Inter-connections

Wisdom at work: capitalism in transition

AIMS AND SCOPE

The face of international business has changed dramatically in the last 20 years. Technology has changed forever the way we think about and act in our places of work, the relationships we develop, the organisations in which we inhabit. The boundaries between theory and practice, between business and social disciplines, between management and employees, have been eroded, and in its place is emerging a new community of practitioners, academics, social researchers and political scientists, engaged in exploring and building the new worlds in which we live.

Interconnections is a practice-based research journal published by Lord Ashcroft International Business School at Anglia Ruskin University. Its aim is to stimulate debate and dialogue across the borders between academics, consultants and practitioners to reflect and contribute to the ever-changing face of international business. Drawing on its academic excellence and connections with people across the globe, it provides a forum for the rich exchange of ideas and practice. It aims to both inform, provoke and challenge, and open up new bridges between what we think is happening in business, and its reality. As such it acts as a bridge between ideas, and what happens, between people who think about and those who do business, between cultures, local and global, between the technology of managing, and the people who interact with the technology.

It works at the cutting edge of these borders, and thereby provides a powerful vehicle for business people, researchers, and students across the globe wishing to keep ahead of, and be part of, this emergent community.

Interconnections

Interconnections
Issue 9 2013 Wisdom at work: capitalism in transition

Editorial
Wisdom at work: capitalism in transition

Bronwen Rees

As the financial crisis deepens, political instability increases, and environmental danger signals are growing, government, education and business are struggling to find pathways that can support an ever-growing population. This issue of *Interconnections*, in keeping with the Academy of Management in 2013 examines the bases of our current ways of working and structuring our societies, and how they may need to evolve in order to survive. It provides an intellectual analysis and practical commentary on the conditions that are arising and the solutions that are emerging. In this vein, it is beginning to articulate the potential tools and methods that people are developing to evolve into a different mode of conducting business and communication on this fragile planet.

One of the problems that has led to our current crisis is the view that an organisation or political structure exists outside of the people that live in it. This leads to a blame culture – 'that's not my fault', and a fall out or polarisation of views between 'them' and 'us'. It is either management's fault, or the fault of the larger system, leaving everyone apparently powerless to act. In such a culture, accountability and responsibility become very confused – and we can see the results of this in the various inquiries into the institutions of government, media and police that are current in the UK. Whilst there is clearly a need for such inquiries, it would be much better if these were instigated earlier in the process, and in the light of mutual communication and exploration of what is happening, rather than blame and punishment.

What this needs is an acknowledgement that there is a problem, how it has arisen, and how it may be changed. However, there is a level of denial by those who currently still benefit from how things were, leading to chaos and confusion on the ground. We only have to hear about the struggles in the National Health Service, one of the largest employers in Europe to see that there is a problem. What we don't

understand is that we are all part of the problem – those of us battling away at the front end, and those in the rooms at the back working on the planning, strategy and implementation. What is required, as many of these issues have suggested is a radical change in our ways of doing things, understanding one another and in our leadership.

This issue of *Interconnections* brings together an exciting array of thinkers and leaders who are out on the battlements seeking both to analyse the mistakes of the past, and forge a way ahead. They all have one aim – to break through the traditional paths that are no longer working, and be part of a movement that is evolving more conscious structures that can support a planet that is running out of resources. Their thinking and action is focussed on growth, not for its own sake, but in a sustainable and collaborative manner – and in that growth lie the seeds of a different worldview which is slowly emerging from the chaos.

Key to this work is a return to some of the insights and practices of the ancient wisdom traditions – not in regressive way, but in a way in which such wisdom becomes enfolded within the newer forms – bringing back questions of ethics, personal development and community into our workplaces, which have sadly lacked this under older hierarchical forms which are formed solely for the purposes of the shareholders.

In the 'Ivory Tower' section, Mike Townsend points towards emergent forms of capitalism that encourage the engagement of the resourcefulness and flexibility of the human being. Joel Magnuson and John Nirenberg, both invited to the UN Conference of Happiness last year, examine the issues that were paramount here. Against a backdrop of an on-going banking crisis, Richard Higginson and Tarek El Diwany outline the evolving attitudes of Judaism, Christianity and Islam to 'usury' – more commonly known as lending money for interest – more importantly the foundation of the current capitalist system.

In the 'Field', Rich Fernandez discusses how he introduced wisdom practices into both Google and Ebay, and how they can penetrate and shape already high-performing companies. Attila Vegh, Chief Executive of Cambridge and Peterborough Foundation Trust, drawing on his training both as a medical doctor and as executive as McKinseys explores how to design organisations that can deliver the most effective healthcare. Mark Fowler then describes some of the principles of transformational change.

In the Research and Practice section, Bronwen Rees explores the growing importance of wisdom practices as emerging from the Academy of Management last year, and the real opening to self-examination in the major theme for this year – 'Capitalism in Question'. Finally Peter Merry outlines the need for energetic stewardship as leadership, and what this means for organisations looking for sustainable growth and emergence.

Views from the ivory tower

Michael Townsend explores the **opportunities for change** in the current capitalist system. John Nirenberg and Joel Magnuson discuss their roles at the United Nations conference on **Gross National Happiness**. Richard Higginson and Tarek El Diwany look at the moral elements of the **notion of interest**, and its impact on the banking system.

Capitalism: from crisis to opportunity?

Michael Townsend

Michael Townsend is Founder and
CEO Earthshine Solutions Ltd.

*Do not be mistaken. There are many thousands of business leaders
and investors at all scales who want to align their actions and
their decisions with the goals of the new economy.*

BOB MASSIE, President of the New Economics Institute (NEI)

**As the UK teeters in the face of a
triple-dip recession, Mike Townsend
explores the variants of capitalism
that are proposed or evolving,
and puts forward a systemic
manifesto for change at a financial,
institutional and organisational
level that encourages the
emergence of the resourcefulness
and adaptability of the human being
in meeting the current challenges.**

WITH the collapse of communism and the disintegration of the old Soviet Union, just over twenty years ago, global capitalism had apparently triumphed. The clash of ideologies appeared to be over, as Fukuyama declared, somewhat controversially, this meant 'the end of history' (Fukuyama, 1992). Since then, western-style capitalism has, more or less, been the only-show-in-town; the best – or least worst – means of meeting our collective needs, for allocating scarce resources and distributing wealth (Porritt, 2005). And yet, its excesses are also blamed for their contribution to the global financial meltdown of 2007/8, which has led us into the longest and deepest global financial crisis in living memory (Caulkin, 2011). Five years on, western capitalism is still creaking at the seams – suffering a crisis of liquidity, reliability and confidence – and is naturally undergoing a wise degree of introspection.

As our old systems, institutions and practices break down around us, more and more people sense an underlying dissatisfaction with the way things are, and are waking up to the need for something different – but what exactly? Can we hope to reform our system of economy; is there a better alternative? And can we make the necessary transition?

The crisis of capitalism

So what's wrong with capitalism? After all, it has delivered unprecedented growth and prosperity, hasn't it? Perhaps not; take a fresh look at the evidence, and it suggests we haven't been doing quite as well as we all thought. The slowdown in our economies should not be too much of a surprise – growth has been steadily slowing for half a century (Haque, 2011). David Korten also shows us that any perceived growth has also been more of an illusion – what he calls unsustainable phantom wealth – based on financial bubbles, abuse of power by banks to create credit (money) from nothing, corporate asset stripping, baseless credit ratings, and creative accounting (Korten, 2009).

Furthermore, the trickle-down effect has been just that – with prosperity reaching only a privileged few, and a decline in real income for the majority. From 1980 to 2005, the highest earning 1% of US population increased its share of taxable income from 9% to 19%, with most of the gain going to the top $^1/$10th of that 1% (Martin, 2010). The picture in the UK is worse still, with the fastest growing gap between rich and poor in the developed world (OECD, 2011). The current system is, of course, designed to concentrate wealth.

But at least the shareholders have done well? Not so, according to Roger Martin, returns have actually been lower in the era of shareholder capitalism than in the post-war decades when managers were accused of feathering their own nests (Martin, 2010). Whichever way one looks, we have failed to create shared prosperity.

And then there is the environmental perspective. As Jonathon Porritt and George Monbiot both remind us, some of the most widely recognised causes of the crash in capital markets are also the principle underlying causes of the environmental crisis we now face (Porritt, 2009). We clearly have to be mindful of the physical, as well as economic limits to growth, and the capacity of our planet to support our lifestyles. According to WWF, we are already using around 1.5 planets to maintain our current consumption patterns (WWF, 2012). And in the West, the picture is worse still; we are already living a three-planet lifestyle. Collectively, we will need 2 planets by 2030 – less than 18 years away.

We are persuaded that growth is good, and without this we cannot be happy. But is this true? In his popular TED Talk, Professor Tim Jackson provides a helpful and insightful reality check: 'People are being persuaded to spend money we don't have, on things we don't need, to create impressions that won't last, on people we don't care about.' (Jackson, 2010). So why are we living like this?

Our current consumption paradigm makes no sense, but for the perverse reality that our debt-based system of capitalism relies purely on

continued economic expansion, otherwise it collapses (Korten, 1999). A position we are all too familiar with these days.

Is there a better way?

So what are the alternatives? How do we overcome the serious design faults now painfully exposed, in order to meet the rigorous challenges of our time, and enable business to survive and prosper in 21st century, while ensuring we leave a positive economic, social and environmental legacy for the next generation?

> 'How do we overcome the serious design faults now painfully exposed, in order to meet the rigorous challenges of our time, and enable business to survive and prosper in 21st century, while ensuring we leave a positive economic, social and environmental legacy for the next generation?'

There is some nostalgic debate on whether communism could make a comeback although this might not be desirable, or even likely, in the West. But it is somewhat ironic that global capitalism depends today on the existence of a Chinese Communist Party; that gives de-localised capitalist enterprises cheap labour to lower prices and deprive workers of the rights of self-organisation (Jeffries, 2012). Of course, there is also the Chinese version of state capitalism, although this model still exhibits largely the same issues inherent in the Western approach, even if it does enable a longer-term perspective, and ideologically is unlikely to appeal to those with a disposition towards free markets (Economist, 2012).

The more likely scenario is for a modification of the current model – although views on what this might look like are spread across a continuum, from incremental change at one end, to more radical and transformative ideas at the other. Klaus Schwab frames the debate such that it is 'not the end of capitalism as an ideology, but the issue of how capitalism's technical components – which have come off the rails – can be reformed.' (Schwab, 2012). One-up for the incrementalists. In his excellent book, *Capitalism as if the Planet Matters*, Jonathon Porritt takes a pragmatic view that capitalism 'is now the only economic game in town' and that all sides must find ways of making free markets deliver a more sustainable future pretty quickly otherwise the pressures will overwhelm our economies (Porritt, 2005). He rightly generates a sense of urgency. More recently, Porritt has also called for Cooperative Capitalism - where we strive together to create a more sustainable economy (Porritt, 2012).

To coincide with the Rio+20 Earth Summit, HRH Prince of Wales called for 'A new economic framework that puts nature's own ingenious economy and social well-being at the heart of our thinking.' (Prince of Wales, 2012). In short, a call for Capitalism 2.0 – a vastly upgraded operating system. This also builds on Al Gore's definition of Sustainable Capitalism; a model that seeks to maximise long-term economic value by reforming markets to address real needs, while integrating environmental, social and governance (ESG) metrics throughout the decision-making process (Gore & Blood, 2011).

Meanwhile, John Elkington calls for Breakthrough Capitalism, a more radical approach that promotes integrated company reporting, an end to quarterly earnings guidance, the redesign of incentive/reward structures to encourage longer-term behaviours, new forms of loyalty share and ownership structures, and a new focus on stranded assets, focusing investor attention on the current and potential future impacts of emerging natural resource and environmental factors.

Towards a set of design principles

The visions for a better future are seductive, but we need to move beyond high-level statements, and get to the nuts-and-bolts of what a more sustainable system will look like and, quite importantly, how it will operate for our collective benefit. It is possible to synthesise a set of principles for sustainable economy, drawing on the range of elements identified by each of the visionaries out there. They all offer partial views that contribute to the whole picture, and are surprisingly consistent.

