry body ASSOCHAM 2010, 70% of Indian companies have preferred to work with NGOs to implement CSR projects.

Companies have realized that partnering with NGOs will lead not only to sustainable development of the society but also help in achieving

business sustainability. Overall it seemed to be a win-win situation and some of the companies which have benefited with such partnership are:

- Cisco Systems India and its partnership with Dr. Reddy's Foundation on livelihood systems.
- IBM India partnership with Bharthi Foundation for their Kidsmart early childhood education programs.
- Microsoft India and Development Alternatives on IT education.
- ACC partnership with Development Alternatives to help launch a sustainable community development programme for those living near Wadi Plant in Karnataka.
- BHEL has joined hands with a UN body 'Global Compact' (The United Nation's Global Compact is a partnership between the UN, the business community, international labour bodies and non- government organisations (NGOs) to partner with global corporate houses for greater focus on corporate social responsibility.
- Sony signed an agreement with the World Wide Fund for Nature (WWF) global environmental NGO, to join its "Climate Savers Programme". Under the program, Sony has agreed to partner with the WWF to reduce greenhouse gas emissions at Sony's sites around the world, reduce CO2 emissions from product use by lowering the annual energy consumption of major Sony products and cooperate with the WWF to raise consumer awareness of global warming prevention.
- BPCL have adopted 37 villages across India supported by NGO partners like SEWA, RAC etc. Besides educating young and the old, they are providing them with fresh drinking water, sanitation facilities, medical facilities,

enhancing their income standards by imparting vocational training and agricultural innovations.

- Coca-Cola India's main CSR activity is setting up water conservation across India. For the success of this project they have joined hands with local NGOs and communities.
- Lodha Group provides free education and care to underprivileged children of construction workers at Lodha Paradise, one of the largest townships in Thane. The Group works closely with an NGO called Mobile Creche.
- Motorola funds capital expense needs of the NGO partners. Motorola has funded libraries, school bus, tri-wheeler, equipped audiology, physiotherapy, early intervention labs, hearing aids, rain water harvesting, ICU equipment etc. Some of their NGO partners are Concern India foundation at Hyderabad, Shristi Special Academy and Parikrma humanity Foundation at Bangalore.

The published evidence on partnership between educational schools—NGOs and Corporate sector- educational institutions is limited.

## **9.5 The Proposed Model**

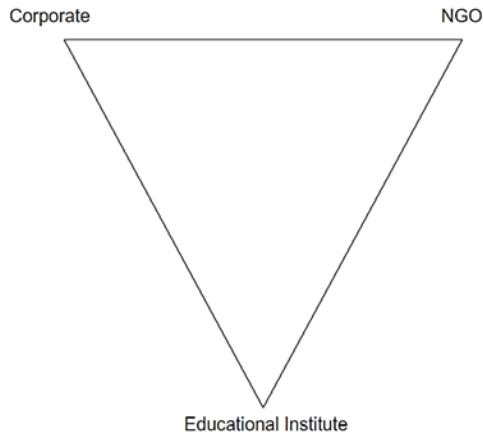
We are proposing a partnership model between Corporates, NGOs and Educational Institutions (primarily, business schools) that will work as a win-win strategy for each and result in sustainable development of the society. CSR is a complex activity and requires proper planning along with time and money.

### *9.5.1 Partnership between the Corporate Sector and NGOs*

Corporate sector has the financial resources and willingness to contribute for social cause but has a constraint of dedicated focus towards these activities and even access to the beneficiary (located in

far stretched rural areas or urban slums). Through an active partnership between the two, following are the benefits to the corporate sector:

- Optimal use of CSR funds
- Access to local markets
- Improved brand image
- Well-structured framework to reach the beneficiary



NGOs have the access to the real beneficiaries, understanding of the core social problems and have the reach but lack funds required to implement these activities. The constraint is covered by partnering with the corporate sector. Following are the benefits to the NGOs:

- Access to financial resources
- Technical know-how, if required
- Improved profile in the community
- Access to product and services demanded by low income people

### 9.5.2 Partnership between Corporate Sector and Educational Institutions

The corporate sector has the financial resources but lacks dedicated cheap manpower. This deficiency is covered by partnering with Educational Institutions.

Thus, the benefits to the corporate sector are as follow:

- Access to cheap human resources
- Dedicated time towards these activities through students
- New ideas from the young generation
- Improved brand image in the society
- Satisfaction of contributing towards sensitizing future manger to social cause

The benefits to the educational institutions by partnering with the corporate sector as follows:

- Exposure to the corporate sector
- Increase in confidence level by involving in activities under guidance of managers
- Enhancement of communication skills by enhanced exposure
- Live experience during the course of study itself

### 9.5.3 Partnership between Educational Institutions and NGOs

The education institutions have the willingness to contribute, have manpower (students) and the research expertise but do not have an easy access to the beneficiaries. NGOs, on the other hand, have the access to the beneficiaries. They understand the core issues but neither have they had the research expertise, nor do they have the manpower. CSR, nowadays, is being taught in many management schools as a core paper. This will prepare future mangers (MBA students) to understand and appreciate the relevance of CSR while they pursue their MBA program. This move will also make sensitivity to social issues an integral part of their thought process and help them and enable them to become more

socially responsible managers towards society and also a backbone in their companies for business sustainability.

Thus it would be good to have educated institutions joining hands with corporate and NGOs for social welfare partnering with NGOs.

- Access to the beneficiaries
- Understanding of the core issues requiring attention
- Live projects with NGOs
- Understanding social dimensions

The benefits to the NGOs by partnering with educational institutions are as follows:

- Access to manpower at now cost
- Access to the research expertise offered

Thus, we observe that a three stakeholder model will be a win-win strategy. Each has certain resources/features that may be deficiency with another. The proposed partnership model between corporate, NGO and educational institution will definitely help developing countries like India to overcome social problems.

## **9.6 Issues from Panel Discussion on Proposed Model**

Panel discussion on “Strengthening bonds between Corporate, NGO and Educational Institution for Effective CSR” organized by IIMT on 1 November, 2012 had following four speakers:

- Corporate: Ms. Mamta Saikia, Vice-President— Bharti Foundation, Bharti Enterprise & Mr. Amit Chaudhery, Executive Director & Head—Corporate Communications, Dalmia Bharat Group
- NGO: Mr. Ravi Kalra, Founder and President, The Earth Saviours Foundation
- Educational Institution: Prof. C. V. Baxi, Professor and Ex-Director, Management Development Institute (MDI)



The objective of the panel discussion was to deliberate on possibility of a partnership model between corporate, NGO and educational institution (primarily business schools) to work towards CSR activities and help developing countries like India deals with social issues like poverty, illiteracy, gender inequality, and unemployment.

### *9.6.1 Corporate Perspectives*

Corporate world today follows strategic philanthropy approach which is more business-like approach and has lasting impact. Without this, reputation and operability are at risk and it fosters business advantage too. So, reasons why it is done are:

- Worth doing business with
- Worth buying from
- Worth working for
- Worth investing in
- Worth trusting

Social responsibility or enlightened self-interest whatever we call the fact is development of the society is good for business and business sustainability is good for society. And these NGOs and educational institutions are the medium through which that good can be achieved.

Value that corporate will have if they partner with good NGOs and educational institutions are:

- Brand image/reputation
- Sales and customer loyalty
- Reduced operational costs and increased efficiencies in supply chain
- Increased productivity
- Access to capital
- Corporate governance
- Access to ethical markets
- Best-in-class

Damage that corporate will suffer if they partner with fraud NGOs and educational institutions are:

- Consumer boycott
- Attack on assets/business continuity
- Human capital
- Diversion of management
- Funding/fiscal inflows
- Cost of damage control/remedy
- Regulation
- Litigation

Collaboration with NGOs is good but as there are too many corporate and so are the NGOs, so choosing the right NGOs is a big task as company's image is at stake if NGOs are found to be fraud. After receiving proposal from many NGOs corporate have a tough task of evaluating each of them. So many times they either support referenced NGOs or NGOs which are already supported by other corporates.

Nowadays big corporate are in itself an implementing NGO so they raise funds not only for themselves but also try to support other NGOs. 90% of the funds raised by some of the leading NGOs come from individuals and only 10% from corporate. So, it is important for NGOs to project themselves well and send right kind of message for consideration. This can be made possible if NGOs have good marketing strategy to prove their credibility.

Partnership comes with challenges but if roles are clear one can always avoid challenges. Challenges could be of quality, speed and strategies. As a result corporates for their CSR activity hires people who have worked in NGOs as they are aware of the core issues. Once in corporate they also understand corporate world and so act as a bridge between corporate and NGO partnership and is also capable of handling interest of both parties.

Corporate sector also want to connect with management students as they have a guilt that they have not lived in very sustainable and responsible manner. They have borrowed resources from young generation and now it is their moral responsibility to return it back without spoiling it. So by training young minds towards issues of great importance they get a sense of satisfaction.

## **9.7 NGOs Perspectives**

NGOs have the knowledge of the core social issues and are in touch with the beneficiary but most of the time face financial and manpower constraints. As a result they always appeal to corporates and educational institutions to come forward, participate and join hands to alleviate problems of social relevance.

In fact it is difficult for NGOs get heard by corporate and even if they are successful, collaboration for corporate means top level people visiting NGOs, clicking photos and gaining media attention but no donation or help in real terms.

For NGOs, the challenge is not just of financial resources but bringing up and caring for emotionally, physically and mentally challenged people is a struggle in itself. So for them it is of great help if young students spend some time with these socially disadvantaged. NGOs also want educational institutions to volunteer when NGOs stand for environmental issues.

Though there are many NGOs that are not genuine, but that should not stop corporate collaborating with genuine NGOs who work day and night for socially disadvantaged people. Corporate should and can always evaluate the NGOs before tying up. The risk involved is similar when we get our daughter married but that doesn't stop us from tying her knot.

## **9.8 Academicians Perspectives**

There is an increased awareness about social issues in B-schools and as a result CSR has become an integral part of educational institutions curriculum. Business manager's role is not complete unless and until a manager while thinking about maximizing profit and chasing targets also considers the impacts of such decisions on the society. A person, who has not lived these difficult lives or has not observed such lives closely, will never be able to understand the plight of the underprivileged. B-schools by partnering with NGOs and corporate offer such opportunities to students to get closer to such issues. NGOs give students the platform and reach to the underprivileged people. By connecting with the corporate sector the students, the future managers appreciate the importance of CSR in the business activities and what companies are undertaking in these areas.

NGOs have the data on these real grass root issues but lack the expertise to derive meaningful analysis out of the same. Here academicians could help them in carrying out research analysis. Corporate should also involve academia and NGOs in planning CSR actions on a regular basis as this will overcome the expertise and experience gaps the companies face. B-schools should encourage students to take live project with NGOs and Corporate so that they become more socially responsible managers towards society and also a backbone in their companies for business sustainability.

## **9.9 Conclusion**

The paper has presented an exploratory model of partnership between three stakeholders of society—corporate sector, NGOs and Educational Institutions to work towards CSR activities. It is suggested that each stakeholder has certain strengths and weaknesses as far as their contribution towards social cause is concerned. The corporate sector has

the money and willingness but does not have the dedicated cheap manpower or knowledge of the grassroots social issues. The NGOs have the knowledge of the core social issues and are in touch with the beneficiaries, but face financial constraints as well as manpower constraints. They do have the research expertise to analyze data that they have on the social issues. The educational schools want to sensitize students towards these activities but lack access to the primary data on grassroots issues. Thus by joining hands, the expertise and resources are optimally utilized to alleviate problems of social relevance. But some questions still remain unanswered: the question to ponder is if corporate, NGOs and educational institute all have the desire to work for social cause why it has not reached the beneficiaries in the way it should have been by now. Is CSR partnership only a public relation tool? What could be the challenges in creating partnerships between these three stakeholders? Are the costs more or the benefits more?

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**FROM KNOWING AND DOING TO BEING:  
NEW PATHS FOR THE PERSONAL  
DIMENSION OF SUSTAINABILITY IN  
MANAGEMENT EDUCATION**

*Mike Thompson*

The UN Rio+20 Conference on Sustainable Development in 2012 marked 20 years of campaigning activity in alerting the world to the crisis of sustainability. Since the UN Conference on Environment and Development (UNCED) of 1992, sustainable development has become part of the international lexicon. The concept has been incorporated in many UN declarations and its implementation, while complex, has been at the forefront of world's institutions and organisations working in the economic, social and environmental sectors (UNCSD 2012<sup>1</sup>). In the corporate sector, sustainability management has become the touchstone of a company's reputation and, in varying degrees, a source of competitive advantage and a resource cost reduction strategy. Since 1992, a corporate reporting, consulting, monitoring and reporting service industry has arisen to meet the increasing demands by organisations and governments to provide policies and strategies to meet the social, ethical, legal, economic and environmental dimensions of managing sustainability issues by governments and corporations. But the sustainability movement has also brought with it fresh challenges for institutions of business and management education. Sustainability has

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<sup>1</sup> <http://www.uncsd.org/history.html>



multidisciplinary applications and has personal implications for the kind of business leaders that are required by fast-moving multinational corporations and organisations that are responding at differing speeds to the challenges and opportunities arising from a sustainability focus.

This paper explores the broader context and challenges of equipping students with sustainability management skills by providers of management education ('business schools' will be used as the label). But beyond the sustainability narrative I shall tease out more emergent and nascent educational themes termed as 'personal sustainability' – sustainability as it applies to the person, notably the sustainability of the physiological and psychological or spiritual needs of a person and its relevance to those tasked to be leaders in organisations committed to sustainability projects.

Providers of management education have experimented with different ways of addressing the need for sustainability management within the mainstream management education curricula especially in the MBA and EMBA sectors. Contemporaneously, there has been a growth in student demand for entrepreneurship which has become established as a core course in many MBA curricula. According to the AACSB (2012), entrepreneurship has enjoyed steady increases in numbers of programs across all levels, including doctoral programs. Student demand for sustainability topics is more variable and less certain, perhaps because it is not easily located around a career path domain. Embedding sustainability into the curricula has been more problematic for business schools than the adoption of entrepreneurship. There seem to be three main reasons for this uncertainty:

1. Understanding and framing the place, scope and content of sustainability and responsible leadership from a curriculum perspective;
2. Addressing the calls for a more proactive approach to the development of responsible leaders for the future, and,

3. Overcoming the systemic positivist approach to education that is traditionally sceptical towards new approaches and kinds of knowledge for management education.

The research path for management scholars is untrodden and the formation of syllabi and pedagogy that meet the management challenges of sustainability appears unclear and risky to programme directors. One pathway of pedagogical change used to accommodate sustainability education over the past two decades has been the adoption of experiential or action or service models of learning which have included management practice learning formats. The development of experiential learning in management education to address sustainability-related projects has become both a popular format for introducing sustainability topics to the curriculum as well as a topic for research and case study. The nature of experiential learning does not follow the generally acceptable forms of pedagogy in business schools. As Bevan and Kipka point out (2012, p.195): “experiential learning does not yield data that can be rendered into positivist rational discourse” although its advocates attest to its power in management education (Mintzberg 2004, Datar et al 2010<sup>2</sup>, 50+20 2012, Gitsham 2012, Fourcade and Go 2012). Fleckenstein (1997), for example, argues for “an integrated service project stressing rights and responsibilities could create a feeling of what it means to be a member of a community”. For the rapidly changing sustainability and responsible leadership agenda and its multi-disciplinary nature, the learning process must be, according to Shrivastava (2010, p. 445), “an experiential embodied understanding that anchors abstract conceptual understanding in practices and real-life activism.” Lester, Tomkovick, Wells, Flunker and Kickul 2005 tested a model from multiple stakeholder perspectives and found that service

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<sup>2</sup> Datar et al found that there needs to be a re-balancing of the content of the MBA to reduce the emphasis on content or knowledge in favour of the development of key skills and students’ self-awareness; particularly with respect to values, attitudes, and beliefs.

learning encourages social responsibility through experiential learning opportunities. ESSEC Business School in Paris, for example, includes an “International Immersion Project” in its MBA program consisting of a 3-to-4 week period of mentor-led experiential learning off-campus. At Harvard Business School (HBS), several winter break immersion programmes provide noncredit educational experiences that complement classroom work. The China Europe International Business School (CEIBS) incorporates a core experiential / action learning sustainability project in its MBA program.

The emergent themes of management education: sustainability (managing economic needs in balance with calls to respect social, ethical and environmental responsibilities); “doing” (experiential and action learning modules and projects) and, more recently in executive education, physiological curricula, have prompted existential questions amongst the new generations of business school students and teachers. Awareness of stress and burnout, or even death, as a result of overwork has led to the emergence of a vital component of the sustainability landscape, namely: personal sustainability. In response to the perceived lifestyle vulnerability of traditional post-MBA career options students are more readily exploring alternative career paths. As David Brooks (2012) has observed, many more students are eschewing careers in investment banking and consultancy and asking themselves: “How can I most productively apply my talents to the problems of the world?” Many try to answer that question by creating their own businesses that have a positive sustainability impact.

Concurrent with the emergence of sustainability in management education, HR service and educational providers have developed a range of personal wellbeing and development programmes for organisations. These programmes embrace wellbeing and stress management by training on physiological and psychological / spiritual needs. The Global Responsible Leadership Initiative (GRLI) have, for example, sponsored

“Whole Person Learning” (WPL) which involves active and participatory learning approaches to develop “inner resources” and self-awareness including the “shadow side” defined by Taylor (2010) as “those aspects of our personhood that are hidden from view, kept suppressed or of which we are unaware” (p. 62). Business school executive education courses at IESE, Spain; CEIBS, China and INSEAD, France have offered executive health management courses. MacGregor and Semler’s Sustainable Executive Performance (SEP) programmes at IESE, for example, are predicated on the view that:

The increasing proliferation of web technologies and an electronically connected 24/7 world re-emphasises the need for managers to pay attention to their body mind balance, and combat the sedentary, information overloaded lifestyles that lead to sub-optimal performance and burnout. (MacGregor and Semler 2012, p. 232).

These expressions illustrate the call by Harvard Business School’s Dean Nitin Nohria for business schools to close the “yawning knowing/doing gap”<sup>3</sup>. But, Nohria’s book (with Snook and Khurana 2008) proffers a third stage of leadership pedagogy: *The Handbook for Teaching Leadership: Knowing, Doing and Being* (my emphasis). The International Masters in Practical Management (IMPM) programme founded in 2022 by five international institutions takes ‘being’ into what the course leaders describe as the “reflective managerial mind-set”. The IMPM is committed to an action learning approach which includes reflection, with the claim that “learning occurs where concepts meet experiences through reflection” and a module entitled: “Self-Management” (IMPM 2013). Ontological language of ‘the self’ and ‘being’ have hardly been management education topics but classroom discussions on sustainability and responsible leadership, the work of the

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<sup>3</sup> Quoted by Della Bradshaw and Laurent Ortmans, “Harvard tops the 2013 MBA rankings”, *Financial Times*, 27 January, 2013. Source: <http://www.ft.com/cms/s/2/e3598a18-6653-11e2-b967-00144feab49a.html#axzz2JCcwlM2c>

GRI and the Principles for Responsible Management Education (PRME) have opened up a more evident and reported level of personal engagement by students and faculty. Sustainability has become the harbinger for ontological and reflective discussions that are now being reported and advocated by business school leaders such as Dean Nohria. It is now being tacitly accepted that many business decisions inevitably involve value judgments of one sort or another beyond rational economic grounds. Companies and their recruiters are now more alert to the need to attract individuals who are not only talented but display characteristics of personal sustainability. The CEO respondents in a survey by Accenture in 2010 on CEO attitudes towards sustainability reported that there was a need for a new generation of leadership development by both academic institutions and by internal training provision (Accenture 2010, p.46). Sustainability dilemmas, in particular, require a high standard of managerial psychological acuity and wise judgement (Meeks, 2009). In prefixing 'personal' to sustainability we focus on the individual's survival, a survival not only of physiological wellbeing but psychological or spiritual wellbeing. But an enquiry into psychological 'being' using a positivist methodology is of little help. Psychological constructs can describe outward behaviours of knowing rather than explicate a personal knowing of the self. Some knowledge management scholars have therefore reached out to philosophical and spiritual approaches to explicate the 'what' and the 'how' of narrative analysis. Polanyi's model of 'tacit knowledge' and the notion of "we can know more than we can tell" (Polanyi 1983, p. 4) has been linked to wisdom research. Rooney (2013, p.40), for example, has argued that wise communication relies on "understanding the usually tacit ontological foundations of any discourse". Nonaka and Takeuchi (2011, p. 60) use tacit knowledge to explain wise and ethical decision making:

Practical wisdom is tacit knowledge acquired from experience that enables people to make prudent judgments and take actions based on the

actual situation, guided by values and morals. When leaders cultivate such knowledge throughout the organisation, they will be able not only to create fresh knowledge but also to make enlightened decisions.

But for Polanyi 'tacit knowledge' emerged from his faith in 'spiritual reality' (Ray 2009, p.75). In the emergent new knowledge economy, there is considerable empirical evidence for the enduring beliefs of inner and/or transcendental sources of knowledge and insight that are made 'real' and applicable to the lives of many. (Piedmont 2001, Graham and Haidt 2010). Spirituality is manifested in the phenomenal realm by the universal expressions of human 'connectedness' and this is implicit in the language of sustainability which relies on the shared universal belief that humanity and the environment are inter-connected and that we have a responsibility to one another and to our descendants to care for the wellbeing of people and the planet.

In their empirical study of definitions of spirituality, Don't et al (2005) identified the following dimensions - compassion; connectedness to others; transcending self-interests for the welfare of others; insight; openness, and discernment.

For many, spirituality is described in terms of cultural custom, beliefs, values and faith. For some, spirituality is expressed through prayer, meditation, worship and religious ritual. These are observable phenomena that incorporate meaning, purpose, identity and role.

The practice of spirituality may be distinguished in three forms:

- *Faith-based spirituality* is practiced in the context of formalised religious structures and faith communities providing a narrative and theology of reverence to gods, saints, spiritual masters or to God through which adherents might develop themselves through spiritual wisdom, discernment and insight.
- *Folk or indigenous spirituality* may be regarded as community-based spiritual or religious practice in which

communities respect a spiritual or sacral tradition through the communal practice of rituals, worship and rites. Folk spirituality also includes what are termed ‘superstitious’ beliefs and practices aimed at invoking deities to protect the adherents and to give them good health and possibly wealth as well.

- *Humanist spirituality* in which a clear distinction is made between the material realm including the physical body and the immaterial and metaphysical world of ideas, thoughts and connections with others and, perhaps, nature in which wisdom for daily life might be accessed. There are varied descriptions of humanist spirituality and the quantum world is one and has been popularised through books such as *The Quantum Self* (Zohar, 1990) and *Leadership and the New Science* (Wheatley 2006). Luk Bouckaert has coined the term profane spirituality as a spirituality anchored in everyday life and “does not look for a sacral order outside the ordinary... Its aim is to inspire our day-to-day profane life...’ to open our eyes to what is happening just beneath the skin of our ordinary lives’.” (Bouckaert 2010, p.18).

The common theme in these spiritualities is the vision of transcendence: a perception beyond the ego-self and a conviction that rational and objectified knowledge is limited in explicating human perception, motivation, vocation, emotion or moral sentiment.

Spiritual wellbeing is a vital attribute of personal sustainability because it is from the human spirit (enlightened by faith or not) from which individuals derive their identity and participate in constructive relationships with others based on ‘non-rational virtues’ such as trust, friendship, loyalty and reciprocity. If the practice of spirituality in sustainability is to be distinctive from all other expressions of sustainability, then it will be observable though managerial wise

decision making that making is essentially that which considers the needs and concerns of others, even ahead of the self. The 31 business leaders interviewed by Pruzan (2007) speak about practicing love for neighbour, compassion, cultivating trust and co-creating a world that works for everyone. The spirituality and management literature explores how leadership spirituality is operationalised through the emphasis on ethical values, servant leadership, a sense of humility and a sense of higher purpose (Pruzan 2007, Korac-Kakabadse et al 2002, Whetstone 2002; WagnerMarsh and Conley 1999 and de Pree 1989, 1993). These behaviours point towards a dimension of sustainability education that is beginning to emerge as part of the broader challenges of sustainability.

Being trained and equipped to control the impacts of a corporation's activities on society and the environment require a leader to make judgment calls that can be respected by investors and stakeholders. If leaders are not enjoying personal sustainability (both physiological and spiritual) then their ability to be aware of, and to manage, the dilemmas inherent in the breadth of the sustainability challenges is below what most societies, represented by their media and civic institutions, expect. If an organisational leader has developed an awareness of the inner self, has trusted the intuitions of the heart as well as the rationality of the mind and has maintained the disciplines required for physiological wellbeing, then such a leader is clearly in better shape to make better decisions than a leader whose lifestyle is unsustainable.

How might these philosophical insights be encapsulated into a model that could be incorporated within a sustainability course in management education? Students need pragmatic and grounded tools, models and cases to apply to their own lives. MacGregor and Semler's (2012) Sustainable Executive Performance model (SEP) has been delivered to over 500 senior managers in leading multinational companies. SEP is based on five elements practiced and repeated during a week-long programme: Move – Recover – Fuel – Focus – Train. The SEP



programme includes physiological and nutritional training applied to an individual's work/life context and a "strategy and foresight" session. Personal sustainability thus becomes an energising regime by which an individual can engage in management practice. In a similar vein, McGannon and McGannon (2009) have trained over 30,000 managers at their Institute of Proactive Health based at INSEAD using their six W model; "Walking, Water, Wine, Workout, Worry and Wind." Broekstra (2012) has identified a number of companies, such as Akzo Nobel, that fit his "Values hierarchy" model in which, ultimately "ego-intentional values" are being replaced with "alter intentional values". Paul Polman, CEO of Unilever, has been particularly explicit about the need for his company to align its Sustainable Living Plan with a commitment to personal sustainability:

When we first launched the plan, it was as much an act of faith as a careful thinking about all the angles. But we were willing to take the risks in a calculated way because it built on our values (Polman 2012, p.4).

The language of values becomes highly visible in the discourses of personal sustainability in management education and the implications of this statement by Polman is that the modernist paradigm of rational choice theory of homo economicus is being replaced by a prioritisation of human connectedness that I am choosing to call human spirituality. In business schools, class discussions about the nature of leaders such as Polman are provoking a higher level of openness to the possibility that sustainability is not just for strategic ends disengaged from the self but rather, emanates from the self-rising above the more normative egoic transactions of business. Bouckaert (2007, p.13) is optimistic that humanity can, and does, rise above its egocentric strivings towards "a deep empathy with all living beings and finally the desire to keep in touch with the Source of life (whatever name we give it)."