While there is no substitute for a fully comprehensive exercise, based on rigorous joined-up design principles, I'll try and provide a sketch of what could be.

- Less growth, more well-being: a more holistic approach to developing and managing our economies, based on human happiness and well-being; not simply in terms of money and wealth, but with values and morality back in the equation.
- With a broader view of what capital means: At the core of capitalism is of course the economic concept of capital – usually expressed in terms of land, machines, and money. We now need to take a broader view, possibly on the lines of the Five Capitals Model – based on human, social, manufactured, financial, and natural capital.
- Based on responsible enterprise, adding real value, where it is needed: we will increasingly see businesses taking a values-based approach, putting money and business back in the service of people and planet, to support social and environmental balance, and generate real, living wealth – what might be called profit with a purpose.
- Built on holistic, systems thinking, and aligned with the circular economy: the big picture challenges of climate change, energy, scarce resources and economic re-structuring are converging to create a perfect storm, and need to be addressed at systems level – solutions will be all about optimisation of the whole system, rather than maximisation of one element.
- Enabled by a well-functioning money system, and one that can direct money to where it connects underutilised resources with unmet needs, and will provide jobs for everyone seeking employment – an economy working for the people.

'The visions for a better future are seductive, but we need to move beyond high-level statements, and get to the nuts-and-bolts of what a more sustainable system will look like and, quite importantly, how it will operate for our collective benefit.'

- Away from speculative bubbles, towards creating longer-term real wealth: to find a new lens through which we can evaluate potential investments and avoid the risks of stranded assets, whose value could be dramatically reduced when major externalities, such as the price of carbon or water, are taken into account.
- With shared ownership and distribution of resources and wealth: in a healthy economic eco-system we need to see more locally owned enterprises – to enable responsibility, risk and reward to be more closely aligned with true ownership.
- Based on collaboration – striving together: a realisation that Western-style competition is inherently destructive – and as we all share the same goals, and ultimately the same fate – we should return to the true meaning, derived from the Latin 'competare' – to strive together, and create a foundation for Cooperative Capitalism.
- Founded on new institutions and greater systemic resilience: it is possible to rebuild a system of community-based and accountable institutions, devoted to financing productive activities that create good jobs and generate real community wealth.

The opportunity

The range of features explored above, if fully enacted, would have a dramatic impact on the way in which our economies work – the goods and services we all decide we want, where we get them from, how much we pay for them, the scale of rewards, and how these are shared. But with such changes, while there are risks, there are also many opportunities for business.

Some might say it would be getting back to the 'roots' of capitalism, with more emphasis on free trade, local economies, re-localised production, owner-managed businesses, and less about rigged markets and unhealthy corporate domination. For those with a genuine disposition towards free markets, this might be a good thing – reviving the dream of entrepreneurship.

Perhaps the most fundamental impact comes from a greater distribution of wealth and closing the inequality gap – genuinely regenerating personal spending power – and so delivering more customers into the market for (sustainable) goods and services. This not only makes good sense, but as the recent UNCTAD Report shows us, the better performing economies are those with greater income distribution (United Nations, 2012).

And this position is further enhanced by the way in which money is spent. Markets will be refreshingly different; there will be less emphasis on virtual and secondary wants, and more on our very real and primary

'Perhaps the most fundamental impact comes from a greater distribution of wealth and closing the inequality gap – genuinely regenerating personal spending power – and so delivering more customers into the market for (sustainable) goods and services.'

needs – for food, shelter, transport and mobility, and infrastructure to support and enhance life. New markets will open up to serve the five capitals. This will mean a greater emphasis on innovation, and investment in meeting the challenges of our time in creative and affordable ways – more money in the real economy. And as recently published research from the Economic Policy Institute shows, the greener the industry, the greater the propensity for job growth (Pollack, 2012).

And those businesses that will prosper will be those that create thick value – in meeting the real needs for people, communities and the environment – and in universally affordable and sustainable ways.

So yes, a new model in this form would be good for business; certainly, if one is adding genuine value, in sustainable and equitable ways.

But can we reform capitalism?

Weaning ourselves off the twin drugs of growth and consumption is not necessarily going to be easy, when our present-day reality is that most business models are founded on continuous growth – more and more consumption – and the linear take-make-waste economy. If this is how profits and apparent business success have been generated thus far, it will take a brave and foresighted leader to kill the 'golden goose'.

Although this choice may become somewhat less daunting, when businesses face up to a new reality – and perhaps sooner than we think – via the intersection of continuing resource/energy cost increases and falling client demand/affordability, set against the backdrop of economic/debt re-structuring, and the growing impacts of climate change on global supply and demand. It is highly likely that we will all have to revise our expectations, and seek a new way of looking at business success.

It may help here, if we approach the notion of business growth in more unconventional terms. This is where circular economy principles can help, with business activity focused on re-use, repurposing, and recycling. And this means economic activity and transactions come from within the existing pool of global resources. Profitable enterprise can continue, but only by adapting the business model.

There are some high-profile trailblazers out there. We see Unilever aiming to deliver its range of products using fewer resources, and changing customer behaviours and consumption patterns. And B&Q are working on experimental business models, shifting from selling to leasing, with products configured on cradle-to-cradle designs. It will be interesting to see how these and other forward-thinking organisations deliver on this challenge. And I hope they succeed.

Sustainable business models

But there is a further challenge – how this shift in the business model will affect business results – what will happen to sales, and the bottom line?

Ultimately, by moving to more sustainable models, businesses should be able to retain or even grow the customer base, if we assume market demand holds up, and customers value the new, differentiated proposition. And while we cannot generalise on the specific cost dynamics within each business model, it is highly likely that some form of transition in results will be experienced. Profits may not be as large in this brave new world of leasing sustainable products. Or would they? We still need to see more of the emerging evidence, I think.

And any transition could of course be especially difficult if undertaken in a volatile economic climate, as we continue to experience today. There may be a need to revise expectations – a drop in business income could happen – which may present a major challenge to business leaders and shareholders alike. Headcount reduction is often the conventional reflex response, but this can ultimately be a self-defeating strategy. We need to generate employment and sufficient disposable income to keep our economy flowing (Krugman, 2012).

But there is an opportunity to look at this challenge through a different lens, too. If we adopt and extend the principles of waste reduction in our business thinking, and as we spend less money on resources and waste, we can choose to spend more on people – from waste to wages – delivering a growth in people-related costs that is more than offset by a drop in material, resource and waste costs. Of all the companies I have been studying these last few years, I am still impressed with what Apollo Motor Group has achieved in this respect – preserving jobs and increasing wages, while concurrently reducing resource and waste costs, and increasing margins (Townsend, 2011). The potential here is massive.

In creating the right policy environment for sustainable economy, a similar challenge exists for our politicians – going for zero, or low growth is hardly seen as a vote-winner – even if the current government has been stress-testing us all with this approach during the last couple of years. Given how far behind-the-curve our political leaders really are, it will perhaps be even more important for businesses to take the lead, and show the politicians a positive vision for what is possible, by approaching things in a different and more sustainable way.

Moving towards more innovative ownership models can also be difficult, especially for those currently occupying a conventional stock market PLC format. Buying back shares – either directly or through an employee ownership scheme – and re-capitalising the business, can appear to be an expensive and impractical option.

'Given how far behind-the-curve our political leaders really are, it will perhaps be even more important for businesses to take the lead, and show the politicians a positive vision for what is possible, by approaching things in a different and more sustainable way.'

But perhaps there is a workable alternative for some situations? The model deployed by Triodos Bank is worth exploring; shares are owned by a mixture of individuals and institutions (e.g. pension funds), but institutional interests are capped at 10%, such that the bank will always be independent. This blend and diversity of ownership is also traded within a matched bargain market, away from the short-term volatility of the conventional stock market. This helps to maintain the integrity of the bank's mission and makes a longer-term view workable, while still attracting the necessary external capital required: the best of both worlds, perhaps?

Global organisations like the Co-op movement are bringing collective ownership models back to the fore – an approach that has experienced a great resurgence in interest since the financial crisis, as cooperatives are proving to be more resilient, and more competitive than conventional businesses. In a similar vein, there is an increase in social enterprise and alternative business formats, particularly in the United States, with the emergence of the Flexible Purposes Corporation and also the 'B' Corporation. Both of these models allow greater flexibility and enable businesses to incorporate a range of goals in addition to the profit motive. And they are growing in popularity.

Transforming the money system

And then there is the huge question of changing the money system itself; can this really change, given the nature of embedded vested interests? But as we see, time and again throughout history, people are resourceful, innovative and collaborative in seeking and developing better ways – often working around the constraints of existing systems.

This is especially true for the financial system. If the banks don't lend – we see new sources of finance emerge, such as peer-to-peer lending, which connects borrowers directly with investors. At a local level, we see the emergence of alternative local currencies, like the Bristol Pound, which aims to keep money flowing in the local economy, and can even be used to pay council tax! We see also see activist movements urging us to move our money so we can put it to a better purpose, and help build a better banking system through our collective buying power.

At a global level, we see the growing influence of The Global Alliance for Banking on Values – making sure we have access to more sustainable banking alternatives, wherever we are in the world.

And we also see enlightened institutions like The Finance Innovation Lab – believed to be the largest social innovation project in Europe – driven by WWF and ICAEW (International Institute of Chartered Accountants in England and Wales) – that provides an open space

'But as we see, time and again throughout history, people are resourceful, innovative and collaborative in seeking and developing better ways – often working around the constraints of existing systems.'

where people can come together to explore, innovate and evolve the financial system, so that it sustains people and planet. And this is not just theoretical; the Lab is currently delivering on eight innovations – from helping the transition to a new green economy, to more radical new ideas, like new money systems.

And let us not be under any illusion – if the system doesn't work for the majority, people may find radical alternatives, effectively bypassing mainstream capitalism 'forging their own way ahead using network technologies and thinking, to create alternatives to the not-fit-for-purpose status quo'. It could happen, and perhaps has already started.

Transforming the regulatory underpinnings

It would take a very complacent person to think that things will remain as they are for much longer. But we know there are powerful vested interests, that have prospered under the old order, and perhaps not willing to let go, just yet. And as John Elkington recently shared, it is arguably questionable that capitalism, left to its own devices, could ever fully reform itself – 'self-discipline and voluntary initiatives can only take us so far.' (Elkington, 2012). Some will also point to 'human nature' as the ultimate barrier – that self-interest will always be the overriding factor, and will keep the system focused on individual gain, rather than the more collaborative approaches explored here. But as David Korten reminds us, Adam Smith, the often-cited father of the free market, 'believed that people have a natural and appropriate concern for the well-being of others and a duty not to do them harm. He also believed that government has a responsibility to restrain those who fail in this duty.' (Korten, 1999).

On balance, it would seem that some form of regulation would be required – to create the right framework for business to work within. Stephen Hockman QC points towards a raft of potential regulations that could help create the right environment for responsible capitalism, including: a corporate governance code, a professional code of conduct in banking (similar to those governing doctors and lawyers), more control on executive pay, the creation of new criminal offences, and so on. He also calls for urgent action in establishing a standing commission on responsible capitalism, to take forward such proposals (Hockman, 2012).

And while we can't consider every barrier within this space, I think the point is, whatever the challenge, there will always be a way to find solutions. We just need to find new ways of looking at some of these challenges. And as Bob Massie suggests, perhaps the new economy, and a more sustainable form of capitalism, isn't that far away? (Goodman, 2012).

'And while we can't consider every barrier within this space, I think the point is, whatever the challenge, there will always be a way to find solutions. We just need to find new ways of looking at some of these challenges.'

REFORMATION: TOWARDS A BUSINESS MANIFESTO?

As progressive leaders, we should get brutally strategic, and honest, about the changing nature of the business landscape, and the impact this will have.

1 We can embrace the challenge and work through what a more responsible and sustainable form of capitalism could mean; the risks and opportunities for the business, our customers, our suppliers, and how we all make money.

2 In looking at the big picture, we can start developing creative solutions and new business strategies – to explore the possibilities for new markets, based on truly sustainable value. We can adopt new models of business success, based on outcomes delivered, and real value generated and shared.

3 We can realise the benefits of the circular economy – through optimising resources, waste and costs. And we can collaborate with others – sharing waste and resources – through industrial symbiosis strategies.

4 In exploring this challenge, we can find the sweet spot of green economy; new jobs, prosperity, and improved environmental impact. And not just in the clean-tech and green sectors, but right through the economy.

5 In recognising the drivers for more re-localised economies, we can work through the opportunities for our business operations and supply chain strategies – revitalising regions and communities, further sharing value.

6 Commercially, we can review our business models, and seek opportunities to take out unnecessary cost; through reducing waste and resource costs, maintaining margins, yet spending more money on people – emphasising the creation and preservation of good jobs – while improving the resilience of the business, and its ability to generate long-term profitability – from waste-to-wages.

7 We can also take the opportunity to move towards shared forms of business ownership – with a fair distribution of rewards for the people that truly enable wealth creation.

8 We can engage with all stakeholders – including the investment community – to help them through the transition. Our integrated business reporting approaches can help spread awareness of the long-term benefits of sustainable approaches to business.

9 We can use our money wisely – moving it if necessary – to ensure we bank with and invest in appropriate organisations. This is not just an option for disenfranchised individuals – it applies to businesses, too.

10 And we can develop new forms of leadership, with vision and courage – to help us look beyond the current system, beyond present-day difficulties, and to take on the real challenge of transformation – to take our businesses to a better place, another model we have not seen before.

But perhaps the simplest and most profound advice comes from Gandhi: we must be the change we want to see.

This article is based on the Capitalism 2.0 series, originally published on 2-degrees Network.


References

Caulkin, S. (2011), 'Saving Capitalism from Itself', *Management Today*, 23 August.

Economist (2012), 'The Rise of State Capitalism', Economist, 21 July.

Elkington, J. (2012) 'Responsible Capitalism Should Go Further', *The Guardian*, 24 October.

Fukuyama, F. (1992) *The End of History and the Last Man*, London: Penguin.

Goodman, A. (2012) 'In Search of a Sustainable New Economy', Greenbiz.com, 18 July.

Gore, A. & Blood, D. (2011) 'A Manifesto for Sustainable Capitalism', *Wall Street Journal*, 14 December.

Haque, U. (2011) *The New Capitalist Manifesto*, Boston: Harvard Business School Publishing.

Hockman, S. (2012) 'Can you Legislate for Responsible Capitalism?' *Huffington Post*, 2 October.

Hoopes, J. (2012) 'Reviving the American Dream: The Idea of "Entrepreneurship"', CSRwire

Talkback, 9 Oct.

Jackson, T. (2009) *Prosperity Without Growth: Economics for a Finite Planet*, London: Routledge.

Jackson, T. (2010), An Economic Reality Check, Ted Talks, http://www.ted.com/talks/tim_jackson_s_economic_reality_check.html

Jeffries, S. (2012) 'Why Marxism is on the Rise Again', *The Guardian*, 4th July.

Korten, D.C. (1999) *The Post Corporate World: Life After Capitalism*, San Francisco: Berrett-Koehler.

Korten, D.C. (2009) *Agenda for a New Economy: From Phantom Wealth to Real Wealth*, an Francisco: Berrett-Koehler.

Krugman, P. (2012) *End this Depression Now!* London: W. W. Norton & Co.

Martin, R. (2010) 'The Age of Customer Capitalism', *Harvard Business Review*, January 2010.

OECD (2011), Divided We Stand: Why Inequality Keeps Rising, OECD Publishing.

Pollack, E. (2012) 'Counting up to Green: Assessing the Green Economy and its Implications for Growth and Equity', Economic Policy Institute.

Porritt, J. (2005) *Capitalism: As If The Planet Matters*, London: Routledge.

Porritt, J. (2009) 'Living Within Our Means: Avoiding the Ultimate Recession', Forum for the Future.

Porritt, J. (2012), 'Jonathon Porritt Calls for "Cooperative Capitalism"', GreenFutures magazine, 3 May.

Prince of Wales, HRH. (2012), Video Message to the Accounting 4 Sustainability (A4S) Event at the Rio+20 Summit, Huffington Post, 20 June.

Schwab, K. (2012) 'The End of Capitalism – So What's Next?' *Huffington Post*, 13 April.

Townsend, M. (2011) 'For the People, Sustainable Business', November/December 2011.

United Nations (2012), United Nations Conference on Trade and Development Report 2012, New York & Geneva: United Nations.

Volans (2012) 'Breakthrough Capitalism Program: Progress Report 1', Volans.

WWF (2012) 'Living Planet Report 2012', London: WWF.

Exploring well-being at work: the missing piece in Bhutan's concept of GNH (Gross National Happiness)

John Nirenberg

College of Management and
Technology, Walden University, USA.
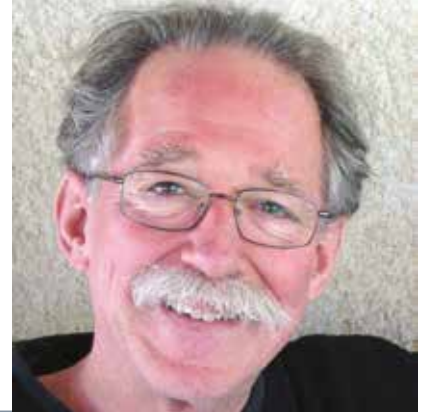
The concept of GNH is based on the premise that true development of human society takes place when material and spiritual development occur side by side to complement and reinforce each other.

Lyonpo Jigmi Y Thinley, Prime Minister of Bhutan

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.

Declaration of Independence, USA

John Nirenberg assesses how 'well-being' can be achieved in the workplace, and what this might mean for the different organisational stakeholders.

Work and the pursuit of happiness

Humans are natural seekers. From the beginning, people have pursued their happiness in many different ways guided by very different philosophies, motivations, and circumstances. You might say the pursuit of happiness is the fundamental human project.

While individuals' psychology and early nurturing may be responsible for their orientation toward happiness, one thing is almost certain: happiness derives from optimism, kindness, love of learning, curiosity; and, involvement in a purpose larger than oneself (Csikszentmihalyi, 1991; Seligman, 2002). There is no universally acceptable definition of happiness; nor even well-being. But we do know that if each person will define and pursue happiness in her or his own way there will be a few components that will be present for virtually everyone. For example, people tend to want to move toward a changed state, usually a more accomplished one; becoming more capable, more developed as people in whatever domain they choose to devote their time and motivation. They also tend to develop reinforcing social relations whether through a family structure or deliberate choice through friendships and peers. For the purpose of this article and

considering the workplace as a source of happiness and well-being (concepts that are becoming intertwined in the GNH discussions), I will use well-being and happiness interchangeably. Individuals should find through their work, and being in a workplace, a supportive and welcoming environment for their natural human tendencies to seek personal betterment, positive social relations, and recognition as contributing citizens of the enterprise.

Measuring GNH may be important from a public policy level to assess the actual state of being of a people according to characteristics such as public health; literacy and educational opportunities; access to fresh air and water; sanitation; cultural events and celebrations; or other societal characteristics, but these measures ignore the experience of people within organisations. Current discussions of GNH seem incomplete in that regard.

It is important that an index of the quality of work life be considered a component of GNH. Whether people work in government, private or non-governmental organisations, their experience in organisations is a major source of satisfaction, personal growth, and meaning, or it is a source of violence, repression and pain.

The question to be asked is, how do we create a realistic expectation that every individual will find work with others that speaks to their soul's code (Hillman, 1993) and may result in their experience of happiness?

As long as the structure and processes of the workplace reinforce separation, competition, fear, dependence and powerlessness for the employee and power, domination, control and discretion to the owner or designated managers, the imbalance will create an environment ill prepared to stimulate the deep personal gratifications that we call happiness.

> '*It is important that an index of the quality of work life be considered a component of GNH. Whether people work in government, private or non-governmental organisations, their experience in organisations is a major source of satisfaction, personal growth, and meaning, or it is a source of violence, repression and pain.*'

Current efforts to assess well-being

Last March, the United Nations passed resolution 65/309 that proclaimed in part, 'Conscious that the pursuit of happiness is a fundamental human goal' and 'recognizing that the gross domestic product [...] does not adequately reflect the happiness and well-being of people,' Resolution 65/309 empowers the Kingdom of Bhutan to convene a high-level meeting on happiness...' (Ryback 2012). Since that meeting at the UN in April, Bhutan's concept of GNH has been included in the official successor to the current Millennium

'As long as the structure and processes of the workplace reinforce separation, competition, fear, dependence and powerlessness for the employee and power, domination, control and discretion to the owner or designated managers, the imbalance will create an environment ill prepared to stimulate the deep personal gratifications that we call happiness.'

Development Goals. It has also spawned similar ideas to address human betterment in the holistic sense of that term from Australia to the UK and from Denmark to Japan.

The missing link: well-being at work

For Bhutan, GNH is built on four pillars: good governance, sustainable socio-economic development, cultural preservation, and environmental conservation. These pillars have been expanded into nine domains which are: psychological well-being; health; education; time use; cultural diversity and resilience; good governance; community vitality; ecological diversity and resilience; and living standards. For sustainable Seattle, an organisation in that US city attempting to create a localised version of the index, the indicators are: psychological well-being; material well-being; health; community vitality; cultural vitality; governance; ecological vitality; and time balance.

What GNH practitioners and developers in Bhutan, and elsewhere, haven't asked, however, is what role does work play in establishing well-being – at least not as a part of the various indices that are being created to measure 'happiness' in the places mentioned above. Considering that 'work' is the centre of most people's lives in the developed world based on the amount of time devoted to preparing for work, getting to work, performing work, socialising with workmates, and becoming better at one's work (typically on one's own time), more attention must be paid to this general centre of activity and its role in individuals' and their communities' well-being.

David Cameron's proposal to have the Office of National Statistics begin measuring the quality of life in the UK came to fruition in late November 2012 with the issuance of its first report. While it provided an interesting look at the national mood, it didn't include the nature of one's experience at work in its calculations – there was just one question about whether one was satisfied at work. This is a general weakness of such measures. Perhaps the most significant result was found in the absence of work. It was reported that both teenagers and senior citizens were happiest overall. Was it being out of the labour force that made the difference?

However, in what seems an unusual and welcomed departure from these lists, the Gallup-Healthways Well Being Index in the UK (n.d.)

does include 'work environment' as an independent indicator along with 'life evaluation, emotional health, physical health, healthy behaviour, and basic access.' The four aspects of well-being at work that they considered were 'job satisfaction; ability to use one's strengths at work; supervisor's treatment (more like a boss [sic] or a partner); and supervisor creates an open and trusting work environment.' This is an excellent start.

It would be understandable that in Bhutan, a separate category for well-being at work may be premature since there are basically three large employers: the government, the utility industry, and the Tashi Conglomerate. Everyone else is more or less engaged with family and neighbours in cottage industries such as crafts, furniture making, small hotels, tour companies, weaving, or farming and raising livestock. The percentage of Bhutanese working in impersonal western style organisations is small. Because of this and because of the still intimate level of most social relations in Bhutan, a benefit of isolation and a small population, worklife is not a distinctively different endeavour for a significant portion of the population as it is in industrial/western countries. Perhaps the impersonality, and professionalisation of work has simply not occurred in numbers to warrant the consciousness of the workplace and its relationships being a separate indicator for determining GNH.

Toward an assessment of work as an indicator of well-being

A more comprehensive framework for assessing well-being, however, would include how well-being inside organisations is defined by the various stakeholders – owners, managers, employees, customers, local community neighbours, and suppliers. What follows is an attempt to identify those aspects of personal motivations, priorities, barriers and facilitators of success, and aspects of the role that are rewarding to the individual from the perspective of contributing to one's ability to achieve inner satisfaction. This is a rough and highly exploratory effort – particularly since the well-being of one stakeholder is often in conflict with the well-being of another.