Exploring personal sustainability, as a balanced whole person lifestyle, centres on the self-construct of the person with representations of concerns, beliefs, attitudes and processes both about the self (e.g., the concern to be a good person) and of the self-concerned for the other ‘non-self’ things (e.g., concern about the environment). (Dalglish and Power, 2004:814). Homo economicus is ego intentional, consistently aiming to maximise a person’s preferences in which altruism is occasionally one choice of preferences. But there is another and deeper layer of self-reference which I have called homo spiritualis. (Thompson, 2007). Homo spiritualis is the ‘spiritual self’ characterised by the motivation to go beyond ‘rational altruism’ to ‘pure altruism’ characterised by altruistic actions which may result in psychological or economic cost to the actor. Economists have largely continued to hold to the rational utilitarian proclivities of humanity despite consistent and strong attacks on their empirical validity in the economic theory for homo economicus (Schumacher 1973, Hirsch 1976, Leibenstein 1976, Hirschmann 1977, Sen 1977, 1980). However, Gintis’s (2000) study found that economic actors are not self-regarding but are, in many circumstances, “strong reciprocators” who come to strategic interactions with a propensity to cooperate even at a personal cost, and even when there is no reasonable expectation that future personal gains will flow from such retaliation. This study supports Sen’s earlier contention that:

this extraordinary model of man – the “rational fool”– has been widely used in economics with very little empirical testing. Insularity has permitted this theory to remain in vogue, despite conspicuous failure to account for many types of human behavior... or why so many seem to be convinced that they do many things out of a sense of commitment rather than pure pursuit of self-interest. (Sen 1980, pp. 362-363)

‘Post-post modernism’ eclectic thought is beginning to touch mainstream management science positing a reconstruction of the narratives and models of the social sciences: rethinking economics as

behavioural and making new discoveries of mind and genes in the field of neuroscience and socio-biology. Professor Raymond Tallis, an eminent professor in clinical neuroscience research and philosophical anthropology, argues that consciousness is not identical to brain activity and that we are profoundly different from other living creatures. His concern is with “scientism” which he describes as: “the mistaken belief that the natural sciences... can or will give a complete description and even explanation of everything, including human life” (Tallis 2011, p.15). Tallis’s argument is that:

Our consciousness, and the engines that shape it, cannot be found solely in the stand-alone brain; or even just in a brain in a body; or even in a brain interacting with other brains in bodies. It participates in, and is part of, a community of minds built up by conscious human beings over hundreds of thousands of years. (Tallis 2011, p.11)

If the self is regarded as not being alone but rather being connected with a “community of minds”, then the notion of self-interest can be reinterpreted beyond the homo economicus framework and incorporating a sense of duty and identification with the other. (Thompson 2011).

As management education embraces experiential learning in order to develop skills to manage the sustainability challenges of organizations, so the emergent discourses on personal sustainability will increasingly engage students and faculty across the range of management education institutions.

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## **RESPONSIBLE MANAGEMENT EDUCATION: AN EMERGING TOOL FOR SUSTAINABILITY**

*Sharad R. Kulkarni, Sharwari S. Kulkarni*

### **11.1 Introduction**

Almost every day media discloses the new corruption scandal and a financial crisis, which become an easy situation for questioning the goals, methods, and curricula of business schools. These incidents are happening may be due to ethical disorientation of many businesses and business people. The educational institutions have always been focussing their mission, vision and policy in leading individuals to better lives. In fact, it is included in the mission regarding attempts for the discovery and enactment of truth and knowledge. Their alumines are expected to have places as educated citizens who can help in improving their societies. However, over the last few years the educational system in general and business education in particular have been criticized for their failure in inculcating moral values into students. In addition, the entire system has been held responsible for deteriorating the moral character of students.

Obviously, education in ethics in business has become essential for bridging the gap between ethical business practices and need of developing honest and responsible businesspersons. In spite of some initiatives committed to the improvement of business education



processes like the Principles for Responsible Management Education (PRME), there remain certain doubts about business ethics education in the background of a number of corruption scandals.

It is highly required to devote all efforts not only to address lessons learned from the most recent business corruption scandals and financial crises, but also to introspect the ways of teaching and learning for future business leaders to best prepare them in coping with the challenges of global environment.

## **11.2 Literature Review**

In the last few years we have seen that the world is changing at a fast rate. This is happening because of globalisation, advancement of technology, wide awareness through social media and the rise in consumers' alertness in favour of certain actions for change. Unethical behaviour by organizations has led to disasters resulting into the recent global financial crises. Some of these changes initiate an ongoing discussion on the role of consumers, governments and firms. Gardiner and Lacy (2005) argued that business interest in social and environmental responsibility has received greater importance because of continuous corporate scandals along with heavy pressure from NGOs, policy-makers, consumers, and the media. Porter and Kramer (2011) viewed that capitalism is under attack and the business sector must undergo some radical changes.

The business sector is presently switching over from the narrow view of business purpose regarding maximising value for shareholders to a broader view, which is more socially responsible. Consequently, if the business sector is changing and consumers' awareness is on the rise, the need has arisen to strengthen the role of business schools.

Business schools have a responsibility to provide practitioners with training in the basics of ethics, which would ideally act as a catalyst to stimulate socially and ethically managed business organisations

(Cornelius Wallace & Tassabehji, 2007). But this is not always possible. According to some researchers, business schools are no more than brain washing institutions educating their graduates only in relatively narrow shareholder value ideology, unless they change fundamentally. (Matten & Moon, 2004).

Several studies were conducted to examine the question of social responsibility education, and its components, especially ethics. Business students need training in ethics and moral reasoning more than most other students, as they face ethical challenges and dilemmas in managing businesses. They do not always receive such education and if they do it is usually not mandatory.

As per the observations of Wallace and Tassabehji, (2007), the provision of social responsibility in education needs to be 'proactive' with fundamental ethics, programmes are to be taught by committed and engaged business schools so that organisations would be serious about ethically and socially responsible thinking. According to Gardiner and Lacy (2005), it is not the question whether CSR should have a place in the business curricula, but how it should be incorporated and what role business schools play within the wider "business in society" is a debatable issue. Students, the marketplace, the community, government and civil society are increasingly demanding that business schools rethink their traditional role. The focus has shifted from value preservation to value creation. There is a clear demand from business and students for research, education and training on responsible management issues.

Some initiatives have emerged in the last two decades to bridge this gap. In 2007, United Nations-supported Principles for Responsible Management Education (PRME) was launched to encourage and champion responsible management education, thought leadership and corresponding research throughout the globe.

Business management students are the relevant and significant group of stakeholders for responsible management education. On the basis of literature review, it is clear that there is lack of studies on perspectives and attitudes towards responsible management of this very important stakeholder group. The few studies which have focused on this group have derived mixed results with some showing students are indifferent to responsible management, while other studies demonstrate a growing interest in CSR and ethics, especially among women students.

### 11.3 About the Study

#### 11.3.1 Objectives of the Study

The study was aimed to achieve the following objectives.

1. To examine perceptions about responsible management education.
2. To understand views of respondents about sustainability.
3. To examine role of responsible management education for sustainable development.

Sr. No..	Values	Essential	Very Important	Important	Not Important	Absolutely Not Important
1	Making Money	11	24	39	18	08
2	Faithfulness	23	34	22	16	05
3	Helping Society	18	29	37	12	04
4	Being Successful	52	20	16	09	03
5	Work is Worship	43	17	25	10	05
6	Living Happily	61	24	08	05	02

Table 1. Opinion about Values

Source: Field Study.

11.3.2 Methodology

The data was collected through survey method. Sample of respondents from academic institutes and business organizations were selected randomly. Academic institutes’ views were represented by 60 respondents from institutes imparting professional courses. Additional 40 respondents were selected randomly from different business organizations. These respondents were employees on and above manager level at manufacturing and service organizations.

A questionnaire was prepared and requested to respond in the five point Likert scale as (5) for strongly agree or essential to (1) as strongly disagree or absolutely not important. The hypothesis about correlation between sustainability and responsible management education was tested using Sprarman’s Rank Correlation method.

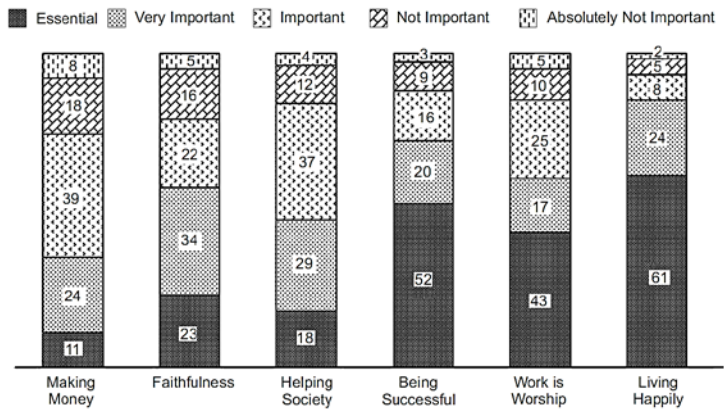


Chart 1 Values

11.3.3 Hypotheses

1. Null Hypothesis (H0): Responsible Management Education does not significantly ensure the Sustainability
2. Alternate Hypothesis (H1): Responsible Management Education does significantly ensure the Sustainability.

Sr. No.	Component	Opinions			
		Academicians		Professionals	Total
		Students	Faculty		
1	Corporate Social Responsibility	08	04	05	17
2	Business Ethics	05	03	03	11
3	Moral Aspects	06	03	03	12
4	Legal Aspects	12	07	18	37
5	Change Management	06	02	07	15
6	Global Citizenship	03	01	04	08
Total		40	20	40	100

Table 2. Components of RME

Source: Field Study.

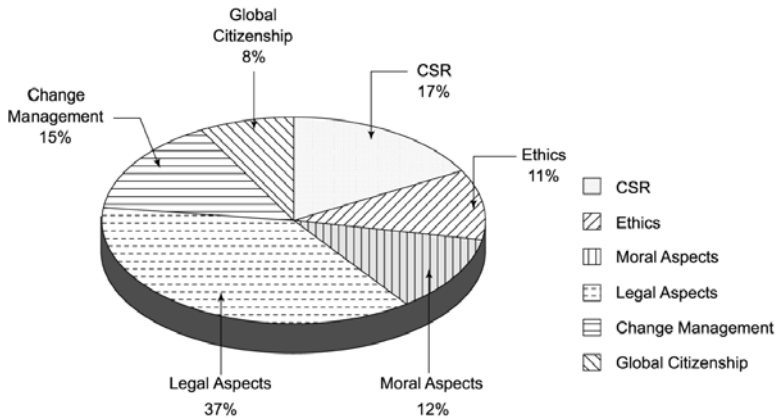


Chart 2. Components of RME

## 11.4 Data Analysis

### 11.4.1 Opinions about Values

As per the opinions of respondents, living happily (61%), to be successful (52%) and involvement in the work (43%) are most essential values. Making money (39%) and helping the society (37%) falls in

important values' category, while, faithfulness (34%) seems to be very important.

### 11.4.2 Components of Responsible Management Education

The respondents felt that a legal aspect of the business (37%) has been the most significant component of RME.

It was followed by CSR (17%), change management (15%), moral aspects (12%) and business ethics (11%). Global citizenship received only 8% response.

Sr. No.	Changes in Curricula and Learning	Student	Academician	Professional	Total
1	More Expert Lectures	05	02	07	14
2	Live Case Studies	04	02	04	10
3	Pro-sustainability Recruitment	08	03	05	16
4	Inclusion of Social Themes	09	05	09	23
5	Corporate Internship	06	03	08	17
6	More RME based Electives	05	03	04	12
7	Practising Ethics	03	02	03	08
Total		40	20	40	100

Table 3. Curricula and Learning

Source: Field Study.

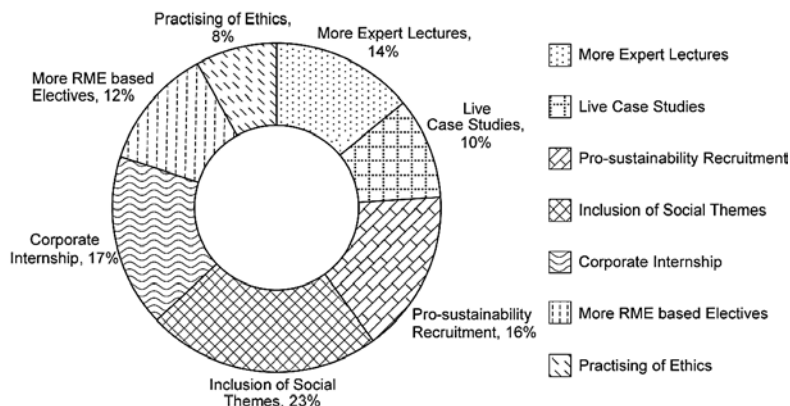


Chart 3. Changes in Curricula and Learning

11.4.3 Changes in Curricula and Learning System

As far as changes in curricula and learning process are concerned, 23% respondents stressed on inclusion of social themes, 17% recommended inclusion of corporate internship, while, 16% opinions required changes in recruitment style in favour of sustainability. Participants under study demanded more number of expert lecturers, additional specializations derived from the principles of RME, maximum numbers of live cases and opportunities for experiencing ethical practices in the business.

11.4.4 Business Responsibilities in Changing Scenario

The respondents viewed that optimum utilization of resources is highly essential (41%). Customer satisfaction and environmental awareness are very important (43% and 28% respectively). Philanthropic attitude, ethical transactions, attempts for community development, profit of shareholders and welfare of employees were other important business responsibilities.

Sr. No.	Business Responsibilities	Essential	Very Imp.	Imp.	Not Imp.	Absolutely Not Imp.
1	Customer Satisfaction	19	43	33	05	00
2	Shareholders' Profit	15	29	44	07	05
3	Community Development	13	25	50	09	03
4	Optimum Resource Utilization	41	30	16	07	06
5	Environmental Awareness	27	28	25	15	05
6	Ethical Transactions	10	23	47	13	07
7	Employee Welfare	17	24	39	12	08
8	Philanthropic Attitude	10	12	53	10	15

Table 4. Business Responsibilities

Source: Field Study

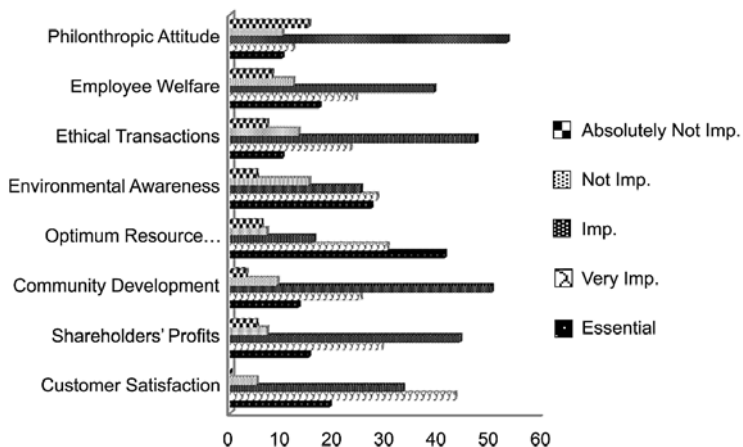


Chart 4. Business Responsibilities

#### 11.4.5 Sustainability Factors

As per academicians' and professionals' opinions, economical sustenance is the most significant factor of sustainability. It was followed by public image, competitive advantage and co-existence. Further sustainability could be strengthened through commitment to work, social business practices.

### 11.5. Sustainability Responsible Management Education Correlation (Hypothesis Testing)

$$\begin{aligned}
 \text{Spearman's } 'r' &= \{1 - [(\sum(X - Y)^2) / (n(n^2 - 1))]\} \\
 &= \{1 - [(6 \times 10.50) / (8(64 - 1))]\} \\
 &= \{1 - [(6 \times 10.50) / (8 \times 63)]\} \\
 &= \{1 - 0.125\} \\
 &= 0.875
 \end{aligned}$$

At 5% level of significance, for  $n = 8$ , table value of Spearman's ' $r$ ' is 0.7143. Since calculated value of Spearman's ' $r$ ' is greater than table value; the null hypothesis is to be rejected. Hence the alternate hypothesis has been accepted which states that, '*Responsible Management Education significantly ensures the Sustainability*'.



Sr. No.	Factor	Responses		
		Academics	Professionals	Total (%)
1	Responsible Public Image	10	07	17
2	Competitive Advantage	09	06	15
3	Shareholders' Interests	06	03	09
4	Commitment to Work	07	04	11
5	Social Obligations	05	05	10
6	Ethical Practices	02	02	04
7	Economical Sustenance	13	08	21
8	Co-existence	08	05	13
Total		60	40	100

Table 5. Sustainability Factors

Source: Field Study

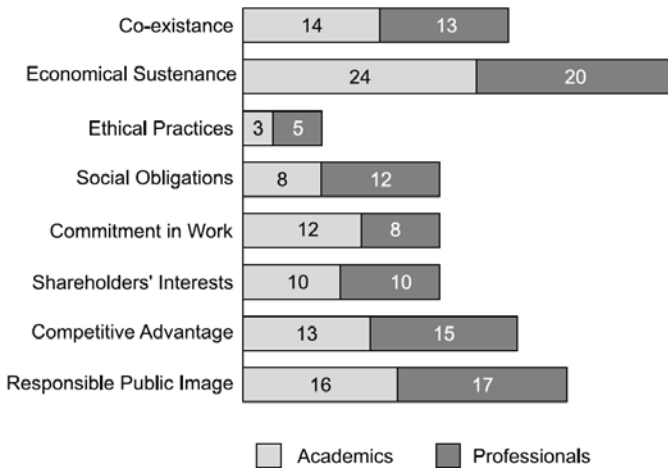


Chart 5. Sustainability Factors

Sr. No.	Factor	Respondents' Opinions				(X - Y)	(X - Y) <sup>2</sup>
		Academics		Professionals			
		Responses	Rank (X)	Responses	Rank (Y)		
1	Responsible Public Image	10	2	07	2	0	0
2	Competitive Advantage	09	3	06	3	0	0
3	Shareholders' Interests	06	6	03	6	0	0
4	Commitment to Work	07	5	04	7	-2	4
5	Social Obligations	05	7	05	4.5	2.5	6.25
6	Ethical Practices	02	8	02	8	0	0
7	Economical Sustenance	13	1	08	1	0	0
8	Co-existence	08	4	05	4.5	-0.5	0.25
Total		60		40		Σ	10.5

Table 6. RME and Sustainability Correlation

Source: Field Study

## 11.6 Findings

This study reflects a growing awareness among business schools about the need for sustainable development and responsible leadership. Business schools, their associations, and other stakeholders need to develop new ways and means to contribute to a better world.

A large number of challenges are there in providing opportunities to study sustainability and related issues. Business schools are finding ways to overcome these challenges by developing new courses, either under the banner of CSR and responsible management, or as various interdisciplinary courses on Bottom of the Pyramid issues, business and poverty, social entrepreneurship, social impact, etc. In the existing stage of the “over full” curriculum, this is possible by embedding sustainability with responsible management through live business cases.

Invited speakers, along with the government and non- government organizations, conferences and events, learning opportunities, project work, student-led campaigns, events and volunteering activities, including those co-organized with the local communities and bodies provide opportunities to enrich the concept of RME for sustainability.

Financial limitations, lack of time, interdisciplinary nature of the topic, lack of faculty competence and confidence are some of the causes

for limitations in the relevant research for inclusive growth of society through RME.

Collaborations with businesses, social entrepreneurs, business incubators and cooperatives, local and international NGOs, governmental agencies and local community provide solutions for many challenges observed in the study. This will create opportunities for bringing real-life experience and business practice into the classroom.

Challenges, solutions and opportunities in this area indicate the need for a wider and more intensive communication among all stakeholders, interest groups and social agencies. It also indicates the role that businesses as well as management education could and should play in acquiring total sustainable enhancement of the society

### **11.7. Further Research**

Though the findings for this study can contribute to the understanding of responsible management education and its implication on sustainability of the society, it has some limitations. The sample size is very small; hence it seems to be difficult to generalize and sound conclusion.

The existing study has focused on comparatively smaller geographical location. So it might be possible that different environmental, locational and demographic issues remain untouched. So the study is to be conducted for broader areas and with larger samples.

### **11.8 Conclusion**

It has been observed that both academia and professionals are aware about the need and benefits of corporate contributions to social problems. In this regard business schools should maintain and increase coverage for business ethics and corporate social responsibility. This could be possible through following measures.

In response to growing awareness and demand of the stakeholders, business schools should take a proactive role in responsible management education, in terms of both teaching and research.

CSR and ethics could be embedded in core units, or could be taught as a separate core subject. Further, business schools can enhance research on CSR and CSR education through different research initiatives.

There is a wide and strong support of the business sector to business schools all over the world. Business schools provide managers with skill and knowledge while the business sector supports and sponsors the schools. The shift occurring in the business sector towards CSR demand graduates with wide ethical knowledge. Definitely corporate would expect a paradigm shift in conventional management education system.

The students with their positive attitudes towards social responsibility would demand from the management education inclusion of social and ethical management issues and courses. They would work on their attitudes and values by searching for schools that teach responsible management.

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[www.gfme.org](http://www.gfme.org)

[www.unprme.org](http://www.unprme.org)

## THE POWER OF SUSTAINABILITY FORCES

*Bengt Gustavsson*

### 12.1 Introduction

It has been claimed that business ethics is an oxymoron, i.e. a concept with inherent contradictory terms (e.g. “open secret”)<sup>1</sup>, as it is claimed that business and ethics are irreconcilable. The term CSR has been described as a “logical trap”<sup>2</sup> because when private profits and public welfare are aligned CSR is irrelevant<sup>3</sup>. The old Friedmanian argument of irreconcilability between business and ethics says that business should do what they are good at and deliver wealth in terms of jobs and taxes to society that should do what they are good at, the social part (health care, education, protection, etc.). The corporation should employ its professional resources in the interest its shareholders, understood as maximized profits, and not for any conflicting interest, such as charity or social work. This argument is vehemently dismissed by ardent advocates of more responsible business, particularly because

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<sup>1</sup> John W. Collins (1994), Is business ethics an oxymoron? *Business Horizons*, vol. 37, issue 5, pages 1-8.

<sup>2</sup> Aneel Karnani (2011), CSR Stuck in a Logical Trap; *California Management Review* Vol. 53, No. 2 Winter 2011.

<sup>3</sup> In this area there is a high level of confusion of terms. I have already used the terms CSR, sustainability and business ethics on an equal footing, even though the roots of the concepts have different denotations. In this text I will use the general term Corporate Responsibility (CR) encompassing the economic, environmental, social and stakeholder responsibilities of the corporation.

of (negative) externalities<sup>4</sup>, i.e. social costs (e.g. sickness and pollution) generated by the corporations' activities that are passed on to the society. These, the critics argue, must be taken care of by the corporation and not left to the society to solve.

The externalities we see today are abundant, not only physical but also externalities in the cultural, social, psychological and spiritual spheres. However, I find that the main argument is important: businesses as wealth producers are of immense importance for all societies. I find, therefore, that the argument that business ethics is an oxymoron is not a valid argument. There is no necessary contradiction between profit and public welfare; on the contrary it is the basis of it. The critics of Friedman's argument have a valid point, however, as he argues that maximizing profit should be the only focus of the corporation. All the problems generated over the years by corporations have forced us to rethink our models of business, although it is not reflected in the theoretical models we teach at the universities. Ethics and sustainability are mostly taught as a separate subject along with the "business-as-usual" business models. Integration has still a long way to go in the academic world, in spite of attempts such as Porter and Kramer<sup>5</sup> who argue that CSR should be an integrative part of business strategy.

The power of change can instead be seen among corporations themselves. In the discussions before the climate change talks in Doha in November 2012, engaged nature conservation people were disappointed with the politicians and argued that there were more things happening in the corporate world than in the political world. The business life is intimately integrated with the life of the planet and intelligent leaders of the business world with a field of vision beyond the

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<sup>4</sup> Economists describes both positive and negative externalities. Example of positive externality is research and development and its unanticipated results.

<sup>5</sup> Porter, Michel E. & Kramer, Mark R. (2006) 'Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility'; Harvard Business Review, December 2006, vol. 84, issue 12, pp. 78-92.

next quarterly report realize this. The outdoor equipment company Timberland once formulated the issue succinctly: “there is no business to be done on a dead planet”. This is an example of when strategic motivation for CR comes from within (endogenous) the leaders of the corporation based on their convictions, faith or similar prime movers. Examples of this kind of corporation could be Body Shop<sup>6</sup> and Timberland. The activities and strategies in terms of responsibility of the corporation that characterizes visionary leaders with ethical conscience is sometimes called “ethical CR”.

The great majority of business leaders who don’t have this vision and drive are under strong pressure to act in a more responsible, or sustainable, way from many forces. I have illustrated some of these exogenous forces of the corporation leading to a strategic adaptation that some call “reactive CE” in figure 1.

In the big picture, ethical CR is rare compared to reactive/strategic CR. The exogenous forces pushing the corporate world towards more responsibility represent the collective consciousness, or awareness, of the different stages and markets the corporations are acting on, as represented by the different stakeholders of the organization. Corporations cannot disregard these forces in the long run as they are decisive for its existence. Let me now briefly explain and exemplify these forces.

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<sup>6</sup> "We built an international business based on passion ... for the company to contribute to public welfare“, Gordon Roddick, co-founder Body Shop, interview Svenska Dagbladet, 20130104



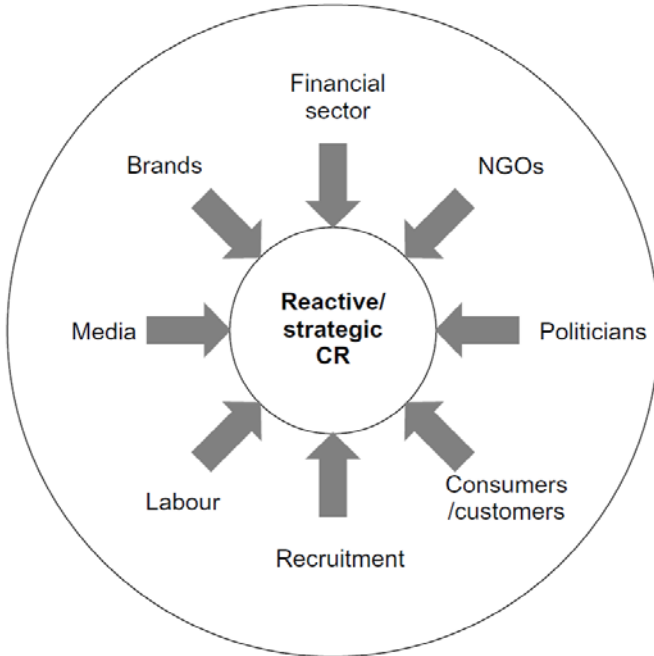


Figure 1 Exogenous Forces of Corporate Responsibility

## 12.2 The Financial Sector

It is estimated that in 2011 €763 billion<sup>7</sup> representing approximately 50% of all investments in Europe are investments with an ethical tag (SRI, Social/Sustainable Responsible Investments). There has been a 365% increase in SRI between 2005 and 2011. The SRI figure for the world is estimated to \$50 trillion in 2008. This huge amount of designated capital for responsible activities of the corporations puts pressure on them on all levels of activity; environmental, social and governance. The ethics of the SRI funds varies to a great extent, but what is common for them is that the investments include non-financial factors with ethical direction in the investment decision. A number of

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<sup>7</sup> Eurosif, 2012.

ethical investment strategies have emerged, where positive, negative or norm based screening; and engagement (or shareholder activism) are most common. Engagement strategies are according to recent research the strategies that have most impact on the ethical purpose of the investment<sup>8</sup>.

Engagement means that the investor actively engages in the target company in order to change it to a better responsible performance, which can include highly polluting companies or companies with poor governance. This is surprising for the layman as he expect ethical investments to be investments in companies that are acting in the Garden of Eden. The focus, however, is to change the corporate world to improve its performance in a responsible direction, as companies with completely pure ethical performance are difficult, if at all, to find.

The problem with SRI is how the non-financial factors can be measured or otherwise assessed. The return on financial factors have an abundant pool of measures and methods to choose between, but to measure ethical return is more difficult. Some things can be measured, such as carbon dioxide emissions, levels of income and health standards, whereas long-term environmental effects, emancipation and general happiness are more difficult to assess. This is a problem for SRI fund managers as they have to justify their client's investments in ethical terms. Practitioners have a lively discussion in these matters, but the academic world has rarely woken up to address these issues.

The financial sector is perhaps the most powerful player when it comes to change the corporations' actions towards more responsibility. This can be seen from the very basic level of poverty- reduction, as demonstrated by microfinance. Microfinance is a phenomenon that highlights the poverty-fighting of business on a very basic level by enabling the entrepreneurial drive in people. In a recent study of

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<sup>8</sup> Dimson, Karakas & LI (2012).

microfinance in India<sup>9</sup> I found that by empowering ideas of creating economic activity the poorest of the poor basically on commercial terms, not charity, has resulted in poverty-reduction, financial inclusion of the poor, and emancipation of women.