Well-being of owners

What makes for the well-being of owners? For the small business owner, it is providing an income for one's family much like a farmer might, but it is also providing a community good, as well as contributing to the social and cultural capital of the area in which it operates. Well-being would be enabled when a sustainable level of profitability is achieved. Sufficiency, or modest growth is typical. As companies get larger and diversify, there is the inevitable tendency to see economic growth for its own sake become one's ownership purpose especially to absorb an

extended family and the talents of succeeding generations. Predictably superior returns on investment; stock price appreciation (if a public company), and profits become ends in themselves. Well-being, in short, is based on the health of the company and the resources it contributes to the financial status of the owners. But this is the obvious case. Well-being may also be found in the status of the owner in the larger society – to be seen as self-made, and perhaps also as a local philanthropist. Maybe it is about control over one's economic and social identity or creating the appearance of having financial control over one's life.

Well-being of managers

What makes for the well-being of managers? The short answer is power, prestige, financial betterment, and the satisfaction of achieving goals. As companies grow, their interests follow those of the owners and occasionally they receive an ownership stake in the company as in the award of company shares in an overall compensation package. Creating high value added (profit) employees, high efficiency (small inputs for large outputs); and reliable, low conflict, low cost processes, and improving financial returns become the focus. But well-being is often translated into success (higher position, higher power) and monetary rewards. Though external rewards, trappings of office, benchmarks to others often become the proxies of well-being. It is the nature of that environment and all other pursuits (family, volunteerism, community activity) simply to atrophy.

Well-being of employees

What makes for the well being of employees? The Society for Human Resource Management (SHRM) published a report (Chenoweth 2011) entitled, 'Promoting Employee Well-Being: Wellness Strategies to Improve Health, Performance and the Bottom Line'. The motivation for creating well-being is clearly built on the claim that a healthy employee is a productive employee. Its secondary purpose is to help employers reduce healthcare costs. Thus, the idea of well-being runs the gamut from simply being the presence of healthy people to a fuller, more complex understanding of people in the social/community context of their lives. SHRM's idea of well-being is clearly too narrow. Important as physical well-being is, it is only one aspect of the individual's experience that contributes to his or her overall satisfaction with life.

If employees do not aspire to a managerial role or a career that continually seeks new positions within the company other than the recognition and status of achieving higher levels of proficiency, employees' well-being is served when they have a clear understanding of work to be performed, proper tools, sufficient training, fair rewards

(compensation and benefits), pleasant working conditions, infrequent stresses, good interpersonal relationships, and managers one can respect.

Buckingham and Coffman (1999) identified 12 questions that determine one's satisfaction with work and well being in the workplace. The self-reflective questions include, 'Do I have a best friend at work?'; 'In the last seven days, have I received recognition or praise for good work?'; and, 'Does my supervisor or someone at work seem to care about me as a person?' These kinds of questions do get at the heart of well-being at work and should be included in any assessment of the impact of one's work on overall well-being.

Owners, managers and employees constitute the core components directly involved in the day to day operations of the workplace, of course, but other stakeholders influence and are influenced by the organisation as a societal entity. For example, customers, suppliers and the neighbouring community are all directly impacted by any organisation. From the systems perspective, this recognizes the interconnections that constitute the full embodiment of the organisation in our world.

Well-being of customers

What makes for the well-being of customers? Fair perceived value (of goods and services) for price, truthful advertising, expectations of product and services are consistently met, and problems with products and services are addressed quickly and respectfully.

Well-being of suppliers

What makes for the well-being of suppliers? Fair demands and scheduling; prompt payment for products and services rendered; solid long term relationships, changes and demands are respectful (time and cost changes announced sufficiently far in advance to plan accordingly).

Well-being of the community

What makes for the well-being of the community? Is the company a fair employer, respectful of the environment, a participant in local fund-raising efforts and social events? Does the company offer opportunities to youngsters to intern, train for future opportunities, learn about the function of its role in the community and economy? Perhaps most importantly, does the company engage the community in planning and anticipating a future relationship to avoid the economic shocks that are possible due to societal forces or competitive pressures on jobs and wages? Is it contributory or exploitative? While some of these concerns are addressed at the macro level in most applications of the GNH concept, these questions begin to probe the impact of a specific organisation on specific people, communities and interconnected components of the local society.

These are exploratory questions to help identify the role of work and our connection to organisations in creating personal and community well-being. Does engagement with organisations result in satisfaction; human betterment? Are people affirmed as human beings? Can people at work utilise their experience of the organisation in their personal pursuit of well-being as they see it? In other words, is it possible for organisations to achieve the goals it sets and for individuals who work within them to be satisfied in how they are asked to contribute?

> *It is important to understand that one's experience in organisations is a source of happiness or misery, and; there is a viable way of operating organisations to allow happiness to emerge.*

It is important to understand that one's experience in organisations is a source of happiness or misery, and; there is a viable way of operating organisations to allow happiness to emerge. The art and science of management, a discipline that is now over 100 years old, has fairly consistently identified those methods and processes of engaging employees in a manner that results in organisational success and personal satisfaction. It is up to individual managers and organisations, however, to utilise what we know in the service of those mutually beneficial goals and for communities and countries working on GNH that want to include indicators that will help understand and drive workplace happiness. In that way, it wouldn't be far-fetched to achieve happiness and a sense of personal well-being at work and make GNH a reasonable measure of the presence of conditions that further the well-being of society as a whole.

References

Buckingham, M. and Coffman, C. (1999). *First, break all the rules: What the world's greatest managers do differently*. New York: Simon & Schuster.

Bureau of Economic Analysis (2000). Survey of current business http://www.bea.gov/scb/account_articles/general/0100od/maintext.htm

Chenoweth, D. (2011). *Promoting employee well-being: Wellness strategies to improve health, performance and the bottom line*. Arlington, VA: The Society for Human Resource Management.

Csikszentmihalyi, M. (1991). *Flow*. New York: Harper.

Hillman, J. (1996). *The soul's code: In search of character and calling*. New York: Time Warner.

Kennedy, R.F. (1968, March 18). Remarks at the University of Kansas. John F. Kennedy Library. http://www.jfklibrary.org/Research/Ready-Reference/RFK-Speeches/Remarks-of-Robert-F-Kennedy-at-the-University-of-Kansas-March-18-1968.aspx (Audio clip available at: http://www.youtube.com/watch?v=mCH3KvcAf9w)

Office of National Statistics (2012, November 20). Measuring National Well-being, First Annual Report on Measuring National Well-being http://www.ons.gov.uk/ons/rel/wellbeing/measuring-national-well-being/first-annual-report-on-measuring-national-well-being/index.html

Ryback, T. (2012, March 28) The U.N. happiness project. *New York Times* http://www.nytimes.com/2012/03/29/opinion/the-un-happiness-project.html?pagewanted=all&_r=0

Seligman, M. (2002). *Authentic happiness*. New York: The Free Press.

Happiness: a resolution destined to fail?

Joel Magnuson

Joel Magnuson is professor of economics at Portland State University, and author of *Mindful Economics* and *Our Great Transformation*.

ON July 19th, 2011 the 193 members of the United Nations voted unanimously to pass a resolution titled, 'Happiness: towards a holistic approach to development.' The principle sponsor of the resolution was the small Himalayan kingdom of Bhutan. Bhutan has been in the world spotlight for some years as it is the country that invented Gross National Happiness (GNH) as its key economic indicator rather than the conventional Gross Domestic Product (GDP). The GNH Index was developed by the Centre for Bhutan Studies in Thimpu, Bhutan. It is a composite indicator that covers nine socioeconomic domains, which together provide a metric as to the well-being of the population: psychological well-being; use of time; vitality of community; cultural diversity; ecological resilience; material living standards; health; education; and good governance. These nine domains are broken down into 33 more specific subcategories, which themselves are divided further into 124 variables upon which information is collected through survey research. Each of the variables is weighted differently numerically according to their estimated impact: the more subjective the data, the lighter the numerical weight. This kind of socioeconomic research is not new, but what is unique about the GNH metric is that it is the first attempt to compile this information into a composite indicator.

Joel Magnuson reflects upon the UN Conference on Gross National Happiness to which he was invited to submit his ideas. Whilst it appears that this is a necessary step forward in drawing up more ways of measuring this intangible notion, he wonders whether the approaches finally adopted are radical enough to effect institutional change.

In order to create this composite indicator, GNH sets a cutoff at 66 percent. This means that the population must have demonstrated sufficiency in 66 percent of the 124 variables in order to be certified as 'happy.' Though the data set is rigorously objective, the thresholds for determining sufficiency are somewhat subjective as they are determined by ideology. Such values-based indicators are criticised as overly normative and thus not scientific. But most economic research is captured within normative ideological frameworks, although most mainstream economists go to great lengths to hide this aspect and give appearances as a value-free science. What is refreshing about what the Bhutanese have done is to make their ideological framework clear and open, and the foundation of that ideology is Buddhist philosophy and practice. However, the UN resolution disengaged from this ideological foundation, and the spirit underlying the GNH model was lost.

At its core the message of the resolution is that GDP is a narrow measure of economic and social development based entirely on material progress, and in its text specifies, '…recognizing that the gross domestic product indicator by nature was designed to and does not adequately reflect the happiness and well-being of people in a country…'[fn] And, perhaps more urgently, such GDP perpetuates economic activity that is damaging and unsustainable. Bhutan and 68 other sponsor nations, therefore, pushed through this resolution for an entirely new approach to economics; a new economic paradigm.

This institutional imperative to expand markets and generate investor returns is the primary drive wheel that pushes economic growth. This growth imperative is also what largely directs our technological development. But no matter how sophisticated it becomes, technology cannot change the immutable laws of physics that have placed real limits on this growth.

The first significant step in implementing this resolution was a three-day meeting at the UN headquarters in New York in April, 2012. The meeting was called a 'High Level Meeting on Well-being and Happiness: Defining a New Economic Paradigm' and I, along with dozens of others from around the world, was invited by the Prime Minister of Bhutan, Jigme Thinley, to participate. We were each asked to submit a general proposal for a new economic paradigm and its implementation and then later engage with others to form a consensus. This paradigm was to be specifically situated on four outcome dimensions: environmental sustainability; efficient use of resources; fair distribution of resources; and happiness/well-being of all people.

For my part, I suggested that this new paradigm should emphasise a transition to more locally-based institutions as a response to the twin crises of global warming and global resource depletion. This transition,

or transformation, should also be based on a solid foundation that is rooted in a different set of ethical principles and serve a very different purpose from the institutions that currently dominate the global economy. To that end, I proposed the following:

Element 1: **Recognise that the greatest challenges in dealing with energy descent are institutional and not technological.**
It is undeniable that technology will play an important role in helping communities deal with climate change and energy descent. But we, particularly here in North America, have become too dependent on technological solutions and this has allowed us to ignore the underlying institutional forces that drive global economic growth. The result is a prevailing assumption that we can continue with our conventional habits of production and consumption by clinging with blind faith to technological formulae.

> *Crafting new economic institutions entails building alternative business models, forward-looking government agencies and programmes, and other structures that are governed by new sets of rules. These institutional rules can range from formal laws that have strict "or else" consequences to informal shared strategies.*

If we are serious about facing limits to growth, this assumption will have to change. The dominant financial and corporate institutions in the global economy are driven by an expectation that financial markets should always pay off with high returns – money invested is always expected to grow. That is at the core of what drives these institutions to always expand sales, continuously find more consumers, and always be producing more things for these consumers to buy. This institutional imperative to expand markets and generate investor returns is the primary drive wheel that pushes economic growth. This growth imperative is also what largely directs our technological development. But no matter how sophisticated it becomes, technology cannot change the immutable laws of physics that have placed real limits on this growth.

Element 2: **Recognise that continuous growth is institutionally driven, and therefore that institutional transformation must be part of the solution.**
A genuine long-term solution will require that we reverse the current relationship between technology and institutions. Rather than clinging to the hope that technology will allow us to continue with business as usual, we must first transform our economic institutions and then allow appropriate forms of technology naturally to follow. Crafting new economic institutions entails building alternative business

models, forward-looking government agencies and programmes, and other structures that are governed by new sets of rules. These institutional rules can range from formal laws that have strict 'or else' consequences to informal shared strategies.

Element 3: Recognise that new institutions must be based on a different set of ethical principles.

Insofar as we will be creating new structures for social and environmental well-being, our institutional rules must also be anchored to a solid foundation of core ethical principles. What we finally draft for this set of principles will have to be worked out by a broader United Nations consensus. But perhaps we can begin with these basic statements: (1) our economic activity meets the needs of people in ways that are wholesome and genuine; (2) in ways that are stable and equitable; and (3) in ways that do not systematically damage the carrying capacity of our planet for all variations of life and future generations. Once we arrive at a consensus on our core set of ethical principles, these principles can then be drafted into the formal and informal rules that govern our economic institutions.

Element 4: Recognise that economic re-localisation is inevitable and accordingly so should our efforts for institutional change.

As oil becomes increasingly scarce and expensive, it will become much more difficult to rely on the global division of labour as so many of us do now. In the coming decades, economies and communities will have to re-localise in order to become more self-reliant in the face of mounting scarcities. In the spirit of E. F. Schumacher, if smaller scale economic systems are inevitable, it will be up to all of us to make them beautiful. That is, to evolve community-based commonwealths centered on principles of well-being. At the same time, however, re-localisation must be done with a broader sense of humanity. If we cannot make real changes for well-being in our own local communities, a global strategy is unlikely to materialise. Though we may not see it directly, the good work we do in our communities will have a global impact as everything is connected to everything else.

> *'If we cannot make real changes for well-being in our own local communities, a global strategy is unlikely to materialise. Though we may not see it directly, the good work we do in our communities will have a global impact as everything is connected to everything else.'*

Element 5: Recognise that we can build on the momentum for change that has already begun.

There are practical examples of business models and government initiatives all around us that are directed toward well-being: banks that are chartered for stability and rooted in sound ethical principles and not

the idolatry of money; business models that place social and environmental betterment above profit maximisation; cooperatives that are directed toward shifting resources and ownership into underserved populations, national legislation with provisions to set aside funds for developing local alternative institutions, and many more. Currently these initiatives exist only on the margins of the global economy, but they also represent the beginnings of the change we seek. It is crucial for us to expand on these initiatives in significant ways, and to bring them out of the margins and directly into the political and economic forefront. It is increasingly apparent that people everywhere are looking for ways to do things differently, but are finding it difficult because our conventional institutions are not providing them with the opportunities to do so. This energy needs constructive expression otherwise it will collapse into lethargy. Our task, therefore, is to create many more and new re-localised, values-based institutions that can absorb this energy and direct it toward true social and environmental well-being.

> *Our task, therefore, is to create many more and new re-localised, values-based institutions that can absorb this energy and direct it toward true social and environmental well-being.*

Outcomes of UN conference discussions

After we submitted our proposals for the new paradigm, the next step in the process involved forming a smaller group that we called 'experts' to develop a consensus on what the new framework should look like and how it is to be implemented. I and about fifty others formed this group and spent one day hammering out the details of the economic paradigm. The first part of the day was spent discussing the general aspects. In that process, I emphasised the above five elements for change, specifically institutional change. The latter part of the day was to be more focused in the direction of further research. My job was to lead a subgroup discussion on developing new financial institutions.

The consensus of this group was that a careful consideration of the institutions that govern money, finance, and trade will be centrally important to serve the four dimensions of the new economic paradigm: sustainability, efficient use of resources, fair distribution, and happiness and well-being. We suggested that one area of further research should be to consider if we should be crafting a new international financial institution: 'The International Bank for Right Livelihood (IBRL)' that is specifically chartered to serve the four dimensions mentioned above as a parallel institution to the Bretton Woods institutions: World Bank or the IMF.

As our resolution to create a new economic paradigm moves forward and a new UN commission is formed accordingly, the issue of international finance and trade will inevitably surface. And as the Bretton Woods institutions represent old paradigm economics, it was suggested that a new institution be chartered with the following provisions:

- To have a clearly defined democratic orientation in which voting rights and decision-making powers are broadly and democratically extended rather than limited to the most powerful economies of the world.

- To provide credit and/or equity to finance initiatives that would help communities become less dependent on fossil fuels such as renewable and efficient energy development projects, public transportation and infrastructure, and environmentally sustainable technologies, and to foster the development of local or place-based economies, small scale cooperatives, and microfinancing.

- To create financial instruments that will draw source funding from both signatory governments and private sector institutions that are committed to the four dimensions of this resolution.

- To explore how local communities can create their own alternative monetary institutions that break away from the ever-expanding mountain of debt and move toward more values-based or skills-based models.

Unfortunately, virtually all of our suggestions for institutional change were rejected outright by the American and European leaders of the experts' group. Instead what was adopted were elements of conventional, mainstream economics aligned with the Millennium Development Goals and other past UN initiatives that call for market-based solutions such as carbon trading and a standard capitalistic orientation. In other words, at the end of the day, old paradigm thinking won out. The only aspect that could be considered new was an emphasis on a 'dashboard' approach to measuring economic performance modeled after Bhutan's GNH, although it is unlikely that American or European political leaders will replace GDP with any variation of a GNH indicator. In fact, alternative indicators such as the Genuine Progress Index (GPI) have been around for decades and have been largely ignored. Nonetheless, there seemed to be an assumption among the leaders of the experts group that developing a more comprehensive metric of social and environmental variables will have
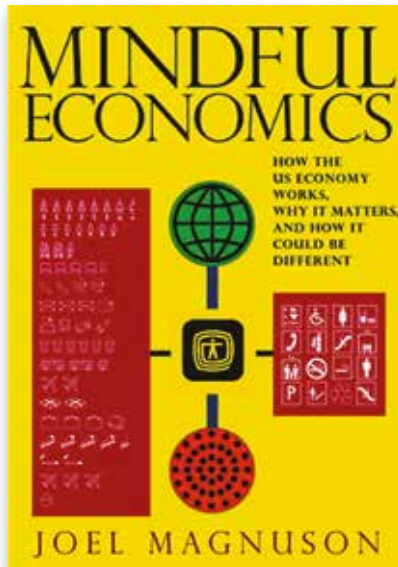
policy implications. The idea is that by adding more indicators to the dashboard, the underlying machine will change.

The logic of this contention seems flawed. Statistics do not change economic systems – societies do, but the change agents use statistics to help them in their efforts. Yet, the willingness and energy to make change is a necessary precondition. Statistical evidence of the existence of global warming and the anthropogenic nature of it is overwhelming, but any real attempts at changing this remain ineffective. In my view, the reason for this is that institutional change remains off the table as I experienced first hand at the United Nations. There is virtually no evidence that existing corporate and market institutions are geared specifically toward improving the outcome dimensions of environmental sustainability, efficient use of resources, fair distribution of resources, and happiness/well-being of all people. The evidence that these conventional institutions do damage to them is overwhelming. As long as institutional transformation remains marginalised as a principal step toward real change, the damage will continue.

> '*Statistics do not change economic systems – societies do, but the change agents use statistics to help them in their efforts. Yet, the willingness and energy to make change is a necessary precondition.*'

Mindful Economics is available from Seven Stories Press (www.sevenstories.com) and Amazon.
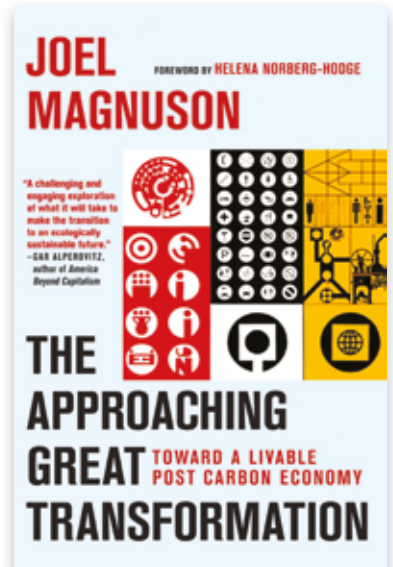
Joel's forthcoming book *The Approaching Great Transformation* is available from Seven Stories Press in the US, Policy Press in the UK and Amazon.

The moral dilemma of charging interest in Judaism and Christianity

Richard Higginson

Richard Higginson is Lecturer in Ethics and Director of Faith in Business at Ridley Hall Theological College, Cambridge, UK.

THE starting-point for understanding the Judaeo-Christian position on interest is three key passages in the Jewish Torah.

Exodus 22:25 'If you lend interest to one of my people among you who is needy, do not be like a money-lender; charge him no interest.'[1]

Richard Higginson tracks the moral understanding of charging interest as it has evolved through the Judaic and Christian traditions, and shows how the arguments for charging interest have become increasingly secular and divorced from these ethical roots in the modern world. Far from being given special treatment, the poor are often charged higher rates than the rich, thus creating greater power imbalances, and severe accumulations of debt.

This occurs in a section which consists of laws protecting disenfranchised and vulnerable groups, including widows, orphans, resident non-Israelites ('aliens') and the poor. Concern for the poor leads to the stipulation that interest should not be charged on loans to them. These loans, and the compassionate handling of essential items that were pawned, were meant to help people cope with extreme poverty; lenders should not see them as a source of gain.

Leviticus 25:35–38 'If one of your countrymen becomes poor and is unable to support himself among you, help him as an alien…Do not take interest of any kind from him, but fear your God, so that your countryman can continue to live among you. You must not lend him money at interest or sell him food at a profit.' This too envisages a situation where a fellow countryman has fallen on hard times and is dependent on others. The call is to be supportive and compassionate, treating such people with the kindness shown to resident aliens. Solidarity is expressed by not charging interest. The prohibition is

supported by a basic premise of biblical faith, the fear of God. The people are reminded of God's mercy as a ground for showing mercy themselves.

Deuteronomy 23:19–20 'Do not charge a brother interest, whether on money or food or anything else that might earn interest. You may charge a foreigner interest, but not a fellow Israelite, so that the Lord your God may bless you….' This breaks new ground. It explicitly forbids the charging of interest within the Israelite community while permitting interest on loans to foreigners. Here the prohibition is not confined to poor Israelites, and obedience is linked to God's blessing. The close-knit community ties at the heart of the prohibition are highlighted by the permission to treat foreigners differently. This was not the stranger living in their midst, but those who lived in a foreign nation; in that context, levying interest on loans was a sensible minimisation of risk, and meant that Israel could take its place as an equal partner in the commercial arena of the ancient Middle East, where charging interest was normal.

> '*Cyprian of Carthage and Gregory of Nyssa both deplored the deceit of the lender, who appears to be a friend to the borrower but is in fact an enemy.*'

Other Old Testament texts mention interest more briefly, but always with disapproval. In Psalm 15 the righteous person who may dwell in God's sanctuary is one who, among other things, lends his money without interest (15:5). The righteous man of Ezekiel 18:8, 13 and 17 is similarly restrained. Nehemiah becomes furious when, in a post-exilic urban context, he learns of Israelites exacting interest from fellow-countrymen and forcing them into slavery (Nehemiah 5:1–12). The strength of feeling in these texts is formidable.

Church tradition and usury

It was on the basis of these Old Testament prohibitions, along with Jesus' exhortation to 'lend, expecting nothing in return' (Luke 6:35), that the early Church Fathers condemned taking interest. They believed that it broke the law of charity and set the ban within the broader context of teaching which required the sharing of wealth. Cyprian of Carthage and Gregory of Nyssa both deplored the deceit of the lender, who appears to be a friend to the borrower but is in fact an enemy. Gregory also argued that lending at interest is an 'unnatural' sin because it draws gain from inanimate things, whereas in nature only living things provide fruit.[2] This resembles Aristotle's idea that money is intrinsically sterile.