Traditional charity is also changing towards the principles of microfinance. The Bill and Melinda Gates Foundation are using their and other billionaires' huge funds for charity following business-like ways in how the money is used in order to improve health and education in poverty-stricken parts of the world. The former ABB chairman Percy Barnevik is using his funds in the Hand-in- Hand organization in similar ways and is focusing on India to educate and lend money to the poorest people for them to start business or invest in projects that they can yield a return on. On a global level, the World Bank concludes that the target set by the Millennium Development Goals in 1990 to halve the extreme level of poverty by 2015 has been achieved already in 2010<sup>10</sup>, to a large extent as a result of inclusion of the poor in economic activity. SRI, from microfinance to the huge investments in corporations to reduce their environmental negative impact, improve their treatment of employees, act as responsible citizens (e.g. refuse bribes), etc., etc. is a powerful force in creating better responsibility in business life. If there is one voice that is heard over all others in the corporate world it is the financial voice. Money talks. That is why it is so encouraging to see the phenomenal growth of ethical investments on the international markets today.

### **12.3 Consumers and Brands**

Reflecting the rising levels of collective consciousness, consumers can and do make an impact on the corporations on the consumer markets

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<sup>9</sup> International Journal of Business Ethics in Developing Economies, vol. 1., no. 1, pp. 7-13, 2012.

<sup>10</sup> World Bank: Knowledge for Change. Annual report 2012.

to become more responsible. Ethical consumption is a phenomenon that has existed for quite some time. Ethical consumption is a deliberate and well thought-out direction in the choice of a certain consumption based on one's own moral convictions and values. This growing group of consumers is having a transcendent dimension in their consumption, as their choice of products lies in favor of care for something beyond the selfish needs. This could concern for the greenhouse effect when choosing locally produced foodstuff or when buying a biogas fuelled car; a concern for labourers and their work environment and wages in the coffee plantations of South America when buying a Fair Trade certified coffee; or concern for the polluting of the environment when buying an environmental certified detergent.

The ethical consumption is a powerful force on the consumer markets, including government purchases, for corporations to act responsible in all parts of the process from production to sales. The products in the stores nowadays contain a number of certification labels of responsibility of different kinds – environmentally friendly produced food, human rights guaranteed production of products, rain forest certified furniture etc. — to help consumers choose the ethical product. And many do: Two thirds (66%) of the world's consumers say that they prefer to buy products and services from companies that have implemented programs to give back to society (charity, less environmental impact, fair trade policies etc.)<sup>11</sup>. In the UK in 2010, 55% of the consumers bought a product based on the company's "responsibility reputation".<sup>12</sup>

And in Sweden, 65 % of the female and 40 % of the male consumers are thinking ethically when they are shopping<sup>13</sup>. Another popular form of ethical consumption is called "cause related marketing" – a certain percentage of the price of the service or product is designated for

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<sup>11</sup> Nielsen Global Social Responsibility Report, March 2012.

<sup>12</sup> Co-Operative Bank, 2011.

<sup>13</sup> Novus/TV4 2012-10-28.

charity. In Sweden, research to control breast cancer is financed when you use a certain bank, buy a certain toothbrush, fix your car at certain car repair shops etc.

A personal memory of the power of the customer goes back to the 1990:s. At that time we were used to white kitchen rolls and toilet paper. The problem was that the paper pulp was bleached by chlorine gas that was discharged from the pulp mills into the Baltic Sea, where they were located. Environmental groups protested and the response from the pulp industry was first of all, the customers demanded white, bleached paper and not the green-brownish unbleached, and secondly, there is no other way of bleaching the pulp other than by chlorine gas and to develop environmental friendly bleaching would, if possible at all, cost too much so that the customers wouldn't buy it anyway. The environmental NGOs then managed to catch fish, pikes, outside the pulp mills and media published pictures of the pikes that had huge wounds and zoologist discovered serious damages in their genes, particularly in their reproduction systems. Customers reacted instantly – in the supermarket shelves all of the small supplies of non-bleached paper disappeared immediately and the chlorine gas bleached white paper could not be sold, which forced the pulp industry to change their production processes and supply non-bleached paper. And in short time they invented environment-friendly bleaching processes so that we once again can enjoy white toilet paper without harming our fish. The example shows the power of the consumer, and the NGOs and media, that made consumers aware of the problem.

The ethical consumption is dependent on a number of factors for the consumers' buying preferences or boycotts (as for example in the previous example of bleached pulp). How is the company conceived: Is the CR-activity of the company big enough to make a difference? If the local tailor only purchases ecological cotton in their textiles it is fine, but doesn't change much of the situation for Indian cotton farmers and the

pollution of their soil and waters. But if H&M, which is the biggest purchaser of cotton in the world, decides to only use organic fibers in their clothes it will make a big difference. Also, how big is the commitment of the company for the ethical “cause”? If H&M announces that they will buy ecological cotton the next year, it will not be convincing for the ethical consumer who wants a longer time-perspective. Another factor is the communication of ethical performances by the company – how big are their commitments, which quality do they have in their activities, are they really trustworthy in their communications, and are they supported by independent third parties? If H&M announces that all of their clothes will be of toxic-free textile by 2013 (which they have done), will consumers believe them and how are they justifying such a goal?

On the ethical consumers side there are a number of factors that influence their decisions. How big is the interest for the ethical cause – do they know about the problem and do they care? Do H&M's customers know about the environmental problems in producing cotton clothes (irrigation, bleaching chemicals etc.) and do they care? And if they do care – do they feel that their purchase decision make any difference? Are there enough consumers who really do care and have come to the same purchase decision to make an impact? On the individual level the ethical consumer must ask themselves what sacrifices they are willing to take: are they prepared to accept higher prices, lower quality and bigger inconveniences for their concern and willingness to make an impact with their purchase? Do they feel better being an ethical consumer? The last factor might be enough for many ethical consumers – it can be impossible to make a rational choice and keep track of all the various factors, but it is the feeling of possibility of doing something good that is enough for them.

Another powerful force pushing companies to be more responsible is the power of brands. Brands are sometimes said to strengthen the

relationship between the customer and the company through identification. It is claimed that we as customers have a conscious or subconscious attachment to certain brands and this aspect is of utmost importance for companies. On the one side, companies cannot risk to have the brand associated with irresponsible behavior, e.g. polluting production, child-labour in the factories, or breaching international labour norms. The brand will be loaded with negative associations and can lose sales. On the other hand, CR activities may strengthen the identification and make the customer more satisfied on a transcendent level in addition to the satisfaction from the service or product as such. The brand will be loaded with positive associations and is strengthening its position on the market.

Nike is a good example when the brand became loaded with negative associations. In the 1960:s the company was founded on a business model that included low cost production, which over time led to a ruthless exploitation of poor labour in far east countries. When this became known to the customers in the US it led to a situation where the Nike product become synonymous with slave wages, forced overtime, and arbitrary abuse. The Swosh logo and Nike brand became associated with these things instead of health, athletics and a sporty life. Faced with buyer boycotts and bad reputation, Nike had to make drastic changes in their production policy and implement compliance standards for all their suppliers. Body Shop is an example of the opposite. With its policies of non- animal testing of their cosmetic, support and development for the natives in the rainforest areas where they take their material for the cosmetics, Body Shop has gained a strong positive identification with many customers that will stay loyal to their products.

Studies have shown that CR work has strongest impact on the company's brand<sup>14</sup>, and that a positive CR-association to the brand is beneficial for existing and future products. A negative CR-association

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<sup>14</sup> SustainAbility, IFC, Ethos & UNEP 2002, 2001.

with one brand spills over on the other brands in the company, which puts pressure on the company to live up to its CR-obligations. Simple CR window dressing or green washing (i.e. exaggerated CR statements that the company does not live up to) can give a short term positive effect but strikes back on the company eventually and can be extremely difficult to rectify. It is, however, not only a problem for the individual company as consumers have reacted with (healthy) suspicion and cynicism on CR statements, serious or not, from companies. On the whole, responsibility and commercial interests go hand in hand, which is a strong force for responsibility and sustainability in the corporate world, but consumers are less and less easy to cheat and companies has to be up to the mark in their CR work if they want to make any commercial gains on it.

## **12.4 NGOs and Media**

Non-Governmental Organizations are the planet's conscience and act as blowlamps on governments and corporations. They are issue-oriented and specialized on certain areas. The pulp-bleaching example above was discovered by Swedish Nature Conservation Association and made public by media that made a powerful impact on people. Greenpeace, working with environmental issues, are specialized in tracing environmental problems and act upon them in a way that attracts journalists. Recently, for example, Greenpeace in Sweden highlighted weaknesses in safety in the nuclear power plants in Sweden by simply climbing over the fences and camp inside the plant area. Human Rights Watch is active raising issues of human rights abuses by governments, but also covers international corporations abuses in those issues, for example Shell's collaboration with Nigeria's then-military government in intimidations and violence against the Ogoni people, a local community opposed to oil development on their land. Media are often (depending on the level of freedom of speech in the country and the



ownership of the media channel) skilled at uncovering problems in environmental, social and governance issues, for example the corruption scandal when the Swedish arms producer Bofors sold anti-aircraft canons to India.

NGO and media are powerful forces pushing corporations towards more responsible behavior. This force is sometimes referred to the “New York Times Test”: If the company manager would be uncomfortable when the company’s action would be reported in the press, then s/ he could be fairly sure that it is of doubtful moral status<sup>15</sup>. Companies are even recommended to include a “headline risk” when assessing the risks of their investments because it can have such strong impact on the image of the company and its products and services.

In today’s cyber world one must not forget the global network of interdependent information of technology infrastructures where individuals interact, exchange ideas, share information and thus also can act as a media force on the corporate world and its behavior. News travel fast here and could reach and engage people normally excluded from the information channels making it a powerful eye and voice of many people, although not always reliable.

The media force, whichever channel it takes, is extremely important for controlling and pushing the business world towards responsible behavior. Without it few would know, and those who do know would have little chance to enlighten the world’s population about problems and solutions, for example the problems of carbon dioxide release which threatens future survival of mankind.

## **12.5 Politicians**

Even though some corporations act from an ethical conscience (“ethical CR”) and act responsibly from within, it would be naïve to

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<sup>15</sup> Treviño & Nelson (2004), *Managing Business Ethics: Straight talk about how to do it right* (4th ed.); Wiley.

think that we can expect this behavior from companies in general. It would be likewise naïve to expect them to react in a mindful way on the forces of responsibility I have briefly described so far.

Politicians, governments and international governmental bodies such as UN, EU, IAEA, ILO, and many other, plus various issue related summits such as the climate change conferences, are of course of vital importance in setting the rules of the responsibility game. However, it has been a deplorable habit to adopt the lowest level of moral obligation by inventing ways of behavior in congruence with the law, for example minimum wages or work environments in developing countries, and referring to that as responsible behavior. Business ethics is over and above the rules and laws set by society in order to respond to the needs of the planet and its citizens. Governmental laws, rules and treaties are an important force in that respect, for example by setting fishing quotas for the world's oceans and seas in order to prevent over-fishing

and extinction of populations, but they are not enough. The corporate world must, first of all, follow the rules (which they not always do), secondly, push the rules towards more sustainable levels as governments are slow and cautious in setting rules (fishing quotas, minimum wages, corruption-fighting laws, CO2 emissions etc.), and thirdly, act as world leaders in responsibility issues (for example invent and use CO2 neutral equipment, fishing with dolphin secure nets, secure decent salaries and work environment for employees, zero-tolerance for bribery, adopt anti-discrimination policies etc. etc.). Fortunately, many corporations do act over and above the levels set by governments today, for example in environmental issues and in questions regarding sustainable forestry, which they should have credit for, as they are displaying an ability to act on issues where many governments and politicians are paralyzed.

## 12.6 Recruitment and Labour

It is sometimes said that the new generation of well-educated persons have demands in their choice of employer that they have a clear corporate social policy (CSP). Studies on the subject are pointing in different directions however. A study in Canada indicated that students wanted to (affective commitment) join companies with good development and salary opportunities and that they thought they ought to (normative commitment) join companies with good reputation for commitment to social values<sup>16</sup>. The findings correspond with findings at Stockholm University, where about 1/3 of the students find that CSP is very important in their future employer. How important is this factor then? I would think that it is much more important than previous generations' first time employment when CSP was not even on the map. Moreover, some claim that the brightest and for employers most attractive students, which also probably will become the most important decision makers in the future, can pick and choose their jobs, and in this process CSP become important. Recruitment has become an increasingly powerful force in pushing corporate responsibility strategies for companies.

As for labour and labour organizations, they have very different possibilities in influencing corporate responsibility in different parts of the world. Most importantly, however, are the international norms that the International Labour Organization (ILO) has issued in the areas of social justice and human and labour rights that act as benchmarks for corporate responsibility in for example ethical investments.

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<sup>16</sup> Sheldene Simola, (2011), "Relationship between occupational commitment and ascribed importance of organisational characteristics", *Education + Training*, Vol. 53 Iss: 1 pp. 67 - 81.

## **12.7 Conclusion**

I have discussed some trends in the CR-work of international business today, from endogenous “passion- driven” to exogenous pressure of forces acting on the company. The basic purpose of business is wealth creating and as such an important responsibility in society. This is nothing new. What is important today is the business role in the holistic development of society, not only economic wealth. The so called (negative) externalities emanating from the activities of business are nowadays part of the responsibility of business that leaders have to include in their strategies, whether they want (“ethical CR”) or not (“reactive CR”). The forces of CR are encouraging and important in that respect, but are they forceful enough? And who is deciding what kind of responsibility work the corporations should attend to? Will they also fathom the cultural and spiritual values, for example?

It is encouraging that businesses take more responsibility; however, for the responsibility to be sustainable there has to be some business case for it. We cannot expect companies taking responsibility to such an extent that they act as governments and solving all problems in society. Friedman had a point in this matter, and the problem is that CR will be discriminatory in line with business interests (PR, brand building, risk minimizing etc.) rather than serving society’s needs where they are greatest. The way to solve the dilemma is not to revert to a state where companies only take responsibility for its bottom line; the way forward is much more difficult to predict.



# **INCLUSIVE GROWTH, LABOUR MIGRATION AND POVERTY IN UTTAR PRADESH**

*Ajit Dhar Dubey, R. P. Singh*

## **13.1 Introduction**

This discussion on labour mitigation is placed against the ongoing debates on the changes in patterns of employment and job creation in Uttar Pradesh, furring the period of economic liberalization, under the ‘Inclusive Growth’ policies since 2011, and under the impact of the global financial crises, in the context of around 93% of Utar Pradesh workforce currently in ‘informal employment’, and growing inequalities. Migration patterns to some extent, mirror the changes in labour markets (and the dominance of informal employment) more generally, but not completely, and too little attention tends to be placed on the study of migration, particularly its changes over time (the recent 2009-10 NSS data facilitate new analysis in this respect). As argued in this paper, existing analysis is caught in simple two-sector models, which neglects the diversity of labour mobility within Uttar Pradesh as elsewhere.

The remaining of this paper is organized as follows- Section 2 briefly discusses the general and global findings on the links between poverty and labour migration focusing on population movements that remain within national borders. These facts are used in the third

section, to structure the insights into the changes in migration patterns in Uttar Pradesh. The fourth section discusses the implications of these insights for the notion of ‘Inclusive Growth’, followed by a brief conclusion reflecting on the analysis of migration and possible policies to enhance the well-being of migrants and their ability to participate in ‘des-equalising growth’ of Uttar Pradesh.

### **13.2 Migration and Poverty: What do we Know?**

The subject of migration remains contested, for a variety of reasons. Politically, while there is a preference for or at least an acceptance of people moving when there is a demand for labour, there are at least equally strong voices (strengthened in times of crisis) calling for reducing the number of (im-) migrants. Academically, questions remain regarding the causes and impacts of migration, and how mobility relates to inequality and poverty. Disciplinary differences regarding approaches to understanding migration continue to exist. The author’s understanding based on the international literature of labour migration processes can be summed up as while there are general lessons regarding migration, the links between migration and poverty are deeply context specific.

First, the movement of people is much more common than is usually assumed, and has existed for much longer than is often acknowledged. Much of the development literature, though reducing over the years, has a sedentary bias, and is fuelled by and reinforces policy bias against migration. Moreover, recent international migration literature tends to neglect the fact that most migration remains within the global South, and within national borders-much of that, therefore, remains unrecorded. Labour migration also assumes many forms, of which the classic rural-urban transition is only one of them. The movement of entire households is one of these classic forms, and the more common form is the movement of one member of the household, who retains links with her

or his origins, migrating for varying (and often a-priori unknown) periods of time.

Second, the question of who migrates does not have a simple answer. In different context, different socio- economic groups migrates, prompted by different capabilities, opportunities, and differentiated access. Different regions and countries have varying propensities for migration, to different types of destinations and opportunities: simple push-pull models tend to be inadequate to explain the complexity of segmented migration streams. However, often the poorest people, or those lacking sufficient labour within households may not be able to migrate, and the poorest areas do not necessarily have the largest number of migrants. The phenomenon of chain-migration leads to a great deal of path dependency, though not deterministic in terms of migration patterns.

Globally with technological change, migration has tended to become more selective, thereby offering fewer opportunities for unskilled workers. Recent data appears to confirm this for Uttar Pradesh too as discussed below.

Third, gender and age constitute the key elements to understand migration process. There are no generalities about whether men or women migrate, though a great deal of path dependency and gender stereotyping exists. While in most places young men might be over-represented

amongst migrants, thus constituting particular gendered and household impacts, women have always been mobile as well. Outside movement for marriage being a dominant reason for migration in Uttar Pradesh, moving for engaging in 'traditional' female occupations and newer ones, including unskilled and semi-skilled manufacturing and service sector jobs are some other reasons. Female migrates tend to be particularly vulnerable, and suffer from labour market discrimination



and violence, but migration also has an impact on gender indent and relation.

Fourth, the reason for migration are diverse, with ‘push and pull’ being differently configured for different types of migrants. Statistical data tend to record only one reason for migration, thus under-estimating the complexity of migration, notably, the category of migration for marriage, as discussed below. Migration often arises from desperation, lack of work, or indebtedness. Seasonal migration, including rural-rural and rural-urban, for many households, is part of regular household strategies. But a lot of migration is also driven by the hope or idea of better opportunities and broadening horizons, or is part of rites of passage of younger men and women.

Fifth, as the reasons and patterns of migration are diverse, so also are its impacts. At the household level, migration usually improves income and well-being, but often tends to maintain levels of living, for example remittances allow farmer households to plough their land as opposed to losing land. The areas of origin usually show clear signs of migrant remittances, but their appear to be relatively few cases of transformation of areas, thereby also suggesting that migration tends to be part of the regions’ economies rather than initiating economic development, or causing severe brain drain. The questions of impacts on the areas of destination has received relatively a lot of attention, but assessments tend to vary, such as migrants being positively seen as enhancing growth and well-being, to being negatively perceived as a drain on local economies as well as upsetting local cultures.

### **13.3 Migration Patterns in Uttar Pradesh: Are they Changing?**

The movement of workers across Uttar Pradesh is an age-old phenomenon. This depends on changing patterns of economic development, and is partly related to the levels of poverty, but with little

evidence that migration contributes to a reduction in regional disparities. The diverse migration patterns challenge migration theories. Poor states like Bihar and Uttar Pradesh provide the largest number of migration, who tend to move to richer areas like Delhi and rural production sites like Maharashtra and Gujarat. The patterns of movement are also prompted through chain migration, with the states of Kerala and Punjab being prime examples with respect to international migration which is of relatively little importance to the Indian economy and labour force. However similar segmentation of migration streams exists within India. Patterns of labour migration in Uttar Pradesh can be observed in terms of the five characteristics mentioned above.

### *13.3.1 Trends in Migration: Trapped Transition?*

It is important to emphasise that the seed of urbanization in Asia has not been as fast as is often assumed in comparison with other countries. Data on migrants confirm that the rural-urban transition is occurring at a moderate speed, and evidence suggests that this is associated with the increasingly unaffordable land and basic services in the cities of Uttar Pradesh and slum clearances. Observes fear the possibility of this 'exclusionary urban growth' intensifying in the future. According to the NSS 64th round of 2010-11, 3.3 per cent of urban households belonged to the migrant's category (including household that had moved during the previous year); the corresponding figure for 1993 was 2.2 per cent, thus suggesting a slightly upward trend. The out migration rate in 2010-11 for males from rural areas was 9 per cent, while for females, it was just 17 per cent (which included a large propagation of marriage-related migration, which is discussed below).

These permanent shifts of labourers and population more generally reflect only part of the total labour mobility. The NSS data for 2009-10 showed that less than 10 percent of the total population was classified as 'migrant', and this has changed little as compared to the 1987-8 data (including a slightly downward trend). According to the NSS round of

2010-11, 35 percent of the urban population and 26 percent of the rural population were classified as migrants, with the term ‘migrant’ being defined as a household member whose usual place of enumeration is somewhere else (thus including those who had migrated due to marriage).

Year	Rural		Urban			Total
		STR1	STR2	STR3	Total	
1987-88	6.19	20.80	23.07	24.74	22.55	9.89
2009-2010	5.53	18.67	23.17	21.60	21.46	9.56

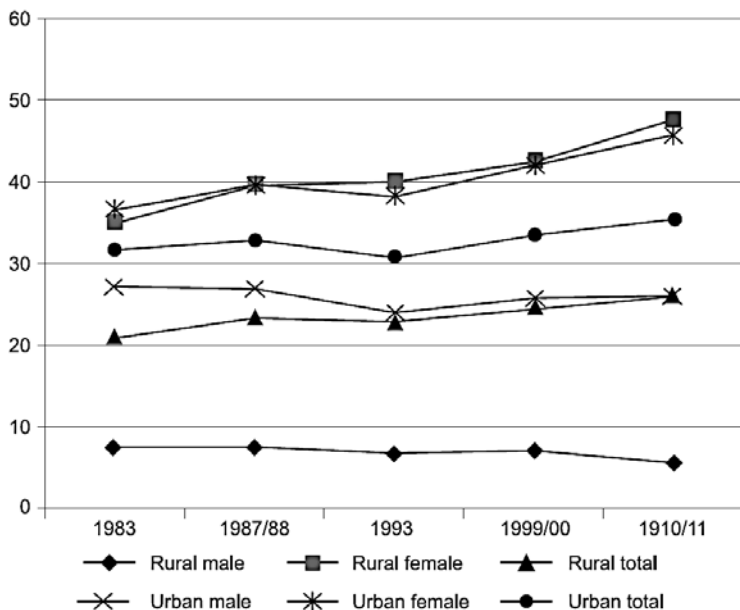
*Table 1. Proportion of Migrants (Excluding Migration due to Marriage) out of the Total Population*

*Note: STR1 = towns with population of less than 50,000; STR2 = towns with population between 50,000 and 10 lakh; STR3 = cities with population of 10 lakh or more.*

*Source: NSSO, 2011.*

	Male	Female	Total
<b>Rural</b>			
38th (January-December 1983)	7.2	35.1	20.9
43rd (July 1987-June 1988)	7.4	39.8	23.3
49th (January-June 1993)	6.5	40.1	22.8
55th (July 1999-June 2000)	6.9	42.6	24.4
64th (July 2010-June 2011)	5.4	47.7	26.6
<b>Urban</b>			
38th (January-December 1983)	27	36.6	31.6
43rd (July 1987-June 1988)	26.8	39.6	32.9
49th (January-June 1993)	23.9	38.2	30.7
55th (July 1999-June 2000)	25.7	41.8	33.4
64th (July 2010-June 2011)	25.9	45.6	35.4

*Table 2. Migration Rates in Uttar Pradesh 1983– 2010/11 (Includes all Migrant Categories)*



*Graph 1. Migration Rates in Uttar Pradesh 1983-2010/11*

*Source: NSSO, 2011*

In Table 2 and Graph 1, which, unlike Table 1, refers to all categories of migrants. The proportion of migrants in both urban and rural areas has gone up (from 21 per cent to 26 per cent, and 32 per cent to 35 per cent, respectively). But this is entirely due to increase in female migration (which explains much of the difference with the data in Table 1). The proportion of male migrants declined in rural areas and stayed the same in urban areas. During both the years, intra-rural migration was the most important form of migration (accounting for 62-per cent), but it declined somewhat in relative for male migrations. The differences between the trends for men and women clearly need further analysis. The decline in male migration in line with the analysis of labour migration is in itself noteworthy, particularly in a contest where ‘jobless growth’ has been a main academic and policy concern.

Much of the movement of labour in Uttar Pradesh has remained circular. This is, of course, the case for migration for seasonal occupations, particularly in rural areas, and with a high concentration of out-migrants from the poorest areas of Uttar Pradesh like western Rampur. But workers in urban occupation also tend to maintain links with their areas of origins, as casual observation regarding domestic workers in major cities indicate. This has been shown by author's own research among industrial labourers in Kolkata and was recently documented for workers in the diamond industry in Surat, many of whom moved back temporarily to their villages after the economic decline of 2008. Within the NSS data, which recorded 12 per cent of the population as 'return migrants', the relatively small number of migrant household as compared to the members of households migrating, arguably confirms that migration by and large remains circular rather than constituting the classic rural-urban transition.

<b>2009 2010</b>			
	<b>Rural</b>	<b>Urban</b>	<b>Total</b>
Migrants	0.273	0.335	0.333
Non-migrants	0.248	0.325	0.295

*Table 3. Inequality among Migrants and Non-Migrants (Gini Coefficient, Household Consumption)*

*Source: NSSO, 2011.*

### *13.3.2 Migrants' Characteristics: A Macro-Micro Paradox*

Many studies also show the diversity of labour migrants involved. To illustrate how diverse the movements of labour are, the Gini coefficient of household consumption among migrants and non-migrants registered in the 2009-2010 NSS has been estimated as per Table 3 which showed that the inequality is higher among migrants than among non-migrants.

Number of Years Since Migration	1987 -88				2009- 2010			
	STR1	STR2	STR3	Total	STR1	STR2	STR3	Total
0-5	26.46	21.54	20.88	23.19	21.16	15.21	12.83	16.34
5-10	30.43	26.32	20.55	26.53	26.45	14.69	19.85	18.61
>10	31.98	27.11	22.54	27.12	24.25	18.52	13.77	18.33
Total migrants	28.52	24.42	21.65	25.29	23.22	16.29	14.52	17.54
Non-migrants	53.51	43.97	30.86	44.8	43.30	32.64	22.71	33.03

*Table 4. Poverty Incidence of Migrants (Excluding Marriage Migration) in Urban Areas*

*Source: NSSO, 2011.*

Sector	1987- 1988				2009- 2010			
	Migrants			Non-migrants	Migrants			Non-migrants
	Rural	Urban	Total		Rural	Urban	Total	
Rural	2.75	4.85	3.10	1.89	3.92	5.62	4.32	2.78
Urban	4.63	6.65	5.50	3.77	5.70	8.14	6.71	5.03
Total	3.56	6.03	4.34	2.27	4.83	7.38	5.69	3.30

*Table 5. Average Years of Schooling of Migrants (Excluding Migration Due to Marriage) vis-a-vis Non-migrants*

*Source: NSSO, 2011.*

The recent NSSO report quoted above give 2010-11 data and lists the incidence of migration among different income groups, showing a higher propensity of migration of households in the top income deciles than in the lower ones. In line with this, it was found that the poverty rates amongst migrants for the year 1987-88 and 2009-2010 were much lower than those amongst non-migrants, and that the average number of years of schooling of migrants was higher, during both the years, and in both rural and urban areas (see Tables 4 and 5). Studies on Uttar Pradesh villages also showed that the migrants were educationally better placed than non-migrants.

The patterns of migration change over time. Most recently, for example, international migration has become much more common from

Gorakhpur, now surpassing Uttar Pradesh in total numbers. A re-survey in Uttar Pradesh showed that circular migration had become more accumulative for the poor, with reduced uncertainty of finding work, increased wages and decreased dependence on contractors, but bringing greater returns to those with skill or strong social networks. Migration reduced borrowing for consumption, improved debt repayment capacity, and enhanced the migrants' confidence.