In the medieval Church, the word 'usury' (derived from the Latin *usura*) was applied to the charging of interest. Although this now tends

to be used of exorbitant interest, it originally applied to any interest. The great Church councils took a consistently negative view of the practice. The Council of Nicaea (325) ordered usurious clergy to be deposed; the Council of Carthage (345) condemned its practice by laity; the third Lateran Council (1179) denied usurers the sacrament or Christian burial; and the second Council of Lyons (1274) forbade the letting of property to foreign usurers.

Medieval Christians mostly retained earlier arguments for condemning usury. Peter Lombard claimed that usury 'is contained under robbery',[3] the seventh commandment. Among the Scholastic theologians, this equation between usury and robbery became common. They anticipated the counter-argument that the borrower had agreed to the transaction by saying that he did so with a forced will rather than a voluntary will.[4]

Thomas Aquinas' teaching on usury was highly influential. He followed Aristotle in the belief that money was essentially barren, so it was unnatural to make money out of money. Money is a means of exchange, and to lend it on interest is to sell what does not exist. He regards this as a matter of justice. Aquinas broadens the Old Testament stipulations to include even the foreigner. Christians 'ought to treat every man as a brother and neighbour'.[5]

> ' Thomas Aquinas' teaching on usury was highly influential. He followed Aristotle in the belief that money was essentially barren, so it was unnatural to make money out of money. '

Ironically, the medieval era saw Jewish people emerge as Europe's major moneylenders. Because Deuteronomy 23 allowed them to lend to foreigners (as they considered Gentiles), along with the fact that they were barred from many other forms of commerce, Jews became notorious as usurers. Christians often reviled them for charging interest, but that did not stop them borrowing from Jews when they needed a loan, alternative credit supplies often being low. Shakespeare's play *The Merchant of Venice* reveals the connection between economics and anti-Semitism.

Aquinas has much to say about the relational aspects of lending and borrowing. A person who pays interest on a loan 'cannot be said to be acting quite voluntarily, but under some pressure.'[6] So a 'debt of gratitude is set up' – the borrower is under 'a moral obligation.'[7] Aquinas goes on to say that this means the lender is entitled to some compensation and, if he does not charge interest, that compensation should be benevolence towards the lender.[8]

This switch of perspective is significant. It raises the possibility that, just as a loan with interest can entail a lender taking advantage of a borrower, a loan without interest can entail a borrower taking advantage of a lender. If the lender stands to lose by the loan, is it unjust that he receives financial compensation? From the early thirteenth century, certain scholastic theologians argued that a creditor could sometimes claim compensation for loss suffered because of failure on the borrower's part to repay the loan on time. Norwegian scholar Odd Langholm points out:

> 'From such loss because of delay, the basis of the claim for compensation was extended to a creditor's loss on account of the loan within the loan period itself, and the concept of a loss was extended from a loss actually sustained (*damnum emergens*) to a loss in the relative sense of a missed profit opportunity (*lucrum cessans*).'[9]

Where these two exceptions were allowed, a major crack in the church's traditional teaching opened up. By the sixteenth century such exceptions had become commonplace in the thinking of the influential Spaniards Luis de Molina and Juan de Lugo. This was a decisive break with the earlier tradition.

The Reformation watershed

In the meantime the world was changing fast, socially, economically and politically. Developing economies and the growth of a new merchant middle class were making it difficult to carry on transactions without taking interest. The two great Reformers, Martin Luther and John Calvin, held rather different views on the subject of usury.

Luther stands solidly in the scholastic tradition. He uses a variety of arguments against the practice in his famous treatise *On Trade and Usury*. He states that it is 'simply a commandment that we are bound to obey',[10] and sees the widespread practice of usury as part of the perilous end-time in which he believed he was living. He presents an alternative – generous, open-handed giving or lending. Luther's main target in attacking usury was what he saw as the greedy merchant-class.

Calvin lived in the merchant city of Geneva and had a less jaundiced view of their practices. In a letter to Claude de Sachin, he argued that usury almost always travels with two inseparable companions: tyrannical cruelty

' [Calvin] considered that loans at modest rates between parties with good business reasons to lend and borrow were acceptable. However, Calvin is clear that no one should take interest from the poor. The lender must not be preoccupied by personal gain and forget the bonds of community. '

and the art of deception.[11] Nevertheless, he saw the Israelite ban as temporary, an aspect of their constitution appropriate to their time and place. 16th century Geneva was different: it was a political union whereas Old Testament Israel was a fraternal one.
He concludes that 'we ought not to judge usury according to a few passages of scripture, but in accordance with the principle of equity', therefore thinking it permissible 'to make concessions to the common utility'.[12] He considered that loans at modest rates between parties with good business reasons to lend and borrow were acceptable. However, Calvin is clear that no one should take interest from the poor. The lender must not be preoccupied by personal gain and forget the bonds of community.

Significantly, Calvin did not use the Aristotle-Aquinas argument about the barrenness of money. During the sixteenth century there was an increasing abandonment of this argument and a growing acceptance that money, too, was a commodity. So money had its price, and interest named the price it carried for the privilege of borrowing it over a period of time.

This changed view of money makes the sixteenth century a crucial watershed in the Church's tradition on usury. In accepting modest rates of interest, post-Reformation theologians weren't rejecting all the principles of the preceding tradition. Calvin and others correctly discerned that the main principle behind the biblical prohibitions was

protection of the poor, a zealous concern that they should not be exploited in their vulnerable condition. But they no longer felt that this necessitated a blanket ban on all interest. Effectively they exhorted people to live by the spirit of the law rather than the letter of it.

The challenge this poses is that it leaves people uncertain what to do. Deciding a 'reasonable rate of interest' is very subjective: it was easier for Governments to set a figure. A 1571 English Act of Parliament, in a time of significant price inflation, accepted interest charges of up to 10%. In the following decades the practice of usury lost much of its moral stigma. Whereas in the medieval world it was seen as the epitome of greed and oppression, by the seventeenth century lending at interest had been relegated to the status of a theological scruple in a world that accepted it as an economic necessity.

'What is undoubtedly true is that in recent decades major problems concerning the charging of interest have emerged. Interest invites greed on the lender's part, especially where interest rates are unrestrained. It is often practised in the context of a power imbalance, so the lender is likely to exploit the weakness of the borrower.'

The modern world

In the centuries since, certain justifications of interest have become familiar. As commerce developed, so did the need for long-term investment: the outlay of costs might be considerable before any profits could be anticipated. Entrepreneurs needed loans to get started, and the bankers providing them expected some return for their services. Charging interest is also difficult to avoid when inflation is a fact of life. If lenders' money will be worth less when returned, it seems fair for them to charge interest, as well as if they carry a significant risk of losing it.

Christians, along with most other people in the modern world, have increasingly accepted these arguments, but what is striking about these arguments is their essentially secular nature. They have become separated from Christian theology and ethics. Where biblical support has been sought for the charging of interest, it is usually found in the Parable of the Talents (Matthew 25:14–30), the criticism of the lazy servant for not having invested the master's money with the bankers – but that is probably best understood as a detail of the story rather than a defence of the practice.[13]

What is undoubtedly true is that in recent decades major problems concerning the charging of interest have emerged. Interest invites greed on the lender's part, especially where interest rates are unrestrained. It is often practised in the context of a power imbalance,

so the lender is likely to exploit the weakness of the borrower. Far from being given special treatment, the poor are usually charged *higher* interest rates, because they are seen as a greater credit risk. Interest contributes to a serious accumulation of debt, a vicious circle from which it becomes difficult for the indebted ever to escape.

All these problems have come home to roost in the global financial crisis and the consequences that have followed.

Endnotes

1   For this and the subsequent verses quoted I have used the New International Version translation.

2   Cyprian of Carthage, *Test.* iii.48; Gregory of Nyssa, *Hom.4 in Eccl.*

3   Lombard, *Sentences* iii.37.5; ii, 211.

4   Odd Langholm, *The Legacy of Scholasticism in Economic Thought*, Cambridge University Press, 1999, pp.60–62.

5   Aquinas, *Summa Theologiae*, Qu.78, Art.1.

6   *Ibid*.

7   Aquinas, *Summa Theologiae*, Qu.78, Art.2.

8   *Ibid*.

9   Odd Langholm, *The Legacy of Scholasticism*, p.75.

10 Martin Luther, *On Trade and Usury*, pp.277, 281, 290, 308.

11 Calvin's *Ecclesiastical Advice*, Westminster/ John Knox Press, pp.139–143.

12 *Ibid*, p.141.

13 See my *Faith, Hope & the Global Economy*, IVP, 2012, pp.106–107, for further discussion of the interpretation of this parable.

Is there a fundamental design flaw in the current banking system?

Tarek El Diwany

Tarek El Diwany is a partner at ZestAdvisory LLP in London.

SINCE the Second World War there have been several dozen currency and banking crises across the world, of which the most recent is widely acknowledged to be the most severe. Were these crises confined to developing nations, one might reasonably conclude that a tightening of existing regulatory and governance infrastructures would suffice in solving the problem. But the spectre of sovereign defaults, banks runs and currency collapses now hangs over the richest nations of the world, and this suggests that

Tarek El Diwany analyses the recent global financial crisis and suggests that its root cause is a combination of interest-based lending and the expansion of our money supply by the banking sector.

a fundamental design flaw exists at the heart of the modern banking and monetary system. In my view, the root causes of these repeated financial crises are the practice of interest-based lending and what is known in modern parlance as fractional reserve banking.

Are our financial systems value free?

Before discussing technicalities, it must be recognised that a healthy nation does not willingly accept systemic injustice any more than a healthy body willingly accepts a parasite. Without some general diminution of personal values, major corruptions rarely gain a foothold in society at large. Yet this seems to be exactly what has happened with regard to the economic behaviour of much of the world today. In Islamic thought, such a situation can only arise because of a failure of purpose. Muslims believe that God placed each of us in this life to worship Him, and if we succeed in this test we shall be rewarded with Paradise. From this world view there follow some important implications. If one believes in an All-Seeing God who oversees our

actions and will call us to account on the Day of Judgement, then external rules provided by a financial regulator become almost irrelevant. The believer does what is right in order to please God, not to avoid a fine from the Financial Services Authority. This is governance at its best, imposed from within, not from without. However, this is clearly not the situation in a modern world view, where the global financial system is governed by supposedly value-free laws, with no need for the moderating influence of religious systems.

Are these systems value-free however?Although modern economists often claim that their domain is free of the value judgements that characterise religion, their literature tells a different tale. Undergraduates open their textbooks to find that the human being is a selfish wealth-maximiser, and that the very purpose of doing business is to maximise shareholder value. In a few bold assertions, charitable, social and religious motivations for human behaviour are diminished or swept away. Indeed, the very measurement unit that we use to define success is nowadays laden with the values of materialism. Whether it is the performance of a nation or of a company, our analysis is too often reduced to a simple inspection of gross domestic product or corporate profitability, as if things that cannot be measured in monetary units are not worth measuring at all. Are we not to account for unhappiness, pollution or insecurity when defining what it means to be 'successful'? Our inappropriate choice of value measure allows us to deforest hillsides and pay subsistence wages, for no one measures the environmental consequences for our grandchildren or the stress that the low-paid family faces over its dinner table.

'Undergraduates open their textbooks to find that the human being is a selfish wealth-maximiser, and that the very purpose of doing business is to maximise shareholder value.'

The traditional view of interest from the Islam world view

In Islam, usury includes the charging of a benefit of any amount in return for a loan of money. There is no concept of a 'non-usurious rate of interest', since all rates of interest are usurious in this world view. The lender who asks for money back plus a gain, irrespective of how well or badly the client's business performs, is seen to be engaging in a fundamental unfairness. Better to share the profit or loss of one's client, so that the interests of both the financier and the financed party are aligned. When banks lend at interest against collateral, they tend to lend to those who are already rich since it is this group that has the most collateral to offer. The poor, even when they have good business ideas,

tend not to attract capital under an interest-based financial system. And so the poor stay poor, while the projects of the rich and powerful are indulged.

Further, when the poor stay poor, they are unable to pay back the interest, leading to the accumulation of further debt. Frederick Soddy cites the example of a man living 2000 years ago who loans one ounce of gold at 5% interest. Left to compound through the generations, the amount of gold required to repay this loan would today exceed the total weight of several earth-sized planets. Here we see one of the logical fallacies of adopting interest at the heart of our economic life. If the laws of nature prevent a thing from growing for ever at compound interest, why should the laws of our financial system dictate otherwise?

If the laws of nature prevent a thing from growing for ever at compound interest, why should the laws of our financial system dictate otherwise?

The systemic problem of compound interest rates and paper money

Paradoxically, the invention of paper money has conspired to force the nations of the earth into an unwinnable race with compound interest. The amounts required to meet our spiralling debts can now be found by the addition of a few extra zeros on the paper bills emitted by the bankers' printing presses. Thus the United States, once a powerhouse of industry and ingenuity, is drowning in a multi-trillion dollar debt. In 2008, the amount spent by the American authorities on interest repayments and banking bailouts was not much less than the entire federal income tax revenue.

In modern times, the power to create money from nothing is shared by both central and commercial banks. Though the latter do not print paper money, they do issue credits to our account in the form of data entries, and others are usually happy to accept these credits in payment for goods and services. This 'bank credit' is therefore a form of money, and the constraints on how much of this money a bank can create are often very limited indeed. The temptation is therefore for a bank to create as much money as possible, for the more money it creates, the more it can lend, and the more interest it will earn. In the course of lending large volumes of newly created money, society falls into ever greater debt, and when such money is spent the average price level begins to increase endemically. Likewise, the ebb and tide of economic activity follows quite closely the degree to which banks lend (or refuse to lend) newly created money. Thus, our lives have become largely beholden to the arbitrary decision of bankers to inflate or deflate the money supply.

The legal and economic contradictions inherent in this system are many. An individual who created money at home would risk arrest as a counterfeiter, and company accountants who create money in the cash ledger are guilty of false accounting. Yet a system in which banks do more or less the same thing is supported by the full force of the law. Given the choice between working for a living and creating money out of nothing, it is unsurprising that increasing numbers of our most talented graduates and business people have in recent decades opted for the latter, with the result that the banking sector has sucked in talent and become dominant in many a developed economy. The ability to create money has also brought with it political influence to the extent that in some European nations the banker is today a kingmaker. How different this all is from the status that was accorded to such men in centuries past, when usury and counterfeiting were outlawed by the state, and their practitioners were imprisoned or expelled.

> *An individual who created money at home would risk arrest as a counterfeiter, and company accountants who create money in the cash ledger are guilty of false accounting. Yet a system in which banks do more or less the same thing is supported by the full force of the law.*

The fact that public opinion remains mostly oblivious of the basic facts of our monetary life is testament to the propaganda of the modern banking lobby. Their organs tell us that there is no alternative to austerity, that for the sake of balancing a few accounting ledgers tens of millions must go jobless. We are told that the financial crisis was caused by too much bank lending, and simultaneously that the solution is for 'the banks to lend more'. The same British government which refused to make available £40 million to fund a 2.5% pay-rise for the British police force in 2007, finds more than £200 billion to save the British banking system a few months later, courtesy of the Bank of England printing press. But if the Bank of England can create £200 billion of new money to save the banking system, it can surely create another £170 billion to pay off the budget deficit and save our society from further decline.

According to Jim Rokakis, County Treasurer for Cleveland's Cuyahoga County in 2007, 'Wall Street strategies that made the cycle of no-money-down, no-questions-asked lending possible have sucked the life out of my city'. His community has joined a very long list of those who have experienced what many prophets and philosophers have warned us of in ages past. Among them is the prophet of Islam who, 1400 years ago, informed his companions that 'Even though usury be much it leads in the end to utter poverty'. So we know where we are heading, and if reason does not prevail, we will eventually get there.

Reference

Soddy, F., *The Inversion of Science and a Scheme of Scientific Reformation*, 1924, Henderson, England

Views from the field

Rich Fernandez, Senior People Development Lead, explores the use of wisdom techniques and tools at Google. Attila Vegh, youngest leader of a healthcare trust in the UK shows the relationship between leadership, community and spirituality. Mark Fowler discusses tools of transformation in educational settings.

Wisdom and mindfulness as tools of organisational practice at Google

Rich Fernandez

Rich Fernandez, Ph.D., Senior
People Development Lead, Google

Bronwen: *Could you tell me a little bit about yourself and your career before you arrived at Google?*

Rich: I'm trained as a psychologist, with a Ph.D. in Counseling Psychology and a Master's degree in Organisational Psychology. I had always wanted to work within organisations on leadership and learning, people development and organisational development, almost as long as I can remember. As a human development practitioner I've always been interested in how people can express their highest potential and excel. I started off in colleges and universities as a career counsellor and working in the personal counselling centres but that quickly transitioned to working within larger organisations, initially in the career development space. That means that that I would help employees in large organisations with everything from career advice and counselling to assessing their strengths and their skills, the way they fit or did not fit with certain roles, and how to realise their

Bronwen Rees interviews Rich Fernandez, Senior People Development Lead at Google on the relationship between wisdom and mindfulness, new technology and people development. Throughout this wide-ranging conversation, he shows how the insights from ancient wisdom traditions, when translated into a contemporary language and technological framework can both penetrate and shape a world-renowned company. According to him, we are at the cusp of a major shift, and this intersection between wisdom, technology and people can create space for clarity, insight and ethical decision-making.

goals, both near and mid and long-term. I also did quite a bit of coaching with managers and leaders so it became something of an executive coaching endeavour as well. I did this for over a decade in

financial services companies: JP Morgan Chase for eight years; and the Bank of America for a few years.

Then, I became very interested in the technology sector, and eventually went to eBay. I was there for almost four years, where I looked after what's called 'talent management,' which is helping develop the next generation of leaders, thinking about succession planning, succession management, performance management and high potential development. Key focus areas for that role include the assessment and development of leaders who demonstrate high potential and are emergent leaders within the organisation. I did that for a couple of years and then went on to lead the learning and organisation development team working with the executive staff there on everything from the learning and leadership agenda to organisation development and change, employee engagement, performance management, and the alignment of people, leadership and strategy.

My career continued to kind of grow and scale up to addressing the needs of leaders, moving up to more and more senior leaders and then addressing issues of large scale organisational culture and change. A couple of years I ago I moved on to Google as Director of Executive Development and in my current role at Google I serve as People Development lead for our well-being programmes and content, focusing on employee well-being.

Bronwen: *So where and when did your interest in wisdom and mindfulness develop?*

Rich: I always had an interest in wisdom and mindfulness throughout my whole adult life and career. Since at least my university days, if not before, I had always been a close reader of eastern philosophy and practised aspects of it myself. My way in was through the martial arts, in particular Tai Chi and classical Shaolin Kung Fu in which I trained for many years and received a first degree black belt. I also actively practise meditation and yoga. So that's just been a through line for my whole adult life, a sort of foundational practice for me. It's how I understood myself in the world and what I use to anchor myself.

Bronwen: *How helpful have you found this in your working life?*

Rich: Wisdom and mindfulness have always been personal practices, as a core way in which I connect myself in the world. But its also what you might call a sort of 'practised well-being' since I always found it to be extremely grounding and just very helpful in many different domains of life. Calmness and mental clarity, better decision making,

'Wisdom and mindfulness have always been personal practices, as a core way in which I connect myself in the world. But its also what you might call a sort of 'practised well-being' since I always found it to be extremely grounding and just very helpful in many different domains of life.'

enhanced creativity, greater emotional intelligence and emotional regulation all flow directly from consistent mindfulness practice.

About four or five years ago, I chanced upon a forum called Wisdom 2.0. This was a conference where technology leaders (that is founders of technology companies) and people who were deeply interested in technology were coming together with meditation teachers such as Jon Kabat-Zinn, Jack Kornfield and Joan Halifax, and neuroscientists to have a very robust discussion about how to live with meaning, wisdom, purpose and compassion in a technological age. That was really a kind of an epiphany for me because I realised, that what I had been experiencing and interpreting as personal pursuit was in fact much more broad than that – it represented a sort of a cultural shift broadly as within organisations. Ever since I've been integrating mindfulness practices with organisational practice, with leadership, with learning, towards a vision of the way we understand change and human dynamics within organisations.

> *Ever since I've been integrating mindfulness practices with organisational practice, with leadership, with learning, towards a vision of the way we understand change and human dynamics within organisations.*

Bronwen: *Had you been making those connections implicitly before?*

Rich: I would say I had been doing them implicitly, yes, and non-consciously. People would always say, 'Well, you're so calm, you have such great energy', and I didn't really pay much attention to that other than say 'Thank you,' and 'Yeah, I try to take care of myself.'

So what I started doing was just integrating these practices consciously into my work with leaders and teams at eBay. I started bringing in some of the teachers to the workplace and what I found was there was huge appetite for it amongst the employees. The first was Michael Carroll, a very senior meditation teacher, who wrote *The Mindful Leader* and *Awake at Work*, which integrated mindfulness and meditation principles in working life. I remember on this first occasion sitting in the courtyard having lunch at our eBay campus and saying, 'Look Michael, I so appreciate you coming out here (he had flown across the US from his home in Philadelphia to join us in Silicon Valley). I don't know how this is going to go. I'm hoping we get 20 or 30 people who will be really engaged but I really don't know, we could get 50.' Well, Bronwen, we had 200 people show up that day. That was a very unusual thing – it was the middle of the week and the middle of the work day (i.e. right after lunch). People stayed for 90 minutes, in which they learned about and practised meditation, and discussed all sorts of wisdom-related topics of personal import to them.

Bronwen: *That must have been quite an experience.*

Rich: This was a Tuesday afternoon in Silicon Valley at about one o'clock and one of the first things Michael did was to have 10 minutes of silence. 10 whole minutes of silence; a room of 200 technology employees in Silicon Valley at one o'clock on a Tuesday sat in silence. That was really something different. So it continued from there, I invited different teachers and began to hold programmes. The biggest one we had was a sports psychologist and meditation teacher named George Mumford, who taught Zen meditation to professional athletes, most notably to Phil Jackson and Michael Jordan of the Chicago Bulls, to the LA Lakers with Kobe Bryant and Shaquille O'Neal. He has also taught it to Premier League soccer players, and to Olympians. He came and he taught how to use mindfulness to cultivate excellence. Over 450 employees came to that one. It was an extraordinary experience.

Bronwen: *So what do you think, from your own experience of meditation, was happening?*

Rich: I would say that we created a space for people to reflect, to pause, and to exercise some deep inquiry into some of their core motivations, values and ways of being. I felt like we were tapping something deep and important and the more I looked into it the more I found that there was tons of neuropsychological science to substantiate the efficacy and positive benefits of these practices. So I continued on and I started speaking about it quite publicly in conferences.

> *I felt like we were tapping something deep and important and the more I looked into it the more I found that there was tons of neuropsychological science to substantiate the efficacy and positive benefits of these practices.*

It was then that Google became interested in my work. They were interested in my background certainly and then also that I was an innovative thinker in this space. So they invited me to come and meet with them and offered me a job which was to be the Director of Executive Development with responsibility for the Executive Education platform at Google.

So I did that for about a year and a half and then a final piece began to fall into place when I realised that I was spending a lot of time focused on the leadership agenda and mindfulness. It was becoming more and more obvious that there was a big intersection there. My deepest interest lay in the pure practice of wisdom and mindfulness and in the teaching of this, and so my role evolved to focus more on the well-being, wisdom and mindfulness agenda at Google.

I have a personal vision statement that I've been using for the past five years or so as a decision rule for practically every decision I make and to guide me in my endeavours. That personal vision statement is: 'The full integration of consciousness in all domains of life.'

So whether that be within yourself, in your family, at home, in your community, at work, amongst your friends, wherever and whoever I am with, that is the aspiration. Most importantly, I knew that however much I wanted to facilitate this with others, I had to practise that first for myself, and then to teach and to write about it in terms of my work. That's how I organised myself and so there was an opportunity here at Google really to focus on the wisdom and mindfulness agenda in a robust way because there was appetite for it. So I took on a new role of People Development with lead for our well-being programmes and content, focusing on employee well-being.