Patterns of landownership amongst migrants, which are well documented in a range of studies, also illustrate diversity. That shows that the landless were least likely to migrate. A positive relationship between land holding and migration in Uttar Pradesh (and that migrant households are socio-economically and educationally relatively better-off than the non-migrants ones) was found. A comparative study in the 1980 showed that in Bihar, the poor and landless were least likely to migrate: in Gorakhpur, the middle peasantry migrated more often, and in Uttar Pradesh, all landed groups, except the largest cultivators, migrated frequently. While there is some degree of path dependency, these patterns change over time as narrated for a village in Uttar Pradesh where sons of landowners were amongst the first to migrate, followed by less well-off.

55th Round (2009-2010)	Rural			Urban		
	Male	Female	Total	Male	Female	Total
Scheduled Tribe	5.6	35.7	20.4	28.2	41.1	34.5
Scheduled Caste	6.4	43.4	24.4	22.5	39.9	30.5
Other Backward Class	6.5	42.8	24.2	23.7	41.7	32.3
Others	8.1	44.3	25.9	27.6	42.6	34.7
All (Incl. N.R)	6.9	42.6	24.4	25.7	41.8	33.4
64th Round (2010-11) Scheduled Tribe	4.7	44	23.8	28.8	43	35.6
Scheduled Caste	4.9	48.2	26	23.5	44.7	33.7
Other Backward Class	5.1	46.8	25.5	23	43.7	33.1
Others	6.8	50.6	28.1	29	47.7	37.9
All (Incl. N.R)	5.4	47.7	26.1	25.9	45.6	35.4

*Table 6. Proportion of Migration among Different Social Groups*

*Source: For 2009-2010 figures, same as for Table 1; for others, NNSO, 2011, p.17.*

A similar pattern has been detected with respect to the international migration from Punjab, where the better-off earlier migrants sponsored the less well-off ones. Similarly, the caste background of migrants has been well studied. It stresses that caste is one of the important axes along which migration in rural West U.P. is segmented. Studies of indentured labour, representing Uttar Pradesh early integration into a global labour market, indicated the migrants formed an average broad-middle sample of Uttar Pradesh rural population, a pattern that seemed to have continued in the migration to the old colonial industries.

Seminal work in Western Uttar Pradesh stressed the over-representation of lower castes and Harijans in circular migration. A study of Mahabubnagar village in Raebareli observes that each Reddi (Powerful castes) household has a migrant in urban areas whereas migration to rural areas was much more common among, for example, the Madiga (Dalit) and landless marginal former households.

With respect to castes, too, patterns can change over time. In patterns in Western Uttar Pradesh higher castes were more prominently represented among migrants in 1983-84, but during the earlier years, lower castes had secured outside jobs. 'The re-survey also showed increased participation by higher castes (and women) in migration as opportunities become more rewarding.

The NSS data provide information about migration among different castes though the earlier-mentioned problem of under-recording may be particularly here (as the types of migration of the most deprived groups may remain unrecorded more often than those of the better-offs). The proportion of recorded migrants among dalits and Adivasis is, on an average, lower than among other groups.

There is thus a macro-micro paradox that arises from this brief overview. On the one hand, national level data highlight that migration is selective with opportunities biased against the poorer, a process that might be reinforced with technological change. On the other hand, micro



studies often show very high rates of migration amongst the poorest and socially marginalised groups, and over- representation of migrants—including bonded and child labour, with Adivasis and Dalits being over-represented – amongst the bottom layer of the workers. Much of the latter may go unrecorded, which may add to their vulnerability, as is discussed further. In order to ensure a better insight into the dynamics of migration and its relations to poverty, an inter-disciplinary approach to the study of migration is needed, as is clearly demonstrated when the gendered nature of migration is considered.

13.3.3 Gender and Age Composition in Migration Trends

Migration in Uttar Pradesh, as elsewhere, is strongly engendered, with regional and class differences, thus structuring the potential of migration to be an inclusive force. The census and NSSO data show very low rates of female labour migration: between 70% (in Bagpat) and 94% (in Aligarh) of women in migrant households moved because of marriage (as the primary reason), and at a relatively young age. However, labour force participation after migration increases steeply.

	Reason for		Labour Force Participation	
	Female Migration		Women in Migrant Household	
	Employment	Marriage	Pre	Post
Gorakhpur	1.8	88.8	17	42
Gonda	0.9	91.2	5	19
Basti	1.1	85.5	2	8
Raebareli	1.5	87.8	4	8
Rampur	1	87.2	20	34
Sitapur	1.6	82.1	25	33
Mau	2.9	73.7	25	42
Aligarh	1.3	94.1	3	19
Pilibhit	1.6	86.3	14	24
Balia	3.6	71.1	37	48
Azamgarh	3.4	79.9	17	43
Bagpat	2.7	69.4	17	26
Sultanpur	3.3	73	28	42

Table 7. Female Migration in NSSO 55<sup>th</sup> Round (Select District)

Source: Shanthi, 2011, refers to women in migrant household.

Many studies have shown that young women do migrate but often face more barriers to mobility and access to opportunities, thereby ending up in informal sector jobs and receiving lower wages, not only in rural and casual urban occupation but also in regular urban work, particularly for those with the lowest levels of education. They are highly represented in externally exploitative occupations like sugarcane cutting, which are likely to go unrecorded in national statistics. The under recording of this female migration in both the Census and the NSSo can be related to the fact that respondents are required to give only one reason for migration, that is, the working women that move for marriage are not recorded as labour migrants, in view of the prevalent cultural inappropriateness to emphasise the economic role of the women, particularly vis-a-vis a male interviewer, and the emphasis on primary and fulltime work.

Internationally, and across Uttar Pradesh, gendered patterns of migration differ. On the basis of macro and micro levels studies, there are contesting patterns of female rural-to-urban migration in northern and southern Uttar Pradesh, with the South showing higher rate of female migration, a pattern also indicated in the NSSO 55<sup>th</sup> round data shown in Table 7. Emphasis has been given to the importance of cultural norms, particularly in northern Uttar Pradesh and practices relation to the seclusion of women that affected the rates of female outmigration and employment.

Gendered patterns of labours migration changed over time. For example, the formal sector manufacturing industries had a substantial number of female worker in the early 20th century, which declined gradually, followed by a decline in child labour, thus contributing to a very low percentage of female labour in Uttar Pradesh formal employment category. Uttar Pradesh has been mirroring global trends since the 1980s. There has been a gradual trend of increasing female employment in new manufacturing and service sector jobs and into self-

employment. This process, though a slow one, signifies not only the growing economic empowerment of women but is also a harbinger of unprecedented social change in the tradition- dominated milieu in the country. Apart from signalling gradual change in gendered pattern migration, this may

Also be reflecting on the increasing disparities within the labour market, with the better-educated usually benefitting more from these patterns, while many remain trapped in poverty, particularly women and children confined to the unregulated informal sector.

#### *13.3.4 Reasons for Migration: Beyond Push and Pull*

A large section of the research describes individual motives for migration, while often trying to determine whether push or pull is the most important driving force. These empirical questions are often posted in the context of a dualistic framework of migration, which Insufficiently captures the circular nature that dominates labour migration in Uttar Pradesh.

As mentioned earlier, NSS data highlight that amongst all the recorded migrants, migration for marriage is and has remained the most important category (accounting for 90% of the rural female migrants). 'Search for employment' accounted for 50% of the urban male migrants. Data pertaining to 2010-11 show that 61% of the households had migrated for employment, while only 10% had migrated for employment related reasons, which included 46% among men, and 1% among women. The pattern of circular migration is more adequately captured in the context of a family oriented migration model.

While economic opportunity obviously continues being the key reason for migration among labour migrants, field studies tend to reveal a variety of motivations for migrations which are shaped by conditions at both the origin and destination of migration and by the patterns of recruitment and migration networks. Family structure shapes both the urgency and limitations to migrate as larger families tend to have a

greater need to diversify resources and the ability to maintain labour inputs when part of the family migrates. The age factor is crucial in terms of employment possibility with young men having the most opportunities in terms of rise of passage, and the youngsters drive to explore the world outside their immediate vicinity and sometimes away from parental control. Similarly, and as mentioned above, socio-cultural factors structure migration patterns, exemplified in the higher rate of female migrations and labour force participation in southern parts of Uttar Pradesh and amongst specific communities.

The nature of migrations among the poorest of the worker section has led many authors to argue that it is inappropriate to conceptualise this along the model of individual or household choices postulated. It has emphasized the forced nature of labour migration and labour particularly in Western Uttar Pradesh where capitalist production and old exploitative socio-economic relation lead to extreme forms to deprivation. Conditions of bondage in migration process amongst Adivasis in Western Uttar Pradesh are described. These forms of migration are usually organized through labour contractors, who often also operate as money-lenders in the areas of origin.

Push-pull models, while having continued attraction for analysis in Uttar Pradesh and elsewhere, and some predictive power, remain inadequate for understanding the complexity of migration patterns. The reasons for migration are very complex, and simple category may lead to a serious misreading of border patterns such as in the case of female migration 'for marriage', or regarding the conclusions pertaining to the impacts of migration, which are discussed in the next section.

### *13.3.5 Impacts of Migration*

The questions of impacts of migration remains difficult to answer for various reasons, including the diversity of migrants and selectively of migration, the difficulties in calculating the costs of migration, and the complexity of isolating the impact of migration and remittances from

border household or livelihood strategies. Of course the impact of migration on individuals and (different) communities varies. An analysis of the impact of migration based on the use of household survey data tends to be particularly limited. It analyses the net gain of rural-urban migration based on the probability of migrant and non-migrant population in different income quintiles. Their analysis shows that migrants have a much lower probability to be in the bottom quintiles than the non-migrant population areas of origin though the disadvantages caused and education difficulties remain.

There is increasing evidence about the amounts of remittances' that migrants send home. The NSSO data of 2010-11 show that international migrants on an average, send ₹52,000 while migrants within Uttar Pradesh remitted on an average ₹13,000. 19 per cent of the urban and 19 per cent of the rural households reported an out-migrant. This is not an insignificant contribution. Over 90 per cent of the income remitted was spent on household consumption goods, confirming micro-study findings which show that remittances lead to limited investment. Debt repayment constituted a significant-but much smaller use-of remittance in rural areas, whereas savings and investments were common in urban areas.

The impacts of migration thus continue to constitute major questions, conceptually, empirically, and politically. These questions are increasingly important, as labour markets and migration patterns appear to become increasingly unequal. This poses a major challenge for the debate on inclusive growth.

### **13.4 Inclusive Growth and Migration**

As yet, there is a very limited evidence regarding the changing patterns of migration in Uttar Pradesh over the last two decades. However, existing evidence seems to contradict the expectations expressed in the Eleventh Five-Year Plan that accelerated growth would lead to increased migration. The NSS and census data seem to confirm

that the proportions of migrants have not been increasing, and in some cases (notably rural male migration), the data even suggest declines in migration. They would be in line with the evidence regarding the patterns of job-less growth, and possibly with the growing regional inequalities in Uttar Pradesh.

At the same time, as a large part of the phenomenon of migration remains unrecorded, this may be under-estimating the continued importance of short-term and circular migration. While this bias in recording migration is significant, it does not seem to contradict a hypothesis.

that while at the individual and household levels, migration is intended and usually does enhance livelihoods, at the macro level, there are continued barriers against mobility that would lead to more inclusive growth.

While internal migration tends to remain invisible within much policy debates and statistics, we argue that policy are critically important in determining the patterns of migration and the likelihood that migrations leads to better outcome for migrants. This points at some directions in hands regarding the inclusiveness of present development path of Uttar Pradesh that has four aspects-the invisibility of migrants, the idea of desirability to reduce migration, existing social policies and specific measures for most deprived groups.

### **13.5 Migrants Invisibility**

First the invisibility in policies, law and statistics itself is important, as it can enhance the vulnerability of migrants, thereby excluding them from social service and rights. When migrants are visible, they tend to be portrayed as victims, of economic exploitation and sexual oppression, thus denying migrants agency. While there is a wealth of empirical studies on migration in Uttar Pradesh, the insights from the complexity of migration do not sufficiently inform the large-scale data collection.

As mentioned earlier, NSS data may be under-recording migration, but also and perhaps more importantly, they

Maybe insufficiently recognizing the complexity of migration processes, including with reference to female migration largely recorded as marriage migration.

### **13.6 Should Migration be Reduced?**

Where migration does appear in policy objectives, the attention tends to focus on reducing the numbers of migrants. For example rural development programmes and the social protection schemes including the Mahatma Ghandi National Rural Employment Guarantee Act (MGNREGA) earlier-often included an objective to reduce the number of out-migrants, often referred to as ‘distress migration’.

### **13.7 Social Politics and Migrants’ Neglect**

The Eleventh Five-Year Plan (Vol. 1, para 4.48) is explicit in the recognition of severe gap in policies vis-a-vis migrants: “migrant workers are the most vulnerable and exploited among the information sector workers, and have not received any attention in the labour policy. In the States which are sources of supply of migrant workers, effective and large-scale effort for vocational training in the labour intensive occupations is required for being amenable to the special need of the entrants to informal labour markets. In the destination States, the focus of public policy including labour policy should be to improve the conditions under which the bulk of these in-migrants live and work.

### **13.8 Multiple Derivations**

The macro-micro paradox highlighted above is particularly relevant for the migration of most deprived groups, especially those who suffer from economic disadvantages as well as social discrimination. While

micro studies highlight the large number of people moving for casual work, often over short distances, the macro data shows a continued under-representation of the most deprived persons in labour market and migration statistics.

### **13.9 Conclusion**

While many micro-studies describe the often extreme vulnerability and exploitation of migrants in Uttar Pradesh, macro-studies have continued to struggle with the role of migration in economic transformation. This paper, however, emphasises that the interdisciplinary approach is needed to chart out the complexity of migration dynamics and how they relate to the issues of poverty and well-being. These questions are becoming increasingly pertinent since the policy objective of inclusive growth is an explicit response that the knowledge of the Uttar Pradesh economic model has produced with high growth figures, but with increasing inequalities and without part of the migration analysis has been formulated in terms of the classic transformation, it is even more important to consider the role of migration in the current pattern of inclusive growth.

The inclusive growth policy need to do much more than it is presently doing to address the exploitation and exclusion of migrants. The new social protection schemes unquestionably enhance the well-being of the poor, particularly through schemes like MGNREGA. However, more needs to be explored in addition to accepting the reality of labour outside the modern sector, in which migrants occupy a specific position. Economic growth has not, and will not, substantially change the structure of employment in the near future, with over 90 per cent of workforce engaged in the so-called informal sector.



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## **INTERNATIONAL LEGAL FRAMEWORK FOR THE PROTECTION OF CULTURAL DIVERSITY**

*Shishir Tiwari*

### **14.1 Prolegomena**

‘Cultural diversity’ has emerged as a key concern at the turn of the 21st century (UNESCO, 2009). It has become one of the latest buzzwords in international policy and law-making (Burri, 2010). Cultural diversity is recognised and respected as a factor of peace, social cohesion, sustainable development and stability in the contemporary world.

Article 1 of the UNESCO Declaration of Cultural Diversity (2001) (hereinafter UDCD), considering the importance of cultural diversity, states that, “...[a]s a source of exchange, innovation and creativity, cultural diversity is as necessary for humankind as biodiversity is for nature”.

Cultural diversity is one of the roots of development. It is not only a vital tool of economic growth but also plays a crucial role in realizing intellectual, emotional, moral and spiritual development. It is a source of enrichment for humankind and an important contributor to the sustainable development of local communities, peoples and nations. In other words, cultural diversity is essential for achieving sustainable development. As sustainable development benefits all, Paragraph 16 of

the Johannesburg Declaration on Sustainable Development (2002) emphasises that our rich diversity, which is our collective strength, should be used to ensure sustainable development. Underlining the same, the outcome document of the United Nations Conference on Sustainable Development (2012), entitled “The future we want”, recognises that all cultures and civilizations can contribute to sustainable development (Paragraphs 41). Cultural diversity has an important role to play in addressing current ecological challenges, ranging from the erosion of biodiversity to climate change. Apart from ensuring environmental sustainability, diverse cultures also contribute to the development and promotion of human rights and fundamental freedoms. Respect for cultural diversity and the cultural rights of all enhance cultural pluralism.

However, cultural diversity, which is the common heritage of humanity, is under threat from various sources, namely urbanization, industrialization, overpopulation and globalization (Craig et al., 2002). In the context of these threats, the international community has adopted panoply of legal instruments to promote and protect the varied facets of cultural diversity. Before delineating these instruments systematically, it is imperative to explain in brief the notion of “cultural diversity” as it has been used throughout this paper.

## **14.2 Defining Cultural Diversity**

Cultural diversity is the variety of human societies or cultures in a certain region, or in the world as a whole. It is presented as the antithesis of cultural uniformity. Culture takes diverse forms across time and space. This diversity is embodied in the uniqueness and plurality of the identities of the groups and societies making up humankind. The diversity of human cultures is manifested through the wealth of languages, oral traditions, festive events, ideas, rites, beliefs, kinship systems, dresses, customs, traditions, tools, artistic works, folklore,

performing arts, ceremonies, rituals, music and songs, traditional medicines, literature, culinary traditions, traditional sports, handicrafts, cultural heritage sites, historic cities, museums and other expressions they collectively embody. Apart from these more obvious cultural differences, cultural diversity is also reflected in the way societies organize themselves, in their shared conception of morality, and in the ways they interact with their environment. Defining the term “cultural diversity” in detail, Article 4.1 of the Convention on the Protection and Promotion of the Diversity of Cultural Expressions (2005) furnishes:

“Cultural diversity” refers to the manifold ways in which the cultures of groups and societies find expression. These expressions are passed on within and among groups and societies.

Cultural diversity is made manifest not only through the varied ways in which the cultural heritage of humanity is expressed, augmented and transmitted through the variety of cultural expressions, but also through diverse modes of artistic creation, production, dissemination, distribution and enjoyment, whatever the means and technologies used.

To conclude, diversity within the cultures constitutes diversity of cultures. Cultural diversity is above all a fact. And beyond the mere fact of its existence, it is a tool for articulating identity and has aesthetic, moral and instrumental value as the expression of human creativity, the embodiment of human strivings and the sum of humanity’s collective experience.

### **14.3 International Legal Framework**

The international legal framework relevant to cultural diversity consists of number of instruments of which some make reference to culture generally and others to cultural diversity in particular. Not all of these documents refer to cultural diversity per se but, considering that they all touch upon contemporary cultural issues, they become useful

tools in promotion and protection of the same. The legal nature of these documents varies considerably and not all of them are equally binding on the international community. The body of international instruments ranges from conventions (i.e., agreements concluded between States and legally binding on the State Parties), declarations (i.e., instruments that are morally binding, linking States on the basis of good faith) to recommendations (i.e., instruments that encourage States to adopt a particular approach). All of these are valuable sources of international law on the issue of cultural diversity and can be broadly discussed under two heads: (1) Instruments adopted by the UNESCO and (2) Other International Legal Instruments.

#### *14.3.1 UNESCO Instruments*

As the only organization within the United Nations system possessing a mandate in the field of culture, including a standard-setting function, UNESCO has played a leading role in the formulation of international legal instruments pertaining to the promotion and protection of cultural diversity. These instruments cover the various dimensions of cultural diversity and meddle in arenas as varied as cultural, physical and intangible heritage, cultural expressions, cultural exchanges and the illicit traffic in cultural goods and intellectual property.

##### *14.3.1.1 Universal Copyrights Convention, 1952*

The Universal Copyright Convention (hereinafter UCC) was adopted 6th September 1952<sup>1</sup>. The UCC introduced the idea that culture (literary, scientific and artistic works) embodies universal values requiring common protection and accordingly a shared responsibility of the international community (UNESCO, 2009). Article I of the UCC makes its obligatory on the part of each Contracting State to provide for the adequate and effective, protection of the rights of authors and other

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<sup>1</sup> The UCC entered into force on 16<sup>th</sup> September 1955 and as of 12<sup>th</sup> February 2013, 100 States are Parties to this Convention.

copyright proprietors in literary, scientific and artistic works, including writings, musical, dramatic and cinematographic works, and paintings, engravings and sculpture.

The UCC was developed by the UNESCO as an alternative for those states which disagreed with aspects of the Berne Convention for the Protection of Literary and Artistic Works, 1886, but still wished to participate in some form of multilateral copyright protection. Among its essential features are the preferential provisions for Developing countries (introduced by the Paris Act of the Convention in 1971) to take account of the role of works of the mind in the general context of development and the economic, social and cultural needs of developing countries.

*Convention for the Protection of the Cultural Property in the Event of Armed Conflict, 1954.* The Convention for the Protection of Cultural Property in the Event of Armed Conflict (hereinafter 1954 Convention) was adopted<sup>2</sup> in the backdrop of widespread and massive destruction, looting and pillage of European cultural heritage during the Second World War. The Convention, comprising 40 articles (divided into 7 Chapters), constitutes the first international attempt to enunciate a comprehensive legal framework to protect cultural property in the event of armed conflict (Driver, 2000).

The main obligations under the Convention are for States to reduce the effects of armed conflict on heritage, by taking preventive measures both in time of the 1954 Convention comprises the safeguarding of and to safeguard cultural heritage by taking appropriate

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<sup>2</sup> It was adopted on 14<sup>th</sup> May 1954 by an Intergovernmental Conference on the Protection of Cultural Property in the Event of an Armed Conflict, which was convened by UNESCO. The conference met from 21<sup>st</sup> April to 14<sup>th</sup> May 1954 at The Hague. Convention entered into force on 7<sup>th</sup> August 1956 and as of 12<sup>th</sup> February 2013, 126 States are Parties to it.



measures in peace time against the foreseeable effects of an armed conflict (Article 3). Respect for cultural property includes obligations to refrain from using heritage property for purposes which are likely to expose it to destruction or damage during armed conflict. These obligation can only be waived in cases of military necessity (Article 4(2)).

The 1954 Convention has two Protocols. Protocol I was drafted concurrently with the Convention and focuses exclusively on the movable cultural objects. The purpose of the Protocol I is to present the exportation of cultural property from occupied territory and to provide for the restitution of illegally exported objects. A significant objective of the Protocol is to prevent the looting and pillage of cultural property by belligerents during armed conflict. Protocol II to the 1954 Convention was adopted in the year 1999 to improve the protective regime established under the convention. It complements the 1954 Convention rather than replacing it. The adoption of the Second Protocol has created two levels of protection for the cultural heritage: the basic level under the 1954 Convention for its States Parties and the higher level of protection under the Second Protocol, known as “enhanced protection”, for its States Parties.

*14.3.1.2 Convention on the Means of Prohibiting and Preventing the Illicit Import, Export, and Transfer of Ownership of Cultural Property, 1970*

The Convention on the Means of Prohibiting and Preventing the Illicit Import, Export, and Transfer of Ownership of Cultural Property [hereinafter 1970 Convention] was adopted by the General Conference<sup>3</sup>

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<sup>3</sup> The General Conference consists of the representatives of the States Members of the UNESCO and meets every two years. The General Conference determines the policies and the main lines of work of the Organization. Its duty is to set the programmes and the budget of UNESCO. The working languages of the General Conference are Arabic, Chinese, English, French, Russian and Spanish.

of the UNESCO at its sixteenth session on 14th November 1970<sup>4</sup>. The basic purpose of this Convention is to stop illicit traffic in cultural property. The 1970 Convention seeks to protect only movable cultural property. It is applicable both in time of peace and in time of war. The 1970 Convention is a multilateral agreement which is indirectly applied. Its implementation depends upon the adoption of the domestic legislation enabling it by the State Parties to the Convention.

The 1970 Convention introduces a prohibition (Article 3), without drawing any distinction between time of peace and time of war. It declares that “the import, export or transfer of ownership of cultural property, effected contrary to the provisions adopted under this Convention by the State Parties thereto, shall be illicit.” As a corollary if there is any transfer of cultural property (in violation of the laws enacted by the country of origin to protect its cultural heritage) is illicit, it is prohibited under the Convention.

The 1970 UNESCO Convention contains a special provision concerning occupation. According to Article 11, “the export and transfer of ownership of cultural property under compulsion arising directly or indirectly from the occupation of a country by a foreign power shall be regarded as illicit.” Unlike Article 3, Article 11 defines the illicitness arising from the fact of occupation without linking it with or referring to national law. Article 11 of the 1970 Convention supplements Articles 1 to 4 of the Protocol I to the 1954 Convention. It reinforces the undertaking of the State Parties to prevent the exportation of cultural property from an occupied territory as far as the movable property is concerned. Article I of the Protocol I prevents the exportation of cultural property from a territory occupied by the occupying power, whereas under the 1970 Convention the prohibition on export does not concern just the territories occupied by the occupying power, but is addressed to

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<sup>4</sup> The 1970 Convention entered into force on 24<sup>th</sup> April 1972 and as of 12<sup>th</sup> February 2013, 123 States are parties to it.

all the State Parties to the Convention. As compared to Article I of the Protocol I, Article 11 of the 1970 Convention concerns not just the export but any transfer of ownership of cultural property under compulsion. The prohibition on import under Article I of the Protocol I is restricted to periods of armed conflict, whereas the occupation referred to in Article 11 may take place even outside the context of an armed conflict.

*14.3.1.3 Convention for the Protection of the World Cultural and Natural Heritage, 1972*

The Convention for the Protection of the World Cultural and Natural Heritage [WHC] was adopted on 16<sup>th</sup> November 1972 by the UNESCO's General Conference at its seventeenth session<sup>5</sup>. The motivation for the WHC, which constitutes one of the pillars of the preservation and promotion of cultural diversity, was the recognition increasing threats of destruction to the world's cultural and natural heritage, not only by the tradition causes of decay, but also with changing social and economic conditions of many countries because of industrialization. The WHC recognizes the destruction of items of the world's heritage as affecting all nations. For this reason it sees the protection of the world's heritage as a responsibility of the international community as a whole (Sixth recital of the Preamble to the WHC).

The WHC aims to protect cultural and natural heritage of "outstanding universal value". The term "outstanding" suggests something "unique, exceptional, excellent, or very special and anyhow much better than what is usual" (Francioni, 2003). The WHC defines the term "cultural heritage" but the said definition covers only immovable cultural heritage in its ambit (Article 1). The Cultural heritage and natural heritage (as defined in Article 2) of outstanding universal value form the World Heritage List under Article 11. However, Article 11 (3)

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<sup>5</sup> The WHC entered into force on 16<sup>th</sup> December 1975 and as of 12<sup>th</sup> February 2013, 190 States are parties to this Convention.

makes it clear that inclusion of a property in the World Heritage List requires the consent of the State concerned. Article 11(4) of the Convention further provides that the Intergovernmental Committee for the Protection of the World Cultural and Natural Heritage [hereinafter World Heritage Committee]<sup>6</sup>

[S]hall establish, keep-up-to date and publish, whenever circumstances shall so require, under the title of *List of World Heritage in Danger*, a list of the property appearing in the World Heritage List for the conservation of which major operations are necessary and for which assistance has been requested under this Convention.

Articles 4, 5 and 6 set out the duties that States take on under the WHC. Article 4 recognises:

... that the duty of ensuring the identification, protection, conservation, presentation and transmission to future generations of the cultural and natural heritage referred to in Articles 1 and 2 and situated on its territory, belongs primarily to that State. It will do all it can to this end, to the utmost of its own resources and, where appropriate, with any international assistance and co-operation, in particular, financial, artistic, scientific and technical, which it may be able to obtain.

Article 5 sets out steps to achieve protection, conservation and preservation of the cultural heritage. Article 6(3) makes it obligatory on the part of the State Parties to the WHC not to take any deliberate measures which might damage directly or indirectly the cultural heritage.