'Most importantly, I knew that however much I wanted to facilitate this with others, I had to practise that first for myself, and then to teach and to write about it in terms of my work'

This was not an uphill battle by the way. Since then we have developed quite a robust set of mindfulness practices and wisdom practices that we offer broadly. For example, my colleague with whom I share an office is Chade-Meng Tan who wrote the book *Search Inside Yourself*, just released this year. He was an early Google engineer, and he developed a mindfulness based emotional intelligence course.

Bronwen: *So what does this course look like?*

Rich: It's a seven-week course, meeting once a week including one full day at a meditation retreat. It's a mindfulness-based emotional intelligence programme. He is a close colleague and collaborator and it's probably the most well-known programme within Google. We offer other mindfulness programmes as well such as mindfulness-based stress reduction and then we also offer some home grown ones that were developed by Google employees and run by them. Further, there is a video conference meditation group which we call 'meditation hangouts'. We have rooms set aside just specifically for meditation and/or prayer, just as the same way we have mothers' rooms specifically for nursing mothers. There are also the more informal weekly meditation meetings for mindfulness practice that are run by employees for employees. Every week we have many of those in many locations and they range anywhere from 10 minutes to 30 minutes. We even have two engineers who developed their own mindfulness programmes, one is called Neural Self Hacking and the other is called

The Software Engineering of the Mind. We have wellness centres where people can also go for yoga, massage or meditation.

I've also continued the practice of introducing senior meditation teachers to Google. You may be able to see on the wall behind me at my office a photo of Thich Nhat Hahn who visited here. Next to him is Eckhart Tolle whom I personally invited to spend a day here giving a seminar for senior leaders and a public talk to all employees.

So it's an organisation that culturally is very open to mindfulness and wisdom practices.

Bronwen: *How many employees do you have and what sort of percentage of them take this up would you say?*

Rich: Percentage wise we have over 35,000 employees, which does not include our large subsidiary area in Motarola Mobility which is another 17,000. Over 4,000 employees have taken some form of mindfulness or wisdom or well-being related programme to date.

Bronwen: *So there's no problem in filling them?*

Rich: We have long, long waiting lists.

Bronwen: *That shows a real shift in the zeitgeist, because I started a research programme in Europe in 2002 with a team of meditators and therapists trying to do this and we had little success. But clearly it would also depend on the type of company in which you are working. You've obviously tapped into a really rich vein where you are – but maybe you are creating this at the same time?*

Rich: One thing to know about Google is that it is really high performance culture. In other words we have a very robust performance management system. So the expectations are great and then at Google we also aspire to do world-changing things. So wisdom and mindfulness provide some strategies and tools that equip us to be able to sustain that level of performance.

Bronwen: *I'm interested in that because mindfulness is also introduced into all sorts of different contexts isn't it? I've been working with the connection between mindfulness and ethics in organisations, but if the ethics of the company are not aligned with practices of mindfulness, then do you think they can work?*

Rich: Well, you know, there's this expression that we always use in the learning environment within organisations. You can imagine trying in

my profession, in this hardcore, high performance environment, to sell the notion of 'learning' – you could easily get brushed off. We have this principle that we call 'WIIFM' which stands for 'What's In It For Me' and that's often the approach you have to take. So rather than, for example, saying we're creating a mindfulness-based stress reduction course, even if people are interested in it, they might be put off because its about fixing stress, and they might not like to acknowledge this to themselves. People in high performance organisations like to think of themselves as high functioning and that's their self-concept and so anything to accelerate that is going to be what's going to be attractive to them. So for example instead of a mindfulness course we might call this 'achieving peak performance' or 'optimising productivity through mindfulness practice'.

> *So for example instead of a mindfulness course we might call this 'achieving peak performance' or 'optimising productivity through mindfulness practice.'*

The WIIFM concept is really critical because it's not for the sake of an abstract concept like managing stress or enhancing mindfulness, even of ethics, that people come. They need to see how these practices really relate to day-to-day life or organisational performance. To bring it back to earth, you really have to operate on the principle of WIIFM – what's in it for me, what's in it for them.

So a top-down approach to the link between mindfulness and ethics might be difficult – saying that exercising mindfulness means we will have better ethics is a top-down view. So we might say something along the lines that, 'Mindfulness enables clarity of insight and better decision making'. Then you don't mention the word ethics within that, but it actually gives employees a little bit more of an incentive to want to engage in the practice and – surprise, surprise, one of the great outcomes as we know with meditation is that it leads to great compassion which in itself leads to ethical action. In the same way, saying, 'Hey, let's practise mindfulness so we can develop greater compassion' would probably not persuade people to engage either. Of course ethics and compassion are good things, but talking in this way is too abstract, sounds preachy and what we call 'woo-woo' (a technical term!) and hard for people to get their head around.

Bronwen: *From its Buddhist tradition there is a direct connection between ethics and meditation isn't there? So do you see mindfulness as a collective transformative mechanism?*

Rich: Yes. I certainly believe that, but again I don't necessarily go in with that as a selling point because it doesn't sell very well; it's not hugely

marketable right? Meditation, mindfulness, wisdom practices and tradition all currently have a marketing problem in our contemporary context. Who wants to sit on a cushion for hours at a time to meditate? It's just unappealing at a conceptual level. Also the moralistic calls for practice, such as: 'Let's all meditate so we can transform society' – these make it unappealing for people to take up these practices. Much of the work is reframing things using science and contemporary, pragmatic paradigms for why these practices will be of benefit to people should they choose to practise them.

'Meditation, mindfulness, wisdom practices and tradition all currently have a marketing problem in our contemporary context.'

And of course, the deep insights from the Buddhist and the Eastern literature and philosophy and history on these connections are at least 2,000 years old and so the core principles, the core truths that they speak to are going to be timeless and are still relevant. However there are rubrics, language and frameworks used by these traditions that are not relevant. Perhaps relevant is not the right word – that aren't resonant today. I'll give you an example, acupuncture, that's been around for thousands of years, but who today really wants to get accurately punctured? I think it's bad marketing.

Bronwen: *I'll tell that to my acupuncturist.*

Rich: Come on, can't we come up with better language and framing for these very valuable practices these days? I mean we are in the information age, we're good at this stuff. So here's an example that I like to talk about to bring it to the modern day. We have the knowledge graph – that's what Google has created; we have the social graph, that's social networking like Facebook and Twitter; we have the interest graph with things like Pinterest or Quora. What about the wisdom graph? What does that mean and where does it exist and how can we integrate it?

Where do we go for our wisdom practices, our mindfulness practices? How do we connect in the digital age? Take Eckhart Tolle, one of our great wisdom teachers – I actually get a lot of his teachings via media quite frankly. I've downloaded many of his books and listen to them on my car ride. I watch Eckhart Tolle TV when he has webcasts. I've also spent time with the man personally, but more of my interactions with him have been through media, digital media. The Buddhists didn't have anything to say about that.

Bronwen: *No, well, I suppose the message will penetrate subliminally some way or another.*

Rich: Well not even subliminally, I think it's a different form of practice these days. It's contemporary, using a different language and technology that's equally as valid in some ways. Obviously, however, it depends how you do it and there's easy ways to derail using it, simply because of the distractions of being at the computer. At the same time I've had some very deep meditations using media. The Guided Meditation CD is a great example – think of all the technology it takes to get that voice recorded, preserved, easily accessible to you – it will involve lasers and robotics – a lot of sophisticated technology. There's a place for all of this and that has up till now not been really very much a part of the conversation around mindfulness and that's why it's important to continue the enquiry there as well. The universal truths that were developed thousands of years ago are as timeless and true and profound as ever but there is a new evolution happening and the question is how we arrive at mindfulness and wisdom in the context of our contemporary age.

It's just the arc of history, isn't it, Bronwen? Incidentally, the Buddhists didn't invent meditation, it came from the Vedas, but the Vedic practice was confined to high born priests' class – it was only the Brahmins who practised meditation. The Buddha did us all a good favour of popularising it and saying 'No, actually anybody is capable of enlightenment, not just the high priests.' So a shift happened a thousand or two thousand years after the Vedas first articulated the benefits of mindfulness and meditation and now I think another shift is happening.

Bronwen: *The philosopher Jaspers also recognised the importance of what was happening around 2500 years ago in the evolution of human consciousness. He called this period the 'Axial Age'. This was deemed to be a time of a whole spiritual awakening, within great social and political upheaval, not unlike what we are experiencing now. Great spiritual masters such as the Buddha, Socrates and Confucius from different corners of the world all articulated new ways of being in the world, and with it came the emergence of reflexive consciousness which was an ability to reflect on the self as a separate and responsible identity.*

> *'Quite simply, the way I position it when I talk about it is that we have an evidence-based form of mental conditioning that promotes well-being, calmness, clarity, insight, innovation, well-being, compassion. There's lots of science now that irrefutably says this is beneficial on multiple fronts.'*

Rich: Yes, and I think this is such a time as well, because of the unparalleled connectivity, science and insight that we have. I think that's why you're seeing the popularity of things like mindfulness at a place like Google. Quite simply, the way I position it when I talk about it is that we have an evidence-based form of mental conditioning that promotes well-being,

calmness, clarity, insight, innovation, well-being, compassion. There's lots of science now that irrefutably says this is beneficial on multiple fronts. Whether they be time trials or randomised ontrol studies or MRI brain imaging, brainwaves studies – there's just instance after instance of evidence for this.

Bronwen: *So do you feel that, as many commentators talk about, we are moving to an evolution of consciousness?*

Rich: Yes, I strongly believe that we are. I think we're taking an evolutionary leap which parallels the evolutionary leap we're taking in technology and global connectivity. This is apparent through a growth in the critical mass of population and in terms of our interdependencies globally. Clearly, monumental shifts are happening.

Bronwen: *Would Google perceive itself as a conscious part of that shift?*

Rich: Well I would say that, to use the words of our CEO and founder Larry Page, we have a healthy disregard for the impossible. We believe we can change the world and we show up to work every day with that intent.

Bronwen: *So that's why it works then isn't it?*

Rich: I suppose so. The discipline that many come from and the approach many take is that we're solving the big, big computing, technology, scientific problems. Whether it be self-driving cars or translations or wearable computing, collaboration tools, even hardware these days. With regard to wisdom and mindfulness, I think that we are working to optimise our inner technologies!

Bronwen: *Part of this issue of* Interconnections *examines the crisis in capitalism since this will be a theme at the Academy of Management this year. Do you see this happening?*

Rich: I don't know that it's at a fail point, if you understand crisis to mean that. If you use crisis just to mean opportunity then I would say that it is along the lines of recalibrating our understanding of our interconnections and interdependencies and our ways of being with ourselves and with each other. So I would see this calibration as one part of an evolutionary shift.

> '*I think we're taking an evolutionary leap which parallels the evolutionary leap we're taking in technology and global connectivity. This is apparent through a growth in the critical mass of population and in terms of our interdependencies globally. Clearly, monumental shifts are happening.*'

Bronwen: *So if we are talking about conscious evolution, about creating new energy, and this happening through transformations in our workplaces, would you say this has to come from the top-down?*

Rich: Yes and no. Remember some of the programmes are led by employees and they're the ones who show up. I did not introduce these programmes on the authority from our top leaders, I did it because I just thought it would be cool and I preferred to ask for forgiveness rather than permission. I was a senior director at the time when I did that so I did have some degree of decision latitude but I wouldn't say it was top-down mandates from the most senior leaders, I think it's actually much more organic than that. Wisdom resides in each person and often seeks opportunities to emerge. Creating the right conditions for it to emerge is currently not just the role of the individual, but part of the growing of a community and even an organisation. Creating the conditions for wisdom to emerge in our communities and places of work and integrating the practices that promote this emergence represents the evolutionary leap we are currently experiencing.

Bronwen: *Thank you so much for your time, and fascinating insights*.

Reference

Carrol, M (2006) *Awake at Work: 35 Practical Buddhist Principles for Discovering Clarity and Balance in the Midst of Work's Chaos*

Leadership, community, and spirituality in a public health context

Dr Attila Vegh