Article 15 establishes a “Fund for the Protection of the World Cultural and Natural Heritage of Outstanding Universal Value”. The Fund is to be directed towards requests from the Parties for international help to support the conservation of place forming part of the World

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<sup>6</sup> Section III (Articles 8-14) of the WHC deals with structure and functions of the World Heritage Committee. The World Heritage Committee meets once a year, and consists of representatives from 21 of the States Parties to the Convention elected by their General Assembly.

Heritage and to meet the needs of places on the World Heritage in Danger List.

*14.3.1.4 UNESCO's Universal Declaration on Cultural Diversity, 2001*

The UNESCO Universal Declaration on Cultural Diversity (hereinafter UDCD) is the first international legal instrument covering all constituents of cultural diversity: cultural pluralism, cultural rights, creativity and international solidarity. The Declaration, although not legally binding, was unanimously adopted by the General Conference of UNESCO on 2 November 2001<sup>7</sup>. Comprising 12 Articles, the Declaration raises cultural diversity to the level of “the common heritage of humanity”, and considers it “as necessary for humankind as biodiversity is for nature” (Article 1) The Declaration also makes the defence of cultural diversity an ethical imperative inseparable from respect for the dignity of the individual (Article 4). It emphasises that Freedom of expression, media pluralism, multilingualism, equal access to art and to scientific and technological knowledge, including in digital form, and the possibility for all cultures to have access to the means of expression and dissemination are the guarantees of cultural diversity (Article 5).

For the implementation of the principles enunciated in the UNESCO Universal Declaration on Cultural Diversity a concrete Action Plan is attached with it. This plan contains of twenty sets of long-term objectives (Main Lines of Action) to be achieved in order to maintain, strengthen, enrich — and in many cases even reinstate — cultural diversity in society at the local, national and international levels.

*14.3.1.5 Convention on the Protection of the Underwater Cultural Heritage, 2001*

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<sup>7</sup> This Declaration was adopted by the UNESCO's General Conference at its 31<sup>st</sup> Session, which was convened from 15<sup>th</sup> October to 3<sup>rd</sup> November 2001, through its Resolution 25.

The Convention on the Protection of the Underwater Cultural Heritage (hereinafter CUCH) was adopted by the General Conference of the UNESCO on 2nd November 2001 at its 31st session<sup>8</sup>. The CUCH aims to ensure and strengthen the protection of underwater cultural heritage with a view to preventing its being looted or destroyed. It sets out basic principles for protecting underwater cultural heritage and contains a detailed cooperation system. It also provides practical guidelines for dealing with such heritage for the benefit of humanity and take action accordingly (Article 2(3)). The CUCH stipulates that underwater cultural heritage should not be commercially exploited for trade or speculation, and that it should not be irretrievably dispersed (Article 2(7)).

*14.3.1.6 Convention for the Safeguarding of the Intangible Cultural Heritage, 2003*

The convention for the Safeguarding of the Intangible Cultural Heritage (hereinafter CICH) was adopted by the General Conference of the UNESCO on 17th October 2003<sup>9</sup>. The CICH recognised in the Preamble that the processes of globalization and social transformation, also give rise, as does the phenomenon of intolerance, to grave threats of deterioration, disappearance and destruction of the intangible cultural heritage, in particular owing to a lack of resources for safeguarding such heritage (Fourth Recital). In this background, the CICH, a legally binding instrument, was adopted primarily because “no binding multilateral instrument as yet exists for the safeguarding of the intangible cultural heritage’ (Eight recital of the Preamble) and existing international agreements, recommendations and resolutions concerning

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<sup>8</sup> The CUCH entered into force on 2<sup>nd</sup> January 2009, in accordance with its Article 27. As of 12<sup>th</sup> February 2013, 42 States are parties to it.

<sup>9</sup> UNESCO’s General Conference adopted CICH at its 32<sup>nd</sup> Session which was convened from 29<sup>th</sup> September to 17<sup>th</sup> October 2003. CICH comprises 40 Articles divided into IX parts. The CICH, in accordance with its Article 24, entered into force on 20<sup>th</sup> April 2006. As of 12<sup>th</sup> February 2013, 149 States are parties for CICH.

the cultural and natural heritage need to be effectively enriched and supplemented by means of new provisions relating to the intangible cultural heritage” (Ninth recital of the Preamble).

Article 1 of the CICH further explains its purposes as follows:

- (a) to safeguard the intangible cultural heritage;
- (b) to ensure respect for the intangible cultural heritage of the communities, groups and individuals concerned;
- (c) to raise awareness at the local, national and international levels of the importance of the intangible cultural heritage, and of ensuring mutual appreciation thereof;
- (d) to provide for international cooperation and assistance.

The term ‘safeguarding’ is defined in Article 2.3 as meaning:

... measures aimed at ensuring the viability of the intangible cultural heritage, including the identification, documentation, research, preservation, protection, promotion, enhancement, transmission, particularly through formal and non-formal education, as well as the revitalization of the various aspects of such heritage.

For the proper implementation of the CICH, Part II of the CICH establishes three organs: (1) General Assembly of the State Parties to the CICH; (2) Intergovernmental Committee for the Safeguarding of the Intangible Cultural Heritage (IGICHC) and (2) Secretariat. The General Assembly is the sovereign body of the CICH and comprises the state parties to the CICH. It meets every two years (Article 4). Article 5 establishes an IGICHC consisting of representatives of 18 States Parties elected by the States Parties meeting in General Assembly<sup>10</sup>. The primary functions of the Intergovernmental Committee for the Safeguarding of the intangible Cultural Heritage are to promote the

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<sup>10</sup> IGICHC comprised initially of representatives of 18 state parties. However, this number had been increased to 24 in accordance with provisions of the Article 5(2) of the CICH which provinces that the number of States Members of the Committee shall be increased to 24 once the number of the States Parties to the Convention reaches 50. Now that there are more than 50 state parties

objectives of the Convention, and to encourage and monitor the implementation thereof; provide guidance on best practices and make recommendations on measures for the safeguarding of the intangible cultural heritage (Article 7). To provide assistance to the IGICHC in its functioning Article 10 establishes the Secretariat. The Secretariat shall ensure the implementation of the General Assembly and IGICHC's decision.

The CICH puts primary responsibility to safeguard the intangible cultural heritage State Parties to the Convention. Each State Party, in accordance with Article 11, shall:

take the necessary measure to ensure the safeguarding of the intangible cultural heritage present in its territory;

among the safeguarding measures referred to in Article 2, paragraph 3, identify and define the various elements of the intangible cultural heritage present in its territory, with the participation of communities, groups and relevant non-governmental organizations.

Article 13 further enumerates other measures to ensure the safeguarding, development and promotion of the intangible cultural heritage within its territory by each state party. Each State Party shall endeavour to:

- (a) adopt a general policy aimed at promoting the function of the intangible cultural heritage in society, and at integrating the safeguarding of such heritage into planning programmes;
- (b) designate or establish one or more competent bodies for safeguarding of the intangible cultural heritage present in its territory;
- (c) foster scientific, technical and artistic studies, as well as research methodologies, with a view to effective safeguarding of the intangible cultural heritage, in particular the intangible cultural heritage in danger;



- (d) adopt appropriate legal, technical, administrative and financial measures aimed at:
  - (i) fostering the creation or strengthening of institutions for training in the management of the intangible cultural heritage and the transmission of such heritage through forums and spaces intended for the performance or expression thereof;
  - (ii) ensuring access to the intangible cultural heritage while respecting customary practices governing access to specific aspects of such heritage;
  - (iii) establishing documentation institutions for the intangible cultural heritage and facilitating access to them.

Recognising the importance of education, awareness- raising and capacity building in safeguarding intangible cultural heritage, Article 14 of the CICH states that Each State Party shall endeavour to ensure recognition of, respect for, and enhancement of the intangible heritage in society through these means. Convention recognizes that communities, in particular indigenous communities, groups and, in some cases, individuals, play an important role in the production, safeguarding, maintenance and recreation of the intangible cultural heritage, thus helping to enrich cultural diversity and human creativity' (Sixth recital of the Preamble). In this background, Article 15 further provides that each State Party shall endeavour to ensure the widest possible participation of communities, groups and, where appropriate, individuals that create, maintain and transmit such heritage, and to involve them actively in its management.

The Convention provides additional measures for safeguarding the intangible cultural heritage at the international level through the publication of a Representative List of the Intangible Cultural Heritage of Humanity to be established by the Intergovernmental Committee (Article 16) as well as a List of Intangible Cultural Heritage in Need of

Urgent Safeguarding (Article 17); selection and promotion of national, sub-regional and regional programmes, projects and activities, taking into account the special needs of developing countries (Article 18); international cooperation and assistance to include, inter alia, the exchange of information, joint initiatives, and the establishment of a mechanism of assistance to state parties (Article 19); and the establishment of a fund for the Safeguarding of the Intangible Cultural Heritage (Article 25). State parties are also required to submit to the Intergovernmental Committee periodic reports on the legislative, regulatory and other measures taken for the implementation of the Convention (Article 29).

*14.3.1.7 Convention on the Protection and Promotion of the Diversity of Cultural Expressions, 2005*

The Convention on the Protection and Promotion of the Diversity of Cultural Expressions (hereinafter CDC) is a comprehensive and far-reaching instrument setting out global standards for cultural diversity. The CDC, a legally-binding agreement, was adopted by the UNESCO's General Conference on 20th October 2005.<sup>11</sup>

The CDC primarily aims to protect and promote the diversity of cultural expressions<sup>12</sup>, particularly as embodied, circulated and shared through cultural activities, goods and services, which are the most contemporary transmitters of culture. The term "Cultural expressions" refers to the various ways in which the creativity of individuals and social groups takes shape and manifests itself. These manifestations

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<sup>11</sup> UNESCO' General Conference adopted CSC at its 33nd Session which was convened from 3<sup>rd</sup> October to 21<sup>st</sup> October 2003. 148 States voted in favour, 2 voted against and 4 abstained. The CDC, in accordance with its Article 29, entered into force on 18<sup>th</sup> March 2007. As of 12<sup>th</sup> February 2013, 125 States are Parties to the CDC, European Union, regional economic integration organization, is also a party to the CDC.

<sup>12</sup> Article 4(3) of the CDC defines "Cultural expressions" as those expressions that result from the creativity of individuals, groups and societies, and that have cultural content.

include expressions transmitted by words (literature, tales...), sound (music...), and images (photos, films...) – in any format (printed, audio-visual, digital, etc.) or by activities (dance, theatre...) or objects (sculptures, paintings...). The CDC sets out to create a legal framework favourable to all with regard to the production, distribution/dissemination, access to and enjoyment of a wide range of cultural expressions of diverse origin. It recognises that cultural goods and services convey identity, values and meaning and consequently cannot be considered as mere commodities or consumer goods like any others.

The Convention contains a series of Parties' rights and obligations, which aim to protect and promote the diversity of cultural expressions in a spirit of mutual reinforcement and complementarity with other international treaties and guided by international concerted action and cooperation.

Article 23 of the CDC establishes an Intergovernmental Committee for the Protection and Promotion of the Diversity of Cultural Expressions to promote the objectives of the Convention and to encourage and monitor the implementation thereof. The Intergovernmental Committee also establishes procedures and other mechanisms for consultation aimed at promoting the objectives and principles of the Convention in other international forums. Article 18 of the CDC establishes the International Fund for Cultural Diversity. It is a funds-in-trust placed at the disposal of Parties, particularly developing countries, to help them implement and apply the Convention.

The above discussed eight normative UNESCO instruments constitute the pillars of the preservation and promotion of creative diversity. In the field of cultural policies, apart from these eight, UNESCO's work pertaining to cultural diversity also includes a series of Recommendations, notably the Recommendation concerning the Most Effective Means of Rendering Museums Accessible to Everyone (1960), the Recommendation concerning the Preservation of Cultural Property

Endangered by Public or Private Works (1968), the Recommendation concerning the Safeguarding and Contemporary Role of Historic Areas (1976), the Recommendation concerning the International Exchange of Cultural Property (1976), the Recommendation for the Protection of Movable Cultural Property (1978), the Recommendation for the Safeguarding and Preservation of Moving Images (1980), the Recommendation concerning the Status of the Artist (1980) and the Recommendation on the Safeguarding of Traditional Culture and Folklore (1989).

Outside the field of cultural policies, other significant UNESCO instruments related to cultural diversity include the following: in the field of the fight against racism, the 1978 Declaration on Race and Racial Prejudice and the 1995 Declaration of Principles on Tolerance; in the field of freedoms and rights, the 1976 Recommendation on Participation by the People at Large in Cultural Life and Their Contribution to It and the 1997 Declaration on the Responsibilities of the Present Generations towards Future Generation; in the field of information and communication technologies (ICTs), the 2003 Charter on the Preservation of Digital Heritage and the 2003 Recommendation on the Promotion and Use of Multilingualism and Universal Access to Cyberspace, in the field of education, the 1960 Convention against Discrimination in Education, the 1974 Recommendation concerning Education for International Understanding, Cooperation and Peace and Education relating to Human Rights and Fundamental Freedoms and the 1993 Recommendation on the Recognition of Studies and Qualifications in Higher Education.

#### *14.3.2 Other International Legal Instruments*

Apart from the UNESCO adopted Instruments; international legal framework for the protection of cultural diversity also comprises instruments formulated at various other organizational forums. Adopted

in different context these instruments contribute, although indirectly, in the promotion and protection of cultural diversity.

*14.3.2.1 Indigenous and Tribal peoples Convention, 1989 [ILO Convention (no. 169)]*

The General Conference of the International Labour Organisation adopted Indigenous and Tribal Peoples Convention in [hereinafter ILO Convention (No. 169)] on 27<sup>th</sup> June 1989.<sup>13</sup> A legally binding international instrument, ILO Convention (No. 169) deals specifically with the rights of indigenous and tribal peoples. However, from the point of indigenous cultural diversity protection certain provisions are relevant.

The ILO Convention (No. 169) puts obligation on the Governments to adopt special measures for safeguarding the persons, institutions, property, labour, cultures and environment of the indigenous peoples (Article 4). It provides that the handicrafts, rural and community-based industries, and subsistence economy and traditional activities of the tribal peoples, such as hunting, fishing, trapping and gathering, shall be recognised by the Governments as important factors in the maintenance of their cultures and in their economic self-reliance and development. And Governments shall, with the participation of these people, ensure that these activities are strengthened and promoted (Article 23).

*14.3.2.2 United Nations Declaration on the Rights of Indigenous Peoples, 2007*

The Declaration on the Rights of Indigenous Peoples (hereinafter DRIP) was adopted by the United Nations General Assembly through its Resolution 61/295 on 13th September 2007. The DRIP, not a legally binding instrument, was an important step forward for the recognition, promotion and protection of the rights and freedoms of indigenous

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<sup>13</sup> ILO Convention (No. 169) entered into force on 5<sup>th</sup> September 1991 and as of 12<sup>th</sup> February 2013, 22 Countries have ratified this Convention.

peoples. However, from the perspective of indigenous cultural diversity protection certain rights enumerated in it are vital, namely: right to maintain and strengthen distinct political, legal, economic, social and cultural institutions (Article 5); right to maintain, protect and develop the past, present and future manifestations of indigenous cultures, such as archaeological and historical sites, artefacts, designs, ceremonies, technologies and visual and performing arts and literature (Article 11); right to manifest, practise, develop and teach their spiritual and religious traditions customs and ceremonies (Article 12); right to revitalize, use, develop and transmit to future generations their histories, languages, oral traditions, philosophies, writing systems and literatures (Article 13); and right to traditional medicines and to maintain indigenous health practices, including the conservation of their vital medicinal plants, animals and minerals (Article 24).

Culture and traditional knowledge of indigenous communities constitute major part of the world's cultural diversity. These two instruments promote the full realisation of the cultural rights of the indigenous and tribal peoples with respect for their cultural identity, customs, traditions and institutions. Hence, they are the important part of the international legal framework for the protection of cultural diversity.

## **14.4 Summing Up**

Cultural diversity is the mainspring of sustainable development. Recognising this fact, international community has adopted number of instruments for the protection and promotion of various facets of the complex reality encapsulated in the term "cultural diversity". Each instrument, however, addresses a specific issue, often arising as an ad hoc response to a particular crisis or the recognition of new values in cultural diversity. Indeed, the very subject matter and scope of each instrument is unique and not designed specifically to interact. Yet the instruments do overlap, providing a complex web of instrumental

structures and provisions. These different initiatives and agreements represent a collective response by the international community to the challenges inherent in the preservation of our creative diversity. Analysis of the international legal framework for the protection of cultural diversity clearly demonstrates that protection of cultural diversity has become a common concern of humankind.

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# UN GLOBAL COMPACT AND MILLENNIUM DEVELOPMENT GOALS: THE INDIAN PERSPECTIVE

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## 15.1 Introduction

The Millennium Development Goals are the world's time-bound and quantified targets for addressing extreme poverty in its many magnitudes income poverty, hunger, disease, lack of passable shelter and exclusion while promoting gender equality, education, and environmental sustainability. They are also indispensable human rights 'the rights of each person on the planet to health, education, shelter, and security' as pledged in the Universal Declaration of Human Rights and the UN Millennium Declaration. How will the humanity look in 2015 if the Goals are achieved? More than 300 million will no longer suffer from hunger. There will also be dramatic progress in child health. Rather than die before reaching their fifth birthdays, 30 million kids will be saved. So will the lives of more than 2 million mothers.

The MDGs are the world's targets for reducing extreme poverty in its many dimensions by 2015, income poverty, hunger, disease, exclusion, lack of infrastructure and shelter while promoting gender equality, education, health, and environmental sustainability.

## 15.2 Literature Review

Deaton (2003) considered two issues concerning how to monitor global poverty for the Millennium Development Goals, the selection of poverty lines, and the data sourced for monitoring poverty over time. Focusing the choice of a single international line, converted at PPP rates, which was regularly updated using domestic price indexes. Re-basing, using updated PPP rates is done infrequently. For example, if the global poverty numbers once a decade. In any case, it is important that the poverty using purchasing power parity (PPP) exchange rates, versus the use of country specific lines. She noted the difficulties in constructing purchasing power parity exchange rates but argue in favor for a single international line, converted at PPP rates, which was regularly updated using domestic price indexes. Re-basing, using updated PPP rates is done infrequently. For example, if the global poverty numbers once a decade. In any case, it is important that the poverty estimates be calculated much more frequently than the PPP rates are revised. She argued that data from the national accounts are not suitable for measuring poverty and that their use requires assumptions that are unlikely to hold. In particular, monitoring poverty through the national accounts runs the risk of prejudging important issues that are properly the subject of measurement, not assumption, such as the extent to which aggregate growth benefits the poor. She also argued that poverty should be directly measured using household survey data. Leipziger, Fay, Wodon and Yepes (2003) came up with an empirical analysis of the determinants of three child health outcomes related to the Millennium Development Goals: the infant mortality rate, the child mortality rate, and the prevalence of malnutrition. Using data from Demographic and Health Surveys, they went beyond traditional cross-country regressions by exploiting the variability in outcomes and explanatory variables observed within countries between asset quintiles. They showed the relationships existing between the prevalence of diseases (diarrhoea and

malnutrition) and mortality. The findings suggested that apart from traditional variables (income, assets, education and direct health interventions), better access to basic infrastructure services has an important role to play in improving child health outcomes. The analysis of interaction effects between interventions also suggests the importance of combining interventions in order to meet the Millennium Development Goals.

Filmer, Hasan and Pritchett (2006) observed that the Millennium Development Goal for primary schooling completion has focused attention on a measurable output indicator to monitor increases in schooling in poor countries. We argue the next step, which moves towards the even more important Millennium Learning Goal, is to monitor outcomes of learning achievement. We demonstrate that even in countries meeting the MDG of primary completion, the majority of youth are not reaching even minimal competency levels, let alone the competencies demanded in a globalized environment. Even though Brazil is on track to meet the MDG, our estimates are that 78 percent of Brazilian youth lack even minimally adequate competencies in mathematics and 96 percent do not reach what we posit as a reasonable global standard of adequacy. Mexico has reached the MDG— but 50 percent of youth are not minimally competent in math and 91 percent do not reach a global standard. While nearly all countries' education systems are expanding quantitatively nearly all are failing in their fundamental purpose. Policymakers, educators and citizens need to focus on the real target of schooling: adequately equipping their nation's youth for full participation as adults in economic, political and social roles. A goal of school completion alone is an increasingly inadequate for action. With a Millennium Learning Goal, progress of the education system will be judged on the outcomes of the system: the assessed mastery of the desired competencies of an entire age cohort—both those in school and out of school. By focusing on the learning achievement of

all children in a cohort an MLG eliminates the false dichotomy between “access/enrolment” and “quality of those in school”: reaching an MLG depends on both. Social entrepreneurs are gaining international attention motivated by change and to see the world as it can be, not as it is. One way to achieve impact is to identify new opportunities through the New Millennium Development Goals (MDG). The eight MDG initiatives include: eradicating poverty and hunger in the world, providing universal primary education, promoting general equality and empowerment for women, reducing the child mortality rate, improving maternal health, combating HIV/AIDS and other diseases, ensuring environmental sustainability and developing global partnerships for development. Using the MDGs, everyone can participate in the creation of solutions to the world’s social problems, social entrepreneurship can create a better world (nursing majors can develop affordable health services, sociology majors can learn how to develop partnerships with international organizations, psychology majors can address gender equality and empowerment, and agriculture majors can help create sustainable food solutions).

Asmanto (2008) evaluated human development in gender sector and linkage of millennium development goals, especially third goal of MDGs in Indonesia. Analysis also instructed to know how comparison attainment third target of MDGs in Indonesia. Analysis also instructed to know how comparison attainment third target of MDGS between provinces in Indonesia according to its attainment indicators. The analysis used qualitative descriptive approach as according data available and relevant to be used. The analysis result shows several conclusions. First, attainment of human resource development (HDI) still can’t follow of gender development (GDI), that way also gender empowerment measurement (GEM). The region/province with good economic growth and good human development, in the reality can’t abolish inequality of gender development and gender empowerment

measurement. Some example of this case is DKI Jakarta, East Kalimantan and Riau. Second, in cumulative, third goal attainment of Millennium Development Goals in education sector relative have reached efficacy. Promote gender inequality and empower women in primary education, secondary education and tertiary education sector fully have been reached in the year 2005, according to target of MDGS. Third, Attainment of literate by regions not yet succeeded to reach balance point. But that way, not yet succeeded of attainment on the third MDGs target in literate women have been kept positive correlate every year, where literate level productive age of woman tend to increase from year to year. Fourth, there are inequality of economic participation either from side human development (HDI, GDI, GEM) and also inequality of interregional development one with other area. Fifth, women participation in the field of politics a long way off than minimum quota which has been determined, goodness in political of local politics and also national politics. With quota equal to 30% in the reality not yet can stimulate involvement of woman in the field of politics, which is only 11.6% in national politics and 6.7% in local politics. Victoria and Corpuz (2010). Indigenous peoples are one of the strongest critics of the dominant paradigm of development because of how this has facilitated the violation of their basic human rights, which includes their rights to their lands, territories and resources, their cultures and identities. So-called “development” also has led to the erosion and denigration of their indigenous economic, social and governance systems. Ten years after the MDGs come into being, it is about time to see whether these have taken indigenous peoples into account and whether the implementation of these have led to changes in the way development work is done. This paper examines the relationship of the Millennium Development Goals to the protection, respect and fulfilment of indigenous people’s rights as contained in the UN Declaration on the Rights of Indigenous Peoples. It analyses whether the MDGs as constructed and implemented have the

potential to contribute towards a more dignified life for indigenous peoples. It looked into some of the efforts of various factors, such as indigenous peoples, part of the UN system including the UN Permanent Forum on Indigenous Issues, and NGOs have done in relation to the MDGs. The Permanent Forum is the highest body in the UN addressing indigenous peoples and which is mandated to look into human rights, economic and social development, education, culture, health and environment. Some recommendations which emerged from this study included the need to use the human-rights based approach to development in implementing the MDGs and the need to set up culturally-sensitive social services. Wood (1991) CSR may be based within the human resources, business development or public relations departments of an organization. Corporate Social Responsibility is what an organization does to influence the society positively in which it exists. The concept of CSR has been evolving for decades. CSR is a multidimensional concept. While some take CSR as an obligation, others consider it as a strategic tool. CSR focuses on the social, environmental and financial success of the company. The increasing relevance of CSR in India has stemmed from the fact that a business cannot succeed by ignoring the human and social needs of our society. Corporations have emerged as one of the foundations of modern global society. With this increased power has come the demand by society for social accountability, commonly referred to as corporate social responsibility. MacDonald (2004) the concept of Triple Bottom Line is gaining significance among the corporate houses within the broader concept of Corporate Social Responsibility. Triple Bottom Line is a kind of management tool which takes into account social and environmental responsibilities along with financial responsibility. The underlying concept behind the Triple Bottom Line (TBL) concept is that a corporation's reputation or success should be measured not only by the financial bottom line, but also by the social and environmental

activities/performance. It is pertinent to note that the responsibility of the company is not only to make profit but also to protect the environment and the societal interest. Now, the moot question is that how the firm renders its positive impact on individuals or society at large. Agarwal (2008) the adoption of TBL in the business strategy gives the positive signal in the market that the corporation has done a splendid work of maintaining environment and public interest. It adds importance to the transparency and accountability of the corporation. In conclusion, it can be said that TBL provides a framework within which corporate performance and social responsibilities are measured and evaluated. Nath and Shah (2008) when several dozen business leaders came together at UN Headquarters to join an international initiative that would bring companies together with UN agencies, labour and civil society to foster the concept of Corporate Social Responsibility. With thousands of participants from more than 100 countries, it has now become the world's largest voluntary corporate citizenship initiative. Through responsible corporate citizenship, the private sector-in partnership with other social actors-can help realize the UN's vision: a more sustainable and inclusive global economy. TO achieve this end, the Global Compact has formulated ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. Darrow (2011) In September, 2010, world leaders met for the High Level Plenary Meeting on the Millennium Development Goals ("MDGs Summit"). The Summit attracted high level participation from Member States, launched a number of important aid initiatives, and the Summit Outcome document reflected an unprecedented consensus by Member States on the importance of human rights for efforts to achieve the MDGs. The present paper critically appraises the MDGs and World Summit Outcome document from a human rights perspective, as the basis for recommendations on how human rights could be positioned to better effect in negotiations towards the post-MDGs development



agenda. Following a short introduction, the first substantive part of the paper examines the history, impacts and ongoing significance of the MDGs in re-framing and re-focusing international and national poverty reduction efforts and policies. The paper then surveys the main conceptual and methodological problems relating to the existing global MDGs monitoring framework, relating these to a deeper analysis of the political economy of the international development debate, informed by the incipient efforts of international donor agencies to re-define sectoral monitoring frameworks, targets and indicators. This sets the stage for an analysis of the human rights implications of the World Summit Outcome document of September 2010, as an aid to assessing the international community's cognizance of the gaps in the existing MDGs edifice, and its willingness to address them in a successor global development agreement.

The prospects for a successful post-2015 global partnership for poverty reduction will depend, in part, on forging more effective cross-disciplinary coalitions and communities of practice, building the theoretical and evidence bases for a constructive synthesis between human rights and MDGs-based development policy-making. Hence the third part of the paper offers a conceptual framing apt to accommodate divergent disciplinary perspectives on the relationship between human rights and development, with a particular focus on the comparative contributions to policy-making of human rights and welfare economics. The paper rejects the dominant narrative of the "value added" of human rights to development policy-making in favour of a more nuanced and embracing, even if non-prescriptive, conceptual framework that accommodates both deontological and consequentiality perspectives. The paper concludes by venturing a set of substantive and process-related parameters that should guide the reformulation of a post-2015 global poverty reduction compact, positioning human rights arguments and identified priorities clearly and strategically within an increasingly

challenging constellation of threats to international human rights and underlying ethics of global social justice.

### **15.3 Objectives of the Study**

The study has the following three specific objectives:

1. To assess the positive relation between UNGC and MDG.
2. To assess the impact of UNGC on the attitudinal change of Indian participants with regard to CSR.
3. To analyze the growth trajectory of CSR in India while associating with UNGC and MDG.

Hypothesis 1: UNGC has facilitated in achieving the MDG with specific reference to Indian economy.

Hypothesis 2: Indian CSR is positively associated with UNGC and MDG.

### **15.4 Research Methodology**

The data for the present paper was gathered mainly from secondary sources like various reports of GC participants, publication of GC and specialized surveys and research reports of various organizations like UNGC and HSBC. To have a detailed idea about the participating members in MDGs and GC from India, relevant information was gathered from different sources. The annual reports of the companies were collected from the company websites and the SEBI website. Existing research studies conducted worldwide, papers and articles published in various journals and magazines were extensively reviewed to understand the relationship GC and MDGs with Indian economy in particular. Further, in order to gauge the importance of GC, MDGs and the current state of CSR in India, the data collected from all sources was analyzed and interpreted accordingly.

## 15.5 Global Compact-India

UNGC is an initiative to encourage corporate entities worldwide to adopt sustainable and socially responsible policies and to report their implementation. Under the GC, companies are brought together with UN agencies, labor groups and the civil society. The GC is a purely voluntary initiative with twin objectives (1) mainstreaming the ten principles<sup>1</sup> in business activities around the world; and (2) catalysing actions in support of broader UN goals propounded as the MDG<sup>2</sup>. The GC seeks to achieve its MDGs through a multi-stakeholder network, which supports the development of CSR with collective learning, policy, dialogue and partnership projects at global and local level (Chahoud et al., 2007).

In India, the GC was accepted at a high-level meeting of business leaders in Mumbai on December 4, 2000. The structure of the GC in India formally consists of Global Compact Society (GCS). Moreover, Indian Partnership Forum (IPF), founded by United Nations Development Program (UNDP) and Confederation of Indian Industry (CII) also focuses on CSR, but it has no formal association with GC. GCS acts as an apex level nodal agency, representing various Indian corporate bodies, networks, institutions/organizations to provide a forum for exchange of experiences and for working together on activities related to CSR to promote sustainable growth and encourage good corporate citizenship.<sup>3</sup>

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<sup>1</sup> The base of GV is formed by its 10 principles which are broadly grouped into four broad categories pertaining to protecting human rights, adhering to labor standards, saving environment and eliminating corruption, which the companies must pursue within their sphere of influence ([www.unglobalcompact.org/aboutthege](http://www.unglobalcompact.org/aboutthege)).

<sup>2</sup> MDGs are ambitious targets that the world has set for slashing poverty, hunger, disease, illiteracy and other social ills by 2015. On November 1, 2007 the UN, along with Google and Cisco, launched a web application to track real-time progress of every country toward the MDGs in several categories ([endpoverty2015.org](http://endpoverty2015.org))

<sup>3</sup> Available at [www.globalcompactindia.org](http://www.globalcompactindia.org)

CSR concept has been popular even before the emergence of UNGC, and even today without the support and recognition of UNGC; firms are generously contributing towards the CSR activities. The better performance of non-UNGC firms vindicates this contention. Even the firms that are incurring losses at the end of the operating year have continued to donate and spend on social welfare programs.

In India, the UNGC is characterized by a high participation rate, although not all intended stakeholder groups, especially labour organizations, are represented. According to the empirical findings, companies and stakeholders operating in India join the UNGC mainly in the expectation of benefitting from knowledge-sharing and networking. However the CSR approach of the UNGC has not yet realized its full potential in India. Many companies therefore expected more support and benefit from participation in the UNGC.<sup>4</sup> But still, the importance of UNGC cannot be denied as it may boost the spirit and regulate the implementation of CSR-related programs in the member countries in a better and coordinated manner (Sharma & Tyagi, 2010).

#### *15.5.1 GC Principles—Current Indian Trend*

Within the networking framework and on the basis of the ten principles, collective learning, and policy dialogue and partnership projects form mechanisms for the achievement of the UNGC's objectives. Thus the UNGC is contributing to the development of a common understanding of corporate citizenship and the leading principles and promoting partnership projects to broaden its own impact. All the mechanisms are applicable at the various levels and in the various networks and so facilitate international exchanges.

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<sup>4</sup> Tatiana Chahoud (2006), *Shaping Corporate Social Responsibility in India—Does the Global Compact Matter, India's Economic Developments*.

<b>Human Rights</b>	
Principle 1	Businesses should support and respect the protection of the international human rights within their sphere of influence; and
Principle 2	make sure they are not complicit in human rights abuses.
<b>Labour</b>	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4	The elimination of all forms of forced and compulsory labour.
Principle 5	The effective abolition of child labour. and
Principle 6	The elimination of discrimination in respect of employment and occupation.
<b>Environment</b>	
Principle 7	Businesses should support a precautionary approach to environmental challenges.
Principle 8	Undertake initiatives to promote greater environmental responsibility; and
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.
<b>Anti-Corruption</b>	
Principle 10*	Businesses should work against corruption in all its forms, including extortion and bribery.

Table 1. The 10 Principles of the Global Compact

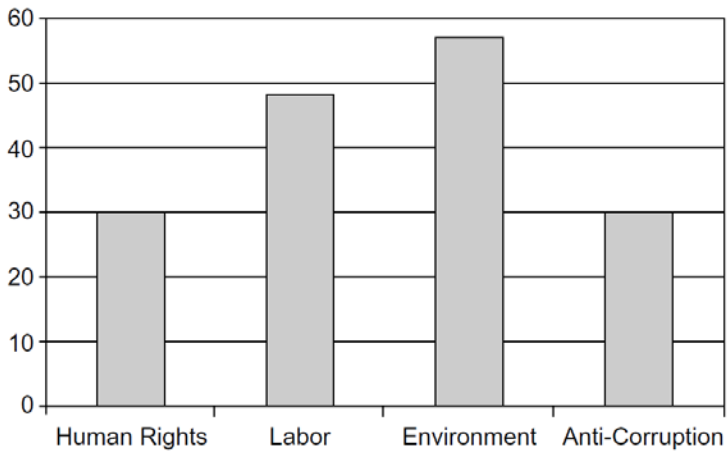
Source: [www.unglobalcompact.org](http://www.unglobalcompact.org) (\*The tenth principle was added in 2004).

Companies which join the UNGC are asked “to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, environment, and anti-corruption”. These principles are related to the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption. As they were negotiated by the governments of the UN member states, they have the backing of an universal consensus. However, it should be pointed out that the tenth principle requiring anti-corruption measures was not added until 2004.

Such vague expressions as “precautionary approach” and “sphere of influence” mean that the principles can be interpreted in different ways. In general, they are considered to amount to a minimal approach, and it is questionable how compliance with them is equivalent to legal compliance. As CSR is generally defined as “going beyond legal

compliance,” the principles must be interpreted as going further. This is reflected in the reference by various companies to their codes of conduct, which go far beyond the UNGC principles. Nevertheless, the principles give the companies a guide to follow and help them to structure their CSR engagement.

India, being a globalized economy, is changing its pattern of growth. With reference to the four broad pattern of growth. With reference to the four broad categories of GC principles, namely, Labor, Human Rights, Climate Change and Anti-Corruption, the state of affairs in Indian seems to be quite different and below the standards. The survey reveals that, of the four areas covered by the principles, the environment is the most important to the companies; it is followed by labour issues, anti-corruption and human rights (Chahoud et al. 2007). This shows that the typical areas of CSR (environment and social issues) still predominate.



*Table 2. Importance of the Four CSR Areas for Indian UNGC Companies*

*15.5.2 Labor*

Indian labor conditions are too pathetic due to the complex procedures, rigidity, inconsistency and overlapping which directly affect labor market. Welford (2007) analyzed that India could have had

more than one million additional jobs in the textiles and clothing sector exclusively, if its labor regulations had been more restrictive. In India, child labor still persists, and despite the new labor law for banning child labor, India still has 12.6 million child workers, according to various estimations. The NGO group Bachpan Bachao Andolan has estimated that children account for 40% to 50 % of all victims of human trafficking.

### *15.5.3 Human Rights*

Lyon (2007) assessed the Global Gender Gap in Asia and estimated that India holds a lower rank (114) due to the poor performance on the economic, educational and health sub-indices, which have affected the performance of this country. Kilgour (2007) has observed that gender equality, despite being an important issue on the GC agenda, lacks the attention of participants which may be due to the absence of women in the important bodies responsible for implementation of GC principles.

In fact, Gupta (2007) has also emphasized in her study about the need to assess the valuation and enhancement of human assets in firms so as to judge the strength and efficiency of firms and stakeholders.

### *15.5.4 Climate Change*

As per a UN Report (2007) climate change will cost 1.6% of global GDP while minimizing the emissions of greenhouse gases. The report of Carbon Disclosure Project (Jeanette Wiener, 2007) too revealed that “climate change is not a serious issue for Indian companies”, because most of the Indian firms are not measuring their emissions or setting strict caps.

In HSBC’s (2007) survey, 45% Indian companies were found to be more optimistic about overcoming the problem of climate change. However, only 19% companies agreed about the existence of control measures in India.

### *15.5.5 Anti-Corruption*

India has been a bad performer with regard to this important GC principle. The “Country Reports on Human Rights Practices, India”, published by US Department of State (2006), revealed that “Corruption was endemic in the executive and legislative branches of the government” and Transparency International determined it as “all pervasive”.

Hence in all the four broad categories of GC principles, the performance and the attainment levels have been found to be quite low, despite the large participation of Indian firms in the initiative. Adequate necessary measures are required without the loss of any further time so as to improve the profile of the country and create a civil society enriched with values and ethics. UNGC can certainly play a valuable role in this regard.

## **15.6 CSR, UNGC and Attitudinal change of business**

There has been a series of studies to justify the positive changes of general understanding and adoption of CSR. CSR shafts the organizations’ risk not only from the point of view of dissatisfied stakeholders but also from the competitors’ perspective. CSR helps the firm in terms of employment, brand building, creating an elevated sense of teamwork among employees, and helping to establish an emotional tie between the employees and the organization.

In India, CSR is rooted in its culture and has a long tradition, but the focus of CSR activities is still on the core issues like community development and socio- environmental program rather than on the issues relating to human rights and anti-corruption. After the emergence of GC, the implementation of CSR programs has become more structural and broad-based. It is argued that acceptance of GC principles has become easy in developing economies because of its being the first such formal initiative.



According to McKinsey & Company's (2004) survey, GC is like a 'gap closer' for developing nations due to the acceleration of initiative already in OECD nations. Moreover, GC has not only brought several changes in the strategic decision making of its participants but also the general attitudinal change in their behavior which may be acknowledged as a landmark development. After the emergence of the compact, firms have started accepting CSR agenda formally, just like its economic activities.

## **15.7 Conclusion**

In the Indian context, CSR is found to be a well- appreciated and accepted phenomenon and plays a crucial role in forming the country's CSR portfolio through the support of several world initiatives and business and non-business associations. In India, GC is accepted with great appreciation, achieved good participation and created an advanced network structure. Compared to other countries, India has great participation in the compact, but members do not bother to communicate the progress to GC at regular intervals. While the CSR multi-stakeholder approach is gaining around at global level, business self-regulation is still dominant in India. This manifests itself in two ways: firstly, very few civil society organizations and almost no trade unions are involved in the shaping of the CSR agenda; secondly, most companies operating in India prefer business self-regulation in CSR, and their partnership with civil society organizations is limited to involvement in the latter's implementation of community development projects. This background and the widespread inactivity of the UNGC network in India explain why the UNGC's potential has yet to be fully exploited.

The Millennium Declaration formulates the future challenges facing the international community in four fields of action for international cooperation: (1) peace, security and disarmament, (2) development and poverty eradication, (3) protecting our common environment, and (4)

human rights, democracy and good governance. The MDGS define, on a global scale, development results to be achieved by 2015 in the areas of poverty reduction and environmental protection. However, they make no statement about how to achieve them. The paths leading to these results may vary a great deal from one country to the next, in line with the specific situation on the ground. This means that the MDGs do not limit partners and donors programs to the areas explicitly mentioned in MDGs.

Hence MDGs and UNGC has to work in harmony to achieve the principles of Corporate Social Responsibility.

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# **THE FUTURE IS IN OUR HANDS: CONCEPTUAL, ECONOMIC, ECOLOGICAL AND SPIRITUAL CHALLENGES TO SUSTAINABLE DEVELOPMENT**

*Peter Pruzan*

## **16.1 Introduction**

“Sustainability” is a concept—we have all become increasingly aware about its significance—particularly since the publication of the so-called Brundtland Commission Report, *Our Common Future* in 1987.<sup>1</sup> That report defined sustainable development as “... Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. With its emphasis on future generations, the report emphasized the concept of inter-generational equity and justice. In addition, it provided a series of analyses of the increasing conflict between the aims of improving economic growth, especially for those with a low standard of living in developing countries, and environmental protection (that I will refer to in the sequel as ecological balance) and thereby between very different perspectives on the common good. Such aims were becoming increasingly

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<sup>1</sup> The report is commonly referred to as the Brundtland Report in honour of Gro Harlem Brundtland, former Prime Minister of Norway (three terms), medical doctor and former Director General of the World Health Organization (WHO). She now serves as Special Envoy on Climate Change for United Nations Secretary-General, Ban Ki-moon and is a member of The Elders—a group of global leaders brought together by Nelson Mandela.

antagonistic, particularly in so-called “Third World” countries that were eager to attain rapid economic development, even at the cost of high environmental impact.

With this brief background, the article will focus on two major topics: 1) challenges to a shared and meaningful understanding of the term sustainability that arise due to certain logical inconsistencies, and 2) challenges to the operationalization of the term due to conflicts between its two major foci: ecology and economics; this second section will constitute the major part of the paper. The paper’s concluding remarks emphasize the necessity of a wide- spread spiritual evolution if the concept of sustainable development is to provide a meaningful foundation for a global mind-set that embraces inter-generational equity, environmental richness and the common good.

## **16.2 Challenges Inherent In The Concept Sustainability**

Although the report *Our Common Future* referred specifically to the concept of sustainability within the context of development, the term has entered the vernacular and “sustainable” is now used as an adjective to characterize a large number of processes and products. We hear of sustainable production, sustainable housing, sustainable cities, sustainable agriculture, sustainable (“green”) technologies, and so on. The concept has become a positive buzzword promoted by PR experts on behalf of all manner of commercial and political activities, lending its aura of acceptability to these activities.

In addition, its original focus on balancing economic and ecological development and on inter-generational equity has been greatly expanded to cover far broader perspectives in the scientific domain. For example, the monthly online journal *Sustainability* (<http://www.mdpi.com/journal/sustainability/about>) describes itself as “an international and cross-disciplinary scholarly, open access journal of environmental, cultural, economic and social sustainability of human being...”.

Similarly, The International Journal of Environmental, Cultural, Economic, and Social Sustainability (<http://onsustainability.com/publications/journal>) describes itself as a “sustainability community ... with a “family of journals (that) are cross-disciplinary in their scope, a meeting point for natural and social scientists, researchers and practitioners, professionals and community representatives.”

In this respect, the developments in the use of the term sustainability are similar to developments in the use of terms such as business ethics and corporate social responsibility that during the last two decades have received increasing attention from corporate and scientific leaders, regulatory authorities and the media, as well as the rest of us. In both cases, the term itself is regarded as “positive” – something we think well of – while its operationalization has almost exclusively been based on its negation/absence. For example, while we seldom hear of ethical practices<sup>2</sup>, the media often inform us about unethical business practices (e.g. bribery, tax evasion, industrial espionage, pollution, forced and child labour etc.) and unethical science (e.g. plagiarism, cruelty to laboratory animals tested for reactions to new products, deception and coercion of human participants in sociological experiments, misuse of data and confidential information, etc.). In reaction, many corporations and scientific organizations have developed ethical codices for their

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<sup>2</sup> There are exceptions. For example, although the producers and traders of ‘Fair Trade’ products do not ordinarily characterize their products by using the term ‘ethical’, the underlying motivations for such production processes appear to be just that in the positive sense of the word – to improve the economics and working conditions of producers and workers, particularly those at the beginning of the food chain, rather than to remove unethical characteristics. Typical examples of such Fair Trade products are coffee, cocoa, bananas and cotton. See e.g. the website of Fairtrade International which consists of 25 organizations who work to secure a better deal for producers, set international fair trade standards and otherwise support fair trade. [http://www.fairtrade.net/about\\_fairtrade.html](http://www.fairtrade.net/about_fairtrade.html). See too <http://www.fairtradeforum.org/>, the site of the Indian National Network of Fair Trade in India, referred to as Fair Trade Forum - India.



employees, almost always telling them what not to do so that they, as well as their organization, can avoid challenges for unethical behaviour, rather than providing positive guidelines as to what to do. The same focus on the negative characterizes the concept of sustainability; it is easy to point a finger at decisions and actions that can be called unsustainable (e.g. ineffective use of scarce resources, degradation of rainforests to increase production of soya for fodder or maize for ethanol, production of heavy, fuel-consuming, CO<sub>2</sub> emitting vehicles, production that pollutes the atmosphere and groundwater, ocean acidification ...).

What is missing is a focus on what we really mean by sustainability and whether it can provide constructive guide lines for behaviour – can sustainable behaviour be other than the avoidance of unsustainable behaviour? Can we meaningfully speak of sustainability in a socially constructive manner?

### *16.2.1 The “Bad News”*

To attempt to answer, or at least to shed some light on the above query, let us start by reflecting on what I consider to be the major inherent conflict that characterizes the widely accepted definition of “sustainability” provided the Brundtland Report; it is impossible in practice to “meet the needs of the present without compromising the ability of future generations to meet their own needs” – no matter whether these needs deal with nourishment, housing, transportation, drinking water, energy, and so on. Since all production processes utilize some resources that are not renewable (try to imagine production processes that do not, directly or indirectly, utilize non-renewable resources), it is not possible to avoid reducing the ability of future generations ad infinitum to meet their own needs– even though one may optimistically refer to the increased ability to replace fossil fuel with renewable energy (wind/solar/wave/fusion power ...) and the improved ability to develop highly effective production technologies.

Another conflict deals with the concept of “needs” referred to above. In the definition of sustainability provided by the Brundtland Report, there is a major focus on the future via the concept of inter-generational equity and although the importance of international cooperation in achieving such equity is highlighted, there is nevertheless only minor reference to existing inter-regional equity. In particular the modern, more populist interpretations of sustainability, give the impression that it is possible to meaningfully refer to the “needs” of the population of humans (and the focus is on humans, not on other sentient beings or on “nature”) at any time as though they were a homogenous group with the same “needs” – even though the Brundtland Commission’s report strongly emphasises the essential needs of the world’s poorest people. In addition, the very concept of “needs” is extremely unclear and subjective – and it should be obvious that the “needs” experienced by say a poor peasant in a developing country are quite different from those of a well-to-do Westerner with a high standard of living.

### *16.2.2 The “Good News”*

In spite of these apparent inconsistencies, the introduction of the term sustainability into our vocabularies and its wide usage is of great importance. It focuses our attention on the potentially disastrous effects of our present production and consumption patterns on the living conditions for both present and future generations. In addition, it presents us with an, albeit utopian but nevertheless positive motivation to modify our behaviour so as to enable future generations to have the same or equivalent production and consumptions patterns as we, the present generation, have.

Furthermore, it appears as though the ambiguity characterizing the definition is one for the most positive characteristics. It has enabled a large number of diverse constituencies—governments, municipalities, institutions, organizations, scientific communities, business enterprises, forums of all sorts, and thoughtful individuals – to reflect on, discuss

and integrate an awareness of the social challenges of “sustainable development” into our vocabularies, values and behavior.

In other words, it appears that while considering sustainability to be a goal is inherently inconsistent due to its being unachievable, considering it to be an ideal is both meaningful and socially constructive. Goals are aims that can be achieved. Ideals are aims of perfection that provide guidance for our decisions but are essentially unachievable (e.g. peace on earth, perfect justice, equity, tolerance – and sustainability).<sup>3</sup>

I note this distinction between goals and ideals not to be pedantic but to emphasize the importance of the fact that how we conceptualize our aims can exert a significant influence on our perspectives and thus as well on our behaviour.

Continuing along this train of thought, the following are some concluding remarks on the conceptual conflicts that characterize the term “sustainability”, in particular regarding its relevance for corporate and political leaders.

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<sup>3</sup> We meet such a distinction in many contexts. For example, I have just now (December 2012) returned from a conference at the Indian Institute of Management, Kozhikode where my presentation was titled: “The Bhagavad Gita – Ancient Wisdom for Modern Leaders: Some Perspectives from the West”. Here I underscored that Krishna’s teachings would most likely be unacceptable for western business leaders due to the fact that such leaders’ mind-sets tend to be oriented towards achievable goals, not towards unachievable ideals. For example, in chapter two of the Gita, Krishna instructs Arjuna on the ideal of being a *sthitaprajnya*—one whose is active in the world, a state of being that may appear to be unattainable by e.g. corporate leaders. Given the business culture in the West, it is far easier and more comfortable for a leader to make decisions in the external world of the ‘corporate battle field’ rather than to emancipate and empower the wisdom of his or her “internal battlefield” where one’s ego is to be subdued in an act of self-conquest. So unless a western business leader is willing to regard Krishna’s teachings as ideals, and not as goals, the Gita will most likely have little if any influence on his or her behaviors – the western leader will most likely simply close the book, considering it to be either a strange historic story or an expression of Hindu religious thinking, without any significance for his or her thinking – alas.

“A rose by any other name would smell as sweet” is an often quoted statement by Juliet from William Shakespeare’s play *Romeo and Juliet* (Act II, Scene II). It underscores that what really matters is things as they are, not their names. In our reflections so far, “sustainability” is a word, just like “rose” is a word – and just as the word “rose” doesn’t smell, “sustainability”, the word, does not in and of itself provide an ideal for leadership behaviour. And just as pretty roses must be handled with care due to their thorns, so too leaders must be careful when “plucking” an enticing concept such as “sustainability” with its alluring promises of inter-generational equity and of current day financial success. Although the ideal has a cognitive and emotive foundation that provides a basis for formulating long term goals and for measuring and communicating performance using an increased repertoire of measures and indicators, implementing sustainability as a frame of reference for leadership is a mine-field of demanding and complex processes.

This should be even clearer from the following reflections!

### **16.3 Challenges Arising from the Conflicting Perspectives of Ecology and Economics**

The following reflections focus on conflicts that arise when one attempts to operationalize the concept of “sustainability” due to the different, at times antagonistic world-views of its two most important components, ecology and economics (Pruzan 1994).

#### *16.3.1 “Housekeeping” versus “Nature keeping”*

Economics and ecology are academic disciplines founded on very different worldviews. Consequently, when attempting to tackle practical problems, economists and ecologists commonly arrive at incomparable descriptions and contradictory recommendations. Economics is housekeeping with limited often defined as the study of resources – a major concern is the efficient production, distribution and consumption

of goods and services, focusing on the market, its prices and competition. Ecology can be defined as the study of “nature keeping” (my own word to contrast it with economics as dealing with “housekeeping”), i.e. the interrelationship between organisms and their surroundings, drawing heavily on the bio-sciences and empirical studies of nature and the environment. Whilst many economists are engaged in increasing the value of production, many ecologists are occupied with nature’s stock of resources and its capacity to receive waste from production. In other words, whilst ecology focuses on nature’s ability to regenerate itself and to maintain a dynamic-equilibrium, economy focuses on increasing consumption possibilities.

Therefore economy and ecology have developed different vocabularies, traditions and methodologies. When we in the West read about conflicts in the European Union that arise when a member nation develops legislation that limits the production and import of goods due to their effects on the environment, where these limits are stricter than the existing guidelines of the European Union, we are dealing with an eco-eco (economic-ecological) conflict, a conflict between targets of economic growth and aspirations of ecological balance. When we hear protests from employer’s organizations against “green taxes” imposed to protect the environment or against laws to prohibit pesticides tolerated by other countries, then there is talk of an eco-eco conflict. Fascination with free markets and economic success makes it difficult for corporate management to see things in a larger context unless it pays to do so, unless it can boost profits, salaries and bonuses.

Management shuns interference which could disturb the organization’s competitive advantage and its own privileges and is convinced that its prime responsibility is to maximize profits rather than contribute to “the common good”. A result is demands from the citizenry for “social responsibility”, “ethics” and “sustainability”, demands which arise when people learn about contaminated soil and

water, the punctured ozone layer, accelerating allergy and asthma conditions, decreased diversity of plant and animal species, deforestation, desertification, global warming, melting glaciers at the Poles, increase in tropical storms, the rise in sea-levels, Bhopal and Three Mile Island and Exxon Valdez and Chernobyl and Seveso and ... all of which, directly or indirectly, are man-made catastrophes.

So the eco-eco conflict is a major challenge to the meaningful operationalization of “sustainability”; there is a need to develop a conceptual and value-based frame of reference which can be used to influence the balance between economic and ecological approaches to reality. Such a balance is required if organizations and societies are to be able to make progress toward the ideal of a sustainable development. It is an enormous challenge, a challenge that can only begin to be met if there is great commitment by business and political and scientific leaders – and the willingness to face fundamental conflicts that have, so to speak, been swept under the rug.

The disciplines of economics and ecology must broaden their views of themselves, their self-reference, to enable accommodating elements from each other’s vocabularies, worldviews, methods, causal explanations and standards for good science. Only then can both disciplines develop a more inclusive perspective than that presently provided by their existing narrow, specialized optics on a complex eco-eco reality.

The challenge is neither one of integrating the two disciplines nor of subordinating the one under the other. In spite of this, there are many politicians and business leaders who would be pleased to see ecology subordinated to economy; it would make decision making far easier and less complex if everything could be reduced to monetary terms, where more is better than less and where there is only a single measure of performance. This would enable “business as usual” – where the determining factor for what is “good” is determined by profits, costs,

returns on investment, share prices – and result in eliminating sustainability as an ideal, as a value that is valuable in its own right. Not surprisingly, there are also many economists who are pleased to see the study of ecology reduced to a course or programme in “environmental economics” – which is the case at many leading universities throughout the world. A typical example is the following excerpt from the description of the Environmental and Natural Resource Economics MSc programme at the University of Birmingham in the UK: “... we emphasize the development of the quantitative skills... with particular attention to the valuation of environmental goods in monetary terms.” ([www.birmingham.ac.uk](http://www.birmingham.ac.uk)).

In other words, given the dominating role of economics in business and political systems, life would be much easier for decision makers if ecological outcomes could be priced and cost-benefit analyses performed. Choosing the cheapest or most profitable solution to an eco-eco problem would consequently also be the “best solution”, not necessarily for the environment, but as evaluated solely by using the measuring rods of economics. This would permit significant simplification in comparison with the effort required to evaluate how a potential plan of action could affect the environment and future generations, both of which can be affected by a decision although they themselves are not able to participate in the decision making process; both lack “voice” and can only be heard when others speak up on their behalf or when the environment reacts. The problem remains: How can these prices be determined so that they can lead to optimal solutions for the combined eco-eco problem? How much does a rainforest cost? a National Trust building? a tiger? Fresh clean air? Do prices, taxes, fines and levies said to reflect the value of e.g. a rainforest exist, in the same way that prices in the market are said to represent the worth of bananas, PC’s and bicycles?

There are also ecologists with the opposite point of view—although there are far fewer of them and their access to the media and to the board room is far more limited. According to them, economics with its narrower and more myopic approach to reality should be subordinate to ecology's holistic and longer term perspectives. The role of economists should be to provide specific analyses to ecology's more generalized syntheses. Solutions to problems with complex economic-ecologic repercussions should be based on the vantage point of ecologists' more qualitative and systemic perspectives, heeding nonetheless the economic repercussions. Economy should no longer be the overriding factor, nor should it set the goals; instead it should take part in establishing restrictions as to a decision maker's degrees of freedom. Quite the opposite relationship than in the methods currently practiced when comparing economic interests with ecologic interests. For example, in some cases, production processes and major construction works now have to comply with certain environmental requirements established by the legislature and subject to control by regulatory bodies. In other words, respect for the environment accounts for only one of many limitations placed on an enterprise's optimization of its financial performance.

The focus on VAT (Value Added Tax – whereby a tax is imposed on the added value at each stage of production) and income tax in Western countries illustrates this. Both the value added, due almost entirely to labour, as well as wages are subject to taxation. At the same time, raw materials are considered to be “free of charge”; their costs are simply the expenses required to deliver them to production sites. Therefore the present systems of taxation promote the trend towards increased reliance on technology and the reduction of the work force. In other words, the tax systems contribute to unemployment and to the depletion of natural resources, thereby as well to damaging the environment. Ecologists and “green” economists would therefore argue in favour of another system



whereby raw materials cost more and labour less. Economics would then be faced with the problem of determining the correct “prices”/taxes to use when determining the value of the raw materials.

Yet another example has to do with how production is evaluated. In the eyes of the leadership of a specific company, product development should focus on the product’s functional qualities, the demands it places on the production process and its sales potentials and contribution to profits. Seen from an ecological perspective, consideration should be given to a product’s environmental characteristics (is it made of materials that are renewable and harmless to the environment? does the manufacturing process require much energy? can it be distributed in an environmentally sound way?), its disposal characteristics (is it easy to disassemble? are there many different kinds of materials?), its ability to be recycled and its potential health hazards in connection with the acquisition of the product’s raw materials and components, its production, consumption and its disposal as waste.

### *16.3.2 The “Big Picture” Becomes Smaller When Specialists Know More and More about Less and Less*

We have seen that a field of eco-eco tension arises when free markets that shun interference are confronted with demands as to ecological wholeness. The dependency of economic growth on advanced technology adds to the tension between economic freedom and holistic unity. Modern technology is designed by ever increasing groups of specialists each with their own narrow approach to a complex reality. Thanks to such specialization, the standard of living, scientific knowledge, complexity and spiritual poverty all have increased enormously. Consequently, people, regardless of how high their position may be in the hierarchy of business or society, cannot see the big picture for sheer bits and pieces. Similarly, scientists, no matter what their field of specialization may be, cannot understand, at times even speak the same language, as scientists specializing in other fields. Ironically, with

advanced communications technologies, it is today far easier for say a plasma physicist specializing in controlled nuclear fusion to communicate with a colleague specializing in the same field but working in an institution on the other side of the planet than with a botanist specializing in algae who offices in the same building. And this is not just due to the ease of using the communications technologies but also to the differing vocabularies, traditions, methods of investigation, problems focused on and world views of scientists specializing in different domains. A result is that it becomes more and more difficult to unite incongruous world pictures – pictures that are incongruous because each discipline becomes engrossed in its own self-reference and excludes other approaches to reality. Paradoxically, and in spite of its continual reference to systemic thinking and holism, this also applies for ecology with its claims as to a privileged access to the “truth” about the environment.

### *16.3.3 The Time Element: Short versus Long Term*

Different focuses on time account for another field of tension between economics and ecology. Traditional market prices – that is to say, economics has its focus on marginal benefit, based on short-term calculation.

Conversely, ecological considerations regarding e.g. the development of a biotope may require very long-term assessments when compared to the short-term and marginal evaluations of economics. Economic assessments are generally based on assumptions on prices within a well- functioning market, *ceteris paribus*, i.e. all other things being equal. Ecology’s analyses often presuppose such a long term outlook that the assumption of economics as to “all other things being equal” becomes quite unreasonable.

In addition, sequences of time, so vital to analyses in ecology, are removed from many economic evaluations. According to traditional economic thinking, in order to evaluate e.g. the effect of all the expected

results from a hypothetical investment, all the expected future outcomes must be translated into monetary units by assigning prices to them. Then these future cash flows are transformed to their present value by means of a so-called discounting factor, i.e. a social interest rate. Thereby all future occurrences can be reduced to one solitary figure called the investment's present value. Whilst it would apparently seem reasonable to assume that a Rupee next year is worth less than a Rupee in my hand right now (because the Rupee could be deposited or invested and earn interest), it would be unreasonable to assume that polluted tap water is less detrimental to the health of the populace drinking it a year from now, than it is to those drinking it now. Neither is it reasonable to deem the future population inferior to the present population, so that what affects them means less than what affects the present population. Therefore, from an ecological perspective it is meaningless and unacceptable to translate e.g. future pollution; energy consumption or deaths into present day pollution, energy consumption or mortalities. That is to say, from this perspective it is not reasonable to distinguish between present and future generations or to translate future events into present day events, as in economics, via the use of a so-called discount factor. It follows that evaluation of a time sequence of environmental events cannot be made by aggregating them into some kind of "present value" as in economics, but must be made based on the sequence of events.

This is certainly a relevant issue when economists and ecologists are to develop the concept of sustainability since the concept of sustainable development emphasises the time dimension via its focus on inter-generational equity.

#### *16.3.4 The Problem of Measurement*

Probably the most obvious contrast evident in the outlooks of the two disciplines appears in their differing approaches to the problematic issue of measurement – briefly touched on above with respect to the

time dimension. Under the predominantly economic outlook, money is more than merely a means enabling transactions. It becomes the objective, the ultimate frame of reference for the self- reference and evaluation of organizations and nations alike. We are unaccustomed to utilizing other units of measure than those provided by economics, at least at the level of the organization or nation. This is evident when e.g. the bottom line of financial reports is used to express the synthesis of a commercial enterprise’s activity – when

the only thing that appears to be relevant is how much the business earns and how much it owns, not how the money is earned or what it is used for. Therefore, despite our intuitive knowledge that other aspects of reality have an important bearing on organizations, e.g. as to their respect and reputation, social responsibility, product quality and the employees’ quality of life, when an organization portrays itself and measures its success in terms of one unit of measure, money, it implicitly presumes there are no other relevant criteria.

<b>Economical Perspective</b>	<b>Ecological Perspective</b>
Short-term	Long-term
Limited geographical perspective (business, nation)	Border-defying, global perspective
Market	Environment, nature
Individual’s consumption possibilities	Shared interests, the “common good”
Efficiency	Quality of life
Independent participants	Tightly-coupled systems
Anthropocentric – nature and other sentient Beings assessed in terms of their utility for Humans	Nature as having value itself
One criterion of success – profit, and one unit of measure -	Multiple criteria and units of measure
One stakeholder, homo economicus and	Multiple stakeholders, including nature future generations
Competition	Collaboration
Prosperity	Welfare
A product’s functional properties and price	A product’s resource utilization, disposal properties, its compatibility with the environment, and its health hazards

*Table 1. Eco-Eco Fields of Tension*

But measuring an enterprise's success merely by looking at how much money it has earned and how much it owns leaves no room for considering how its decisions affect its multiple stakeholders. Any talk about holistic thinking, about consideration of the employees, customers, suppliers, local community and nature is regarded as irrelevant and counter-productive – unless, of course, it can be shown to contribute to increased earnings. In other words, consideration of the stakeholders, those parties who affect and/or are affected by the organization, is only relevant if this contributes to profitability. On their own, the stakeholders are of no interest and their values are irrelevant when the organization evaluates its success; they do not appear in the financial accounts.

The monetary scale of measurement with its magical powers of simplification – the ability to find a common denominator for completely different units of measure– fascinates the public sector as well. Although public organizations and institutions (such as hospitals, schools, social services, the police and military) are unable to employ a commercial profit concept, they are increasingly subjected to being judged in terms of their economic performance and understandably so; in recent years even more intensely due to great interest in the privatisation of the public service sector.

Perhaps the most striking example of this fascination with the limited language of money is the (now often criticised) widely used measure applied to a nation's prosperity: gross national product, GNP. GNP is a monetary evaluation of the transactions which create monetary earnings and is calculated based on market prices. So even at the national level, the focus is on one-dimensional economic prosperity instead of more inclusive (and therefore more complex and demanding) multi-dimensional depictions of societal well-being. In relation to ecology, GNP can be very misleading. The quicker a nation produces artefacts based on consumption of raw materials, the quicker its GNP

grows – and the quicker it empties the limited supply of these resources. Additionally, an increasing share of the nation's GNP reflects defensive costs, expenses held to defend its citizens and nature against unwanted side-effects created by increased production (pollution damages, clean-up expenses, high density and unhealthy cities, etc.). In other words, the possibility exists that an increase in a society's economic wealth as measured by its GNP leads to a reduction in its total welfare.

Given that this conference is taking place in Shillong, quite close to Bhutan, it should be noted that the logic referred to above is mirrored in the creative and path-breaking decision taken as far back as 1972 by the then king of Bhutan, Jigme Singye Wangchuck, to measure the nation's "Gross National Happiness" (GNH). This was in line with his commitment to develop Bhutan's material well-being in harmony with its unique culture based on Buddhist spiritual values. The concept was operationalized over time to develop tools that enable evaluation of policy initiatives on the country's development upon its GNH.

#### *16.3.5 Summing up as to Eco-Eco Fields of Tension*

The above table sums up some of the most important sources of tension characterizing the two disciplines' perspectives:

The question then arises: How to start reducing these tensions if both scientific domains keep to their traditional focuses? One answer is provided by our commercial enterprises. A number of leading corporations appear to be increasingly aware of the need to develop and compile the necessary sustainability competence and have made considerable progress made during the most recent years. Many, either on their own or as part of a network, have developed processes to supplement traditional steering primarily based on financial management, with a focus on sustainability. This is exemplified by the private and public organizations which have developed their own sustainability reports. See for example [http:// sustainability-reports.com/](http://sustainability-reports.com/) which is a "portal for sustainability reports of multinational companies

all over the world” and which permits the reader to “browse the reports by sector, country or alphabetically”.<sup>4</sup> In addition, “The International Corporate Sustainability Reporting Site <http://www.enviropreporting.com/> is an “international site dedicated to Corporate Sustainability / CSR and environmental reporting”. It is the first site (since 1997) dedicated to this theme and contains “actual news, a complete resource library (guidelines, tools, articles etc.), an award gallery and more.” Also this site provides free access to sustainability reports.

But in spite of the increased focus by corporations on “sustainability”, it would be unwise and short-sighted to rely on the same market forces and technologies to solve the problems that have contributed so directly to the consumption and production patterns leading to our most unsustainable development. It would be like relying on wolves to tend sheep.

So if both economic steering via market mechanisms and regulation via environmental restrictions are characterized by serious limitations due to their limited world views, and if politicians are too short sighted

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<sup>4</sup> The following multi-national organizations have their reports listed as of December 2012 (the reports are for 2011 or 2012 and are listed in alphabetical order):

- (a) Full sustainability reports: Adidas Group, BAM (Royal Bam Group), BP, BSH Bosch und Siemens Hausgeräte GmbH, Crown Van Gilder Papierfabrieken NV, Global Reporting Initiative, Heijmans, Heineken NV, Henkel KGaA, Ikea, Indaver NV, ING Group NV, KPN, Nutreco Holding, Procter & Gamble, Teijin Aramid BV, The Greenery, Volker Wessels, Vos Logistics.
- (b) Integrated in the company’s annual report: Akzo Nobel NV, Aquafin NV, DHV Group, DSM (Royal DSM NV), Philips Electronics NV, Rabobank Group, Royal Haskoning, SNS Real, TNT NV, Van Gansewinkel Groep.
- (c) A part of the company’s CSR report: Bouwinvest Real Estate Management B.V., Corio NV, FrieslandCampina, REDEVCO, Tennet, Vodafone, Note the preponderance of corporations located in The Netherlands/Holland; this is most likely due to the website being located in that country

and populist, how can/ should a framework, theories and tools suited to dealing with the eco-eco complex be designed and by whom? There are no two ways about it: we (all of us) will have to expand our vocabularies and our aspirations as to a good and meaningful life – and integrate sustainability as a major value perspective on life into our conscious awareness. The need to develop such a conscious awareness is so great that matters cannot be left in the hands of experts, authority, market the media or governments alone. Of course they have vital roles to play, but if sustainability continues to remain an ideal that others are responsible for operationalizing and achieving, using technology and economic steering mechanisms (incentives, prices etc.), we will continue on a path that leads not to the inter- generational equity and focus on the needs of the world's poorest that the Brundtland Report emphasized, but rather to what appears to be the deterioration of conditions that are necessary for the maintenance of healthy living organisms and a healthy planet.

## **16.4 The Spiritual Challenge: Some Very Personal Reflections**

There is, in my opinion, one fundamental condition that must be met if we, all of us – individuals, groups, organizations, educational institutions, the media, societies, governments and international bodies – are to develop the necessary awareness of and sensitivity to the challenges facing our globe and all its inhabitants by our current unsustainable values and goals, with their emphasis on material affluence rather than the common good. That condition is a spiritual awakening. It is my deep conviction that unless we, the human inhabitants of this limited world, evolve further on the path to self-realization, sustainable development will remain an elusive ideal, rather than a guiding principle deeply embedded in our individual and collective consciousness.



This path to self-realization is the path experienced and described by sages and saints through the ages (Huxley 1985). It is a path from the ego-centred lower self to the higher Self, where we eventually realize who we truly are – embodiments of divine love – and that our inherent social responsibility is to love all and serve all. The means for such a transformational evolution are not genetic and cannot be designed or discovered using the optics provided by any scientific domain, no matter how trans-disciplinary and holistic its perspectives may be. Neither can it be learned or taught; it already exists as our core essence. To actualize it, a shift in focus is required: from success in the outer world to Self-awareness in the inner world of consciousness and conscience. A shift from a focus on personal and inter-personal achievements to a focus on the intra-personal source of our true identity, love and happiness – the embodied Universal Consciousness.

Only then can the concept of sustainability be meaningfully extended from the external eco-eco spheres to which it has been relegated, to the more emancipative and empowering domain of the spiritual and the truly personal.

#### *16.4.1 Some Practical, Down-to-Earth Concluding Remarks*

Rather than waiting for others and oneself to experience such an emancipative and empowering spiritual awakening, there is much that we can all do here and now. We can contribute to our own and others' awareness of the challenges facing us due to our unsustainable activity and values via actively participating in the establishment of a dialogue-culture. Only via dialogue can, over time, shared values regarding sustainability be developed and operationalized. Only then can sustainability be transformed from being a demand and invective hurled against politicians and business leaders when they act without heeding the needs and values of those influenced by their decisions – including the environment and future generations – into a socially-constructive common cause. Such a dialogue culture must evolve over time at the

local level in many places until a “critical mass” is realized that can lead to a major shift in collective values and world views. Of major significance here is the development of a sensitivity to and awareness of the unsustainable goals and values that characterize the existing emphasis on economic wealth at the cost of environmental – and spiritual – poverty. Presumably this will require new focuses on the existing educational processes as well as local initiatives within organizations, local governments and societies (perhaps similar to those referred to above in Bhutan).

In conclusion, I would emphasize three dangers that confront us here and now and that are a result of the eco-eco conflicts and challenges:

Firstly, the desire to reduce or translate ecology into economy and to develop new financial accounts systems which miraculously come up with prices for clean air, a beautiful heritage building and biological diversity.

Secondly, the desire to regard ecology’s criteria solely as limitations on economic activity.

Thirdly, the desire to leave the entire responsibility to the politicians – or still worse – the experts. We are all part of the problem and we must all become part of the solution as spiritually evolved human beings. The future is in our hands!

## **16.5 References**

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## **ETHICS – ENVIRONMENT – ECONOMY: ETHICAL ASPECTS OF CLIMATE JUSTICE**

*Christoph Stückelberger*

### **17.1 Painful Questions**

Who dies first as a result of climate change? This question is no more theoretical as it seemed to be twenty years ago. It is a reality of life and death every day for millions of victims of droughts or storms. It is a painful (ethical) question for thousands of decision makers about (economic) priorities to mitigate (environmental) climate change with limited resources. And since death as a result of climate warming is not a natural disaster, but men made – in this aspect the world community reached a common view – the question becomes even more painful: Not “Who dies first” as a fate, but “Whom do we sacrifice first?” as a result of human activity or non-activity. The population of the small islands in the Pacific, whose land disappears and where the president of the Maldives already looks for another land for his people? The children in the slums of the megacities suffering from hunger because of high food prices? The future older people in industrialized countries infected by new kind of diseases due to climate warming? The victims of storms, broken dams or floods in India or Bangladesh?

Humanity on this globe became one global village. It is a rather romantic description of life on earth. More drastic is the image that humanity lives on the same boat and starts to push weaker participants

over the railing of the boat in the sea. This picture related to global warming is probably more adequate. Human beings with some morality – as we all claim to be - do not want that other human beings die, but it nevertheless happens every day. The boat is not full and has enough space for other human beings. But where are the resources to feed them, to cure them, to protect them? Who has the will and the power to decide the fair distribution of existing and the development of resources to deal with climate change and minimize the new material, financial, technical, structural and spiritual resources to deal with climate change and minimize the number of victims? Who has to pay how much for the damages caused by climate warming? Is the polluters pay principle appropriate?

The questions around climate justice are similar to those in health policy: How much should be invested in HIV/ AIDS medicine? More in healing or in prevention? Why so much in this disease and so little in fighting malaria? Is it just and justified to spend 1000 Swiss Francs per day for an 85 years old patient in a hospital in Switzerland, while for the same amount 100 children in Africa could be prevented from eye diseases? The encouraging increase of global funds against HIV-AIDS from one to 10 Billion USD per year within the last ten years, does it show the direction we have to go with climate related funds? Painful questions related to health, basic needs, emergencies as well as climate change.

## **17.2 From Climate Change to Climate Justice**

The basic ethical question today is how to invest and distribute limited resources for the threefold duty of prevention, mitigation and adaptation related to climate change in order to minimize the number of victims. Climate change becomes a question of global climate justice.

The raised questions “Who dies first?” and “Who pays how much?” are basically questions about justice. Of course, other values such as

responsibility and solidarity play an important role in ethical reflections about climate change. But in this contribution on Climate Justice I concentrate on the value justice/equity. Justice as the just and fair distribution of chances, burdens and responsibilities is a key value in all ethical systems and all societies throughout history. But its interpretation and weight compared to other values differ a lot. Climate Justice means just and fair instruments, decisions, actions, burden sharing and accountability for the prevention, mitigation and adaptation related to climate change.

1. Capability-related justice means that every person and institution has the duty to contribute solving problems on the basis of their capability. This means related to climate justice: Everybody can and should contribute according to his/her physical, economic, political, intellectual and spiritual capabilities. An economically strong person, institution, company or state has to contribute more than an economically weak person, institution, company or state to solve the climate challenges.
2. Performance-related justice means that every person and institution involved in human activities (such as the production, trade, sale or disposal of a product or service) must be given their due (e.g. salary) on the basis of their performance. This means related to climate justice: An activity which reduces greenhouse gas emissions is a good performance and should be rewarded respectively.
3. Needs-related justice means that basic human needs and rights (i.e. the subsistence minimum, a life in dignity and the right to food and water) should be taken into consideration for every person and institution. This means related to climate justice: Every person has the right to survive and be supported to

manage adaptation to climate change independent from his/her capability and performance.

4. Distributive justice ensures that access to resources, goods and services is distributed fairly, taking into account the balance of capability, performance and needs. This means related to climate justice: Financial or other resources to decrease negative effects of climate warming on human life should be distributed first according to needs, but also taking into account performance and capabilities so that the overall disparity between people becomes smaller and not larger.
5. Justice as equal treatment means that all human beings have the same human rights and the right to equal treatment independent of capabilities, performance, needs, origin and characteristics (such as gender, colour, race, religion). This means related to climate justice: Climate related measures for prevention, mitigation and adaptation have to respect equal treatment of all people affected.
6. Intergenerational justice means a sustainable use and fair distribution of resources, as well as a reduction in and a fair distribution of ecological burdens between generations living today and future generations. This means related to climate justice: Decisions have to respect the needs for a life in dignity of future generations which have the same right of equal treatment as generations living today.
7. Participatory justice means the fair, appropriate participation in decision-making of all those affected by a problem and by decisions. This means related to climate justice: Decisions on climate related policies should be taken by democratic participation of the population and its representatives on the different levels, from local to global.

8. Procedural justice means calculable, constitutional (publicly and privately) regulated, transparent, corruption-free and thus fair procedures in all interactions. This means related to climate justice: The decisions related to climate warming and its implementations (such as access to financial resources, climate related taxes or incentives, media information) have to follow the mentioned criteria of procedural justice.
9. Functional justice means a fair and optimal relation between needs of persons and structural necessities of institutions, processes and resources. It is a question of functional justice, where, when and to whom to allocate how much and which kind of resources. This means related to climate justice: Functional and organisational aspects of allocation and distribution of limited resources is key for a fair solution of climate challenges.
10. Punitive Justice means the punishment of actions which violate justice. The goal is retaliation, deterrent or overcoming of existing injustice. This means related to climate justice: Where climate justice is violated – and this violation is ethically as severe as other injustices - , measures of punitive justice have to be taken into account as for other injustices.
11. Transitional justice means a provisional justice in transformation societies where ordinary, regular institutions and procedures may be absent or in reconstruction (e.g. in post war situations or after a revolutionary change of the system in a society). This means related to climate justice: in exceptional situations such as after emergencies, accelerated procedures for decisions and aid and exceptional instruments such as amnesty (which is not impunity) may be required and ethically justified.
12. Restorative Justice means a common solution of the perpetrator/s and the victim/s in order to restore justice from



occurred injustice by compensation, reparation and/or reconciliation. This means related to climate justice: Climate injustice takes place daily because those who suffer most from the negative effects of climate change are not those who cause it. Decisive and courageous measures of the polluters, especially the industrialised countries, would be measures of restorative justice.

13. Transformative Justice means a process of transformation and renewal of reality towards justice, especially to overcome situations of injustice. It is a creative and ongoing process which goes beyond punitive or restorative justice This means related to climate justice: Climate justice is not a single decision or act, but rather an ongoing process which leads to a fundamental transformation of societies in their relations, use of natural resources, distribution of goods and services and sustainable policies. Climate justice is not the result of one or the other isolated action but a holistic process of transformation.
14. On Time Justice means that justice is bound to the right time of decision and action. If a measure is taken too late and the patient or victim dies, injustice happened and it is difficult to restore justice. This means related to climate justice: to prevent and mitigate further climate victims, measures have to be taken on time. The fast climate warming needs steps on time, now. The time factor is one of the most important to implement climate justice.

Some of these fourteen aspects of climate justice are in tension to others and it is difficult to implement all of them at the same time. The goal of the list is to be aware that climate justice is not an empty or arbitrary new slogan, but a fundamental value with concrete and challenging content.

### **17.3 Some Ethical Guidelines for Climate Justice**

How can these aspects of climate justice help to find ethical guidelines for the crucial, above mentioned question: How to invest and distribute limited resources for the threefold duty of prevention, mitigation and adaptation related to climate change in order to minimize the number of victims?

First of all, guidelines can only indicate a general direction. For concrete decisions, the respective situation has to be analyzed and the guidelines have to be interpreted and adapted according to the concrete situation. In many situations, conflicts between values exist and need a prioritization, which can ethically be solved by preferential rules (if case A, then priority X, if case B, then priority Y). The following guidelines should help to prioritize and to solve conflicts between values. Such conflicts are the criteria for benefit sharing, for burden sharing, for power sharing or for space sharing.

1. Volume of resources before looking for preferential rules for the operation of limited resources for climate justice, the first effort must be to increase the overall amount of resources available. Resources available to solve a problem reflect the priority given to the problem and the ethical values behind this prioritization. Since climate change affects the whole humankind including future generations and non-human beings, high priority has to be given to this challenge. The volume of resources is composed of financial resources from governments, private donations, profitable business activities, but also non-financial resources such as human, organizational, intellectual and religious resources. In order to substantially increase financial resources, a global climate fund as proposed by the Swiss Government and others, is one important

- instrument. The taxation of CO<sub>2</sub> emissions reduces the emission and generates funds for mitigation and adaptation.
2. Prevention aims at avoiding climate victims by early actions. Prevention respects the goal to minimize the number of victims and supports intergenerational justice, i.e. to avoid future victims. It has – like mitigation - ethically speaking a higher priority than adaptation because it avoids instead of curing victims or minimizing its number. The measures are more efficient because the costs are lower than for adaptation.
  3. Mitigation aims at reducing already existing negative effects and at slowing down the development of such effects and the number of victims of climate change. There is no doubt that mitigation becomes more and more important since climate change already happens.
  4. Adaptation aims at accepting new climate conditions and adapt the own living place (including eventual need to emigrate or accept immigration), lifestyle, production, technologies, spiritual roots, nonviolent ways of conflict management etc.) Justice related to capability, performance and needs will be re- interpreted: Capability will more and more have to include the capability to adapt to the new challenges. The capability to adapt will be rated as a better performance. The needs will include as now basic human needs, but will in addition include the need to adaptability.

Instruments for prevention, mitigation and adaption are often interlinked. To plant trees or to reduce CO<sub>2</sub> emissions by reducing fossil energy consumption, are preventive measures and help at the same time for mitigation and adaption. The danger is, that the international community invests more and more in curative measures such as emergency aid and has less and less resources for preventive measures

such as long-term development cooperation and technological innovation in the service of climate prevention.

5. The Polluters-Pay-Principle means that the polluter has to pay the costs of the damage caused by his behavior/action. The principle is broadly accepted in environmental ethics and it is put into practice in many countries in specific areas such as waste management, but in climate responsibilities it is not yet implemented, for the obvious reason that the polluters who emit CO<sub>2</sub> and other climate relevant emissions, fear heavy financial burdens. The (climate related) taxes on fossil energy have to be multiplied if the principle is taken seriously.
6. The Capability-to-Contribute-Principle means that responsibility is not only related to the causer of pollution but also to the economic and structural capability to contribute to a solution. This capability includes not only financial payments, but also the contribution by scientific research, structural and political support, spiritual orientation and encouragement etc. Responsibility is not only related to direct causes of once action, but also once capability to solve a problem. A medical doctor in an airplane is obliged and responsible to help a patient independent of his/her relationship to him/her.

The Responsibility Capability Index RCI - developed as part of the Greenhouse Development Rights GDR, mainly developed in Great Britain by Development Agencies See [www.ecoequity.org/GDRs](http://www.ecoequity.org/GDRs) - is a very helpful measuring instrument, which corresponds to the Polluters-Pay-Principle as well as the Capability-to-Contribute- Principle. The RCI combines the cumulated CO<sub>2</sub> emissions of a country and its purchasing power parity and the distribution of wealth. The industrialized countries therefore have the biggest share to pay, but

developing and transition countries with purchasing power and wealthy elite are called to contribute accordingly. This country index shows a way of climate burden sharing. It is an ethically serious effort to make climate justice measurable and politically operational.

7. The combination of positive and negative sanctions justice in general as well as climate justice can be strengthened by positive sanctions (such as incentives, repayments, awards, facilitated access to services etc.) and negative sanctions (taxes and other burdens, punitive measures, court). Positive sanctions are ethically preferable, because they encourage the right behavior. But negative sanctions to establish punitive justice are often also necessary, especially to change the behavior of “black sheep” who do not react on positive sanctions. Both mechanisms presuppose that CO2 emissions are seen as a severe, unethical misbehaviour.
8. Efficacy and Transparency are key factors of good stewardship using limited resources. The efficient use of resources (energy, capital, organizational structures, intellectual creativity etc.) allows reducing costs, helping more people and saving more lives. It is an expression of responsibility and sustainability for future generations. Transparency supports the efficient use of limited resources by reducing corruption, abuse and wrong investments. Transparency and efficiency are important aspects of procedural justice.
9. Market related instruments the international free market mechanism contributes substantially to general economic growth and to global interaction and peace. Programs like “Financing for Climate - Innovative Solutions and New Markets” tries to win the private sector to take climate change as business opportunity. Without private

investments, climate-related funding will never be enough. But market related instruments alone could not and cannot solve three major problems and made them even more severe: poverty eradication, fair distribution and climate stabilization. Climate change today can be seen as the biggest market failure in human history. Can the market then be a chance to solve it? From an ethical point of view, the answer can be found in the criteria for climate justice: if and where ever the market mechanism strengthens the different above mentioned forms of climate justice, it has to be supported. If and where ever it weakens or violates the different forms of climate justice, the free market has to be replaced/accompanied by binding corrective instruments such as social and environmental laws regulating the markets. Many encouraging examples show that companies gain profit and reputation from activities to reduce climate relevant emissions. In this ethical perspective, the trading of CO<sub>2</sub> certificates is one specific form of positive and negative sanctions, based on the market mechanism. But the recent decline and almost collapse of this market also shows its limits. As long as it really contributes to worldwide CO<sub>2</sub> emissions and climate justice, it is ethically positive. But if it is abused to circumvent legal restrictions in a country, to avoid reorientation of activities towards climate justice and only to get moral “purification” and indulgence, it has ethically to be refused.

10. Care for the weakest “Solidarity with the victims of climate change” was the programmatic title of an important statement of the World Council of Churches in 2002. To care for the most vulnerable groups of people in cases of emergency corresponds to the human ethos in many

cultures and especially in the Judeo-Christian value system. “The option for the poor” as formulated in the liberation theology is an expression of it. To care for the victims and the weakest among them offers a guideline for decision making also related to climate justice. But in concrete, it opens at the same time a lot of questions: Who are the victims? Who are the weakest among them? The children, women on Fiji Island who lose their agricultural land or the elderly people in a suburb of Paris dying from heat? And does justice as equal treatment not require that all people in danger get the same treatment? And since there are much more people who need support for mitigation and adaptation than actual resources are available, what are the additional selection criteria? Political preferences and calculations which is in fact often the case? Economic conditionality? Or where there is the greatest chance that empowerment of weak groups of people to lead to efficient solutions and use of scarce means?

The first step is to honestly recognize that support is often not given to the weakest even if one accepts it as ethical criteria. A second step is to look for preferential rules in case that some of the above mentioned aspects of justice compete with each other. In may sound provocative: To give priority to the weakest may meet the needs-related justice, but is not in each case the most ethical decision because it does not recognize other aspects of justice. In some cases it may save more lives if priority is given to people with an efficient, well performing way to use the limited resources and therefore can then support others to survive. Therefore, an ethical preferential rule may say: In general, priority is given to the weakest. In case where somebody or a group of people who do not belong to the weakest, but to those who better perform and are better capable using limited resources to save more people, priority may

be given to them. The justification of this preferential rule is the number of lives to be finally saved.

11. Institutional Solidarity. Solidarity needs voluntary care and charity activities. Solidarity has at the same time to be implemented by binding institutionalized instruments. New forms of climate related insurances are forms of institutionalized solidarity. Drought or flood insurances for small farmers in poor countries similar to and combined with micro- credit are an example for it.
12. Urgent legislation the speed of climate change shows that binding measures for prevention, mitigation and adaptation have to be taken much faster than in the last twenty years. The reasons for the too slow process in the past have been the lack of political will, but also slow democratic decision making processes. In Switzerland, the parliament seeks since more than ten years a compromise for a CO<sub>2</sub>-legislation. On-Time-Justice is crucial in order to reduce the number of victims. Urgency legislation by governments on CO<sub>2</sub>-reduction measures may be necessary and ethically justified even if it can limit the participatory justice. In emergency situations, the rights to food, water and survival have priority over the right to participation in decision making (and participating in avoiding timely decisions).

#### **17.4 Spiritual Responses: Too Late or is there Hope?**

The huge challenges of climate change and the disastrous prognoses can lead to resignation: “It is too late.” And believers ask where is God to save the earth. Christians struggle with God’s promise to Noah that “never again shall there be a flood to destroy the earth” (Bible, Gen 9:11). Some of the crucial religious questions on climate change are:



Is it too late or is there hope? How is God's promise, not to destroy the earth a second time, to be understood? And God's providence to save lives? Where is God, where the Cosmic Christ (Col. 3), where is God's spirit in climate change? What is God's action? What is the role of human re-action to God's action? Can we and must we as human beings save the world? Who is guilty and how do we deal with it? What means forgiveness and reconciliation in this context? How to bear responsibility?

These questions seem to be very heavy. They rather seem to discourage than to empower and encourage. The answers are important for the motivation or de-motivation of actions in favor of climate stabilization. Three types of answers are ethically not allowed: Cynicism and fatalism violates the dignity of victims and does not take them seriously in their suffering. Fundamentalism tries to find fixed answers in the past without adapting them to the complex reality of today's climate change. But differentiated answers from a religious perspective - be it Hindu, Christian, Muslim, Buddhist or other - can empower and encourage for decisive action.

We first have to recognize that the fast Climate Change is in fact a huge and global challenge never seen in history of mankind. But on an individual level, catastrophes such as wars, droughts, floods, accidents or sickness always been experiences of total disaster which provoked the same questions of faith. Some answers from a Christian perspective to the questions:

- Yes, it is very late, but not too late. Analyzing the figures, the pessimists are right: it is too late and temperature will rise more than the two grades which are seen as limit to avoid great catastrophes. Seeing the actions undertaken the optimists are right: with all efforts we can make it. But faith has a different perspective: hope is neither orientated at a pessimistic nor at an optimistic interpretation of what we

see, but it is oriented at what is promised and not seen. I therefore call myself a pessimist full of hope: a pessimist when I look at the world and full of hope when I look at God's promise.

- God promised to put all his/her energy in supporting a life in dignity on earth for all beings, including human and non-human beings. But he/she did not promise a certain lifestyle. Adaptation is part of life. God promises to accompany as in this journey but he/ she never promised to maintain the world and nature in its original form. Creation is an ongoing process of transformation. Humankind is called to continue this journey of nature and culture and constant change, always seeking orientation in the constant dialogue with God. There was not one alliance with Noah forever. God's history with humankind shows that the alliance was broken again and again by human beings and again and again renewed by God: with Abraham (Gen. 17:2), with Jeremiah (Jer. 31:31) until the new covenant in Jesus Christ (Mt. 26:28). Therefore, the promise with the covenant was not given once for all but has to be renewed with each person and each generation looking for this promise in faith and asking God for this covenant. The renewal of the promise is the result of the relationship between God and the believers. The content of God's promise is that he/she is willing to renew the covenant again and again – if we are ready to do it. That is the source of Christian hope. Human engagement for mitigation and adaptation to climate change is the test of this hope.
- God's promise as his action is empty without this relationship to humankind. God - because he/she is love - cannot and does not want to do it without the support of

human beings and all living creatures. God incarnated in this world in a way that he/she bound himself/herself to this creation and human beings.

- God's providence means that he/she cares for and suffers with all living beings. But it is not an automatic, "natural" mechanism or guarantee of saving lives. Providence as creation and history is an ongoing, living process. God is the living "motor", "driver", "communicator" and "partner" of human beings in it. He/she in its Trinitarian presence acts as constant creator, redeemer and renewer.
- We asked at the beginning of this article "Whom do we sacrifice first?" It is not a cynical question, but unfortunately daily reality. Christian faith loudly protests against letting people die and "sacrifice" them. Human beings from a faith perspective are called to do all they can to avoid it. The reason lies in the very heart of Christian faith: Jesus Christ resisted all evil and answered it with love to a point where he gave his life as a sacrifice "once for all". No human life has to be and shall be sacrificed after this last sacrifice of Jesus Christ!
- The prophets in the Old and New Testament are a rich source to learn how to deal with drastic individual and collective threats at a given time. They – especially the prophets of doom - interpret the "signs of the time" (such as war, natural or man made disasters, collapses of human power structures) as an expression that men did not listen to the wisdom and will of God and therefore had broken the covenant with God. An example: According to the Prophet Ezekiel (Ez. 26-28), the ancient global trading system and immense wealth of the Trade Town Tyre with its two world harbors at the Mediterranean Sea close to Jerusalem broke

down around 500 years before Christ because the King of Tyre exploited and exported the population of whole villages as slaves, provoked an environmental disaster cutting and exporting trees from North Africa where there is the Sahara desert today and put himself at the place of God (Ez.28.1). The prophet interpreted the collapse as a result of human arrogance and superciliousness. He called for “metanoia”, a fundamental change in orientation and lifestyle, in order to overcome this catastrophe. The prophet of doom becomes a prophet of hope because he offers a sharp analysis of the reasons for the disaster and shows a way out of it. The crisis was a threat and became an opportunity for re-orientation and a more humane behaviors! To encourage people to undertake this re-orientation is the prophetic role of the Churches and of religions. It is their spiritual contribution to collect all human efforts to solve the climate challenge and to reach climate justice.

Human responsibility therefore is great to solve such men made challenges by re-orientation. But Christian faith at the same time underlines that nobody has to save the world and bear the world on his/her shoulder alone, until one collapses under the burden of responsibility. Capability-related justice and responsibility means to carry what one can carry, knowing that God supports, accompanies and asks not more than one can carry and that only burden sharing leads to justice including climate justice.

For further reading see also Lutheran World Federation: God, Creation and Climate Change. Spiritual and Ethical Perspectives, with a similar article of the author.



# **ECONOMICAL, SOCIAL AND ECOLOGICAL CHALLENGES ENLIGHTENED BY ECOLOGICAL ECONOMICS**

*Ove Jakobsen*

## **18.1 Introduction**

To solve the most urgent economic, social and ecological challenges we are facing in the beginning of the 21. century, economic theory and practice must go through radical changes. Both the financial crises, poverty crises and the climate crises remind us of the gravity of the problems. Costanca is assuming that the situation is much worse than economic recession, defined as two or more successive quarters of declining gross domestic product. The real problem is that by some measures of economic performance the United States has been in recession since 1975; “a recession in quality of life, or well-being” Costanca 2008). Most alternative measures of human well-being (alternative to the conventional measure of money flows as reflected in GNP) show that; “quality of life in the industrialized world peaked in the mid-1970’s and has been going downhill ever since” (Dawson 2006, p. 12). In the same period GNP has continued to climb. The consequences of this development are, according to Daly, that we in addition to a loss of well-being also face a “possible ecological catastrophe” (Daly 2007, p. 14). To avoid the very serious problems radical changes have to be made. A moderate business-as-usual

scenario, based on United Nations projections of slow, steady growth of economies and populations, suggests that by 2050, humanity's demand on nature will be twice the biosphere's productive capacity. At this level of ecological deficit, exhaustion of ecological assets and large-scale ecosystem collapse become increasingly likely.

The present financial crisis has been explained as a mortgage meltdown, a housing bubble burst, and the explanations collapse of fancy financial instruments. All of these explanations point to a problem that goes deeper and questions the neo-classical economic system at its core.

The problem is that the financial economy is floating free of firm connections with the real world. According to Daly, "It's an economy built on the abstractions of numbers on paper – air money" (Stuckey 2009). Air money floats like a balloon out of reach of the ground. The only economic step that will make the economy sustainable is to stop multiplying numbers on paper and connect economy more firmly to the real world, which means, ultimately, to the world of ecosystems and social systems. Ecological economics is a branch of economics that could bring the economic and ecological crisis down to Earth. The policies introduced in the next few years will make all the difference. Three questions are of special importance and have to be solved.

Firstly; the scale of production and consumption must be sustainable in the long run. The worship of economic growth as an end in itself is based upon the questionable assumption that; "there are no limits to the planet's ability to sustain it" (Pearce 2001, p. 7). Instead sustainability implies recognition that natural and social capital are not infinitely substitutable by built and human capital, and that; "there are real biophysical limits to the expansion of the market economy" (Costanza 2008, p. 33). Hence, a sustainable economy must at some point stop growing, but it need not stop developing. In other words, there is no

necessary association between development and growth, conceivably, there could be development without growth (Georgescu-Roegen 1975).

Secondly; the distribution of resources and wealth must be fair. Fairness implies recognition that the distribution of wealth is an important determinant of social capital and quality of life (Costanza 2008, p. 33). We must move from an economy oriented toward the satisfaction of the wants of the rich part of the world, to an economy committed to satisfy the basic needs of all human beings. Instead of focusing on economic growth and increasing profits the global economy must include moral considerations and equity.

Thirdly; the allocation of resources must be efficient. Real economic efficiency implies the inclusion of all resources that affect sustainable human well-being in the allocation system, not just goods and services being on the market. "Our current market allocation system excludes most non-marketed natural and social capital assets and services, which are huge contributors to human well-being" (Costanza 2008, p. 34). Boulding introduced the metaphor "Spaceship economy" to illustrate the conclusion saying that the only way; "Man can survive is by recycling earth's resources after use instead of continuing to exhaust its mines and pollute its reservoirs" (Kerman 1974, p. 14).

If we try to solve these serious challenges by one-sided treatment of the most visible symptoms a number of paradoxes could be the consequence. To solve the financial crisis initiatives to stimulate economic growth are recommended, while we know that a continued growth in the economy worsen the environmental problems. When the rich countries use billions of dollars to stimulate growth in production and consumption, the result is increased difference between rich and poor in a global perspective. Growth in production and consumption in the rich countries leads to reduced resource efficiency (the products life cycle become shorter) and the amounts of waste is increasing. According to Daly (2007) most developed countries are now in a period



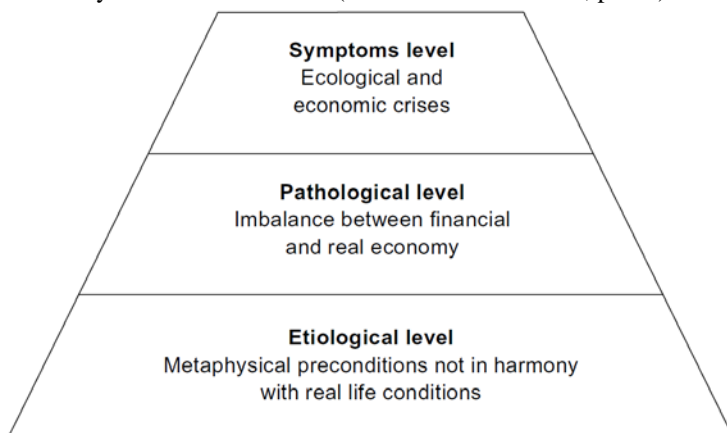
of uneconomic growth, in which further growth in market economic activity is actually reducing well-being instead of enhancing it. Daly is asking; “How can we fight poverty without growth?” He comes up with the following answer; “We might have to share!” (Daly 2007, p. 10). Daly’s answer is different from the message in the report from the World Commission on Environment and Development (WCED) saying that the best solution to the problems was to initiate “more rapid economic growth in both industrialized and developing countries” (Brundtland report, WCED 1987, p. 89).

## **18.2 Symptoms, Pathology and Aetiology**

According to Daly banks in recent decades were “engines creating money out of nothing (...) They extended credit, bought stocks on the margin, and dealt in derivatives – a fancy name for betting with unregulated, multiplying insurance policies” (Stuckey 2009). Because of the explosion of assets produced, it looked like wealth was increasing. But the wealth was only on paper. The domination of the financial economy to day is so big that; “the term anomaly may be appropriate – an infirmity phenomenon in society” (Berglund 2007, p. 140). Liquid bonds and currencies. What creates the anomaly is that the assets within the financial economy are invested in stocks, bonds and currencies. What creates the anomaly is that the assets are only to a limited extent channelled back into the real economy. Following this line of this reasoning the disproportionate relationship between the real economy and the financial economy explains some of the necessary conditions behind the financial crisis.

According to Ormerod (1994) “economists normally suffer from a kind of metaphysical blindness, assuming that (economics) is a science of absolute and invariable truths, without any presuppositions” (Pearce 2001, p.5). He is arguing that some go as far as to claim that economic laws are as free from metaphysics or values as the law of gravitation. In

other words, since economic laws are compared with classical physics we can conclude that economics is based upon a mechanical worldview. Ormerod asserts that “conventional economics offers a very misleading view of how the world actually operates, and needs to be replaced (Pearce 2001, p. 5). Boulding is arguing that “economics has rested too long in an essentially Newtonian paradigm of mechanical equilibrium and mechanical dynamics” (Boulding 1981, p. 17), We can conclude that our current environmental and societal dilemmas are due, in part, to a much distorted perception of reality. According to Rees; “Modern economic society operates from an outdated mechanistic perception of the natural dynamics of the Earth” (Fabel & St. John 2007, p.104).



*Figure 1. Symptoms, Pathology, and Aetiology*

Pearce goes a step further and argues that the failure to address metaphysical questions has led to many of the central errors of conventional economics. Therefore, economics need an internal metaphysical critique. Instead of focusing on physics, quantitative measures and products economists should discuss metaphysics, qualitative values, and processes (Pearse 2001) In my opinion the critique from Ormerod and Pearce are both valid and relevant for understanding the pathological and etiological explanations of the

symptoms of the failure in mainstream economy. In Figure 1. I give an illustration of the connectedness between symptoms such as; “unemployment, falling worker wages, biodiversity loss, environmental degradation, and disintegration of the social fabric” (Costanza 2008, p. 31), the pathological conditions, characterized by an imbalance between financial and real economy, and on the deepest level, I am arguing that the problems are connected to the metaphysical preconditions economic theory and practise are based upon.

Costanza argues that people have lost sight of the aim of the economy. Rather than competing for monetary gain at all costs, he argues the true goal has always been to improve human well-being and quality of life. This line of argumentation is in accordance with Georgescu-Roegen’s (1971) assertion that the true output of the economic process is the enjoyment of life. Without recognizing this fact and without introducing the concept of enjoyment of life into our analytical armamentarium we are not in the economic world (Georgescu-Roegen 1971, p. 282). Since the industrial revolution, the world has been fixated on the growth of marketed goods and services measured by GNP, or gross domestic product as a way of improving well-being. This made sense at the time, when there were enough natural resources to go around. But in the last 50 years, the human footprint has grown so large that this is no longer sustainable. It is not so important that we compete in the global economy, but the most important thing is quality of life in the local environment. It follows that significant changes in socio-cultural beliefs, attitudes, and behaviour will be required before these problems could be solved.

<b>Mechanic Worldview</b>	<b>Organic Worldview</b>
Atoms	Relations
Linear connectedness	Circular interconnectedness
Instrumental values	Inherent values
Physical laws	Co-creation
Deterministic	Creativity

Substance	Process
Individualism	Collectivism
Objectivism	Subjectivism
Ego centred self	Extended self

*Table 1. Mechanic vs. Organic Worldviews*

The etiological explanation of this misfit is that neo-classical economics is based upon metaphysical preconditions not in harmony with the real world condition. Georgescu-Roegen (1971) is arguing that we cannot arrive at a completely intelligible description of the economic process as long as we limit ourselves to purely physical concepts. As an illustration, enjoyment of life do not correspond to “an attribute of elementary matter or is expressible in terms of physical variables” (Georgescu-Roegen 1971, p. 282). The parts of a machine have purely external relations with one another, hence the machine could be completely understood from without. By changing from a mechanic to an organic worldview, it is possible to acquire new insight into several different fields of economics leading to a fundamental understanding of the pathological conditions underlying the symptoms of climate and finance crises of today. The methodology of investigation should depend heavily on the nature of the system that is being investigated, and a lot of wasted effort – especially in the biological and social sciences – has been caused by attempts to apply a methodology that is quite appropriate, for instance, in mechanics (a system where the basic parameters do not change) to systems that are highly stochastic, probabilistic, and where parameters change (Boulding 1984, s. 17)

### **18.3 Economics Based on an Organic Worldview**

The earth is a system comprised of closely interacting and interdependent subsystems based upon dissipative structures. Since every system is connected to and dependent of all others, everything evolves together over time. Co-evolution is characterized by path-

dependency and change is the rule rather than the exception. We have to appreciate that the Earth itself and all its living and non-living components is a community and that the human is a member of this integral community and finds its proper role in advancing the well-being of this community. Berry concludes in the following way; “There can be no sustained well-being of any part of the community that does not relate effectively to the well-being of the total community” (Fabel and St. John 2007, p. 63).

The principle of relativity is saying that all actual entities are constituted by their relations to other entities and each thing arises out of its social relations and is internally constituted by these social relations. One important consequence of accepting the fundamental interrelatedness in reality, is that the society is not reducible to autonomous social atoms (it is a pattern of social relations). The relations between the social entities are of special importance for understanding the changing processes.

How an actual entity becomes, constitutes what that actual entity is. This means that ‘being’ is constituted by ‘becoming’. The actual world is not composed ultimately of unchanging substances with changing attributes. What is ‘really’ real is not the unembodied eternal objects but the actual entities that embody such forms (Plato turned upside down).

According to Georgescu-Roegen the true economic output is the enjoyment of life (an immaterial flux), not growth in GNP. He is arguing that thermodynamics is more relevant to understand economics than classical physics. An economics based upon thermodynamics leads amongst

other things to a conclusion saying that all input to the economic process represents valuable natural resources and what is thrown out is valueless waste. Matter/energy enters the economic process in a state of low entropy and comes out of it in a state of high entropy. There are no free recycling just as there is no waste less industry.

Boulding went a step further and argued that it is possible to turn the process of increasing entropy by introducing evolutionary principles. The continuing struggle between evolution and entropy is very important in Boulding's evolutionary economics. Evolution keeps adding; "useful, improbable, sometimes beautiful things to our world, while entropy keeps tearing down this improbable organization to its eventual end as a thin brown soup" (Kerman 1974, p. 14). Knowledge is a kind of magic which does not obey the laws of entropy. It is not diminishing when it is spent, in fact, knowledge often grows in the sharing.

The interplay between economy, nature and culture possess properties like dynamism, evolution, integrity and change. Throughput of material and spiritual energy are affecting the integrating structures and processes. Economy has the ability, through human action, to restructure and reform processes in ecosystems and societies of which they are a part. Sustainable economy presupposes that economic activities are in constructive interplay with the cultural and natural effects that originates from them. The exclusion of wisdom from economics, science and technology was something which we could get away with for a little while, as long as we were relatively unsuccessful, but now that we have become successful, the problem of spiritual and moral truth moves into the central position (Schumacher)

Ecological economics is a trans-disciplinary field of science studying the conflict between the growth of the economy and the destruction or negative modification of the environment from different scientific disciplines. Boulding once said that "the pursuit of any problem of economics draws me into some other science before I can catch it" (Kerman 1974, p. 6). He was looking for connections between fields of knowledge, for the threads of theory that would tie together economic man, biological man, sociological man, psychological man, perhaps even religious man. Ecological economics presupposes that economic

activities are in constructive interplay with the cultural and natural effects that originates from them.

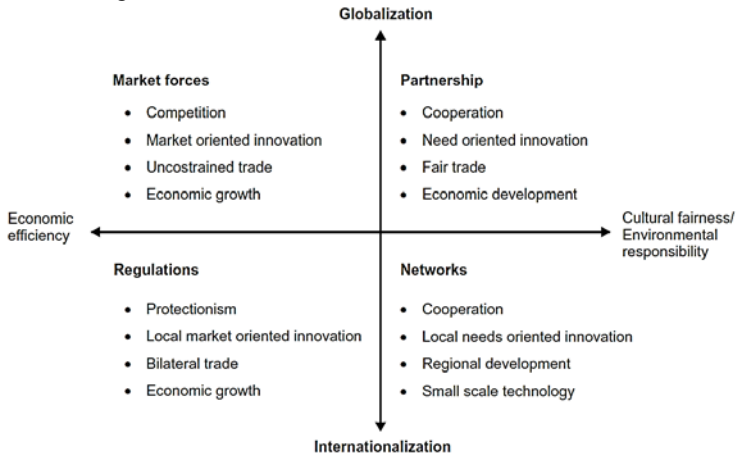


Figure 2.

Referring to Lovelock’s Gaia hypothesis we can argue that ecological economics recognizes that economy, nature and culture are integrated parts within a ‘living’ organism (Lovelock 1988). The art of progress is to preserve order amid change (Whitehead 1925/1967). Figure 2 indicates change along two dimensions. Firstly there must be a change towards cultural fairness and environmental responsibility. Secondly, there are arguments for both internalization and globalization.

Internationalization, on the one hand – is based upon a federated community of real national communities. Boulding is arguing that international trade is based upon treaties alliances between different states and nations. Structures have parts and the relationship among its parts is an important element in the structure and behavior of any system.

Globalization, on the other hand – represents a cosmopolitan direct membership in an abstract global community. There are no national borders the whole world is one. Free trade presupposes free mobility of goods, capital and people. “We are no longer writing the rules of

interaction among separate national economies. We are writing the constitution of a single global economy” (Ruggiero WTO)

Teilhard de Jardin is arguing that the principles of the “creative union” indicates that wherever a genuine union in human relations exists “persons do not merge into a homogenous collective, but, rather, each enables the others to develop their distinctive uniqueness” (Fabel and St.John 2007, p. 215). Collaboration can enhance human economic survival and advancement, since much mutual cooperation provides great scope and encouragement for individuality and creativity in the cause of evolutionary progress.

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By number of the Article:

Preface 1

*Christoph Stückelberger*

Preface 2

*Keya Sengupta*

Preface 3

*Sanjoy Mukherjee*

Inaugural Address by the Chief Guest

*Abdul Kalam*

Distinctive Profile of the Nation

Spiritually-based Management and Ecological Sustainability

*Laszlo Zsolnai*

Blooming Red Oleanders

*Summauli Pyne*

Principles in The Bhagavad Gita Contribute to Spiritual Foundation of Sustainability

*Guda Surya Prakash Rao<sup>1</sup>, Sujatha G.*

Sustainability and Violence Against Women

*Paul Shrivastava*

Entrepreneurial Competence in Urban Rural Women

*Chitralekha Kumar, Rishi Ahuja*

The Anarchist Corporation

*PD Jose*

Food Processing Entrepreneurship for Rural Development

*Saurav Negi*

Director's Duties and Corporate Social Responsibility

*Neeti Shikha*

Proposed Model of Partnership between Companies, NGOs and Educational Institutions in Successful Implementation of Corporate Social Responsibility

*Tanuja Kaushik, Gunjan M. Sanjeev*

From Knowing and Doing to Being: New Paths for the Personal Dimension of Sustainability in Management Education

*Mike Thompson*

Responsible Management Education

*Sharad R. Kulkarni, Sharwari S. Kulkarni*

The Power of Sustainability Forces

*Bengt Gustavsson*

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*Ajit Dhar Dubey, R. P. Singh*

International Legal Framework for the Protection of Cultural Diversity

*Shishir Tiwari*

UN Global Compact and Millennium Development Goals

*S.N. Ghosh, Romit Raja Srivastava, Palak Srivastava*

The Future is in Our Hands: Conceptual, Economic, Ecological and Spiritual Challenges to Sustainable Development

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# Sustainability Ethics

## *Ecology, Economy & Ethics*

“Sustainable Development” is the goal 2015–2030 of the global community of states, adopted by the United Nations. This book shows how ecology, economy and ethics are all needed to reach these goals. Understanding a concept like ‘sustainability’ requires an understanding not only of what we are seeking to ‘sustain’, but also how man’s activities and needs are implicated in and can threaten the future of these biological systems. It is for this first point that we are concerned with Ecology, and for the second that we are concerned with Economics. Ethics then shows the orientation by values and virtues how human being should interact with the environment.

The articles in this book come from one of the key countries of the world, India, whose population represents almost 20% of the world’s population. Questions surrounding economic development and environmental sustainability are fundamental to understanding the country’s future, and how it will tackle difficult issues, like the eradication of poverty. This publication represents a selection of articles presented at the Third Annual International Conference on Sustainability SusCon III in Shillong, India, which took place between the 6–8 March 2013, hosted by the Indian Institute of Management, a leading institute in the North East of India.

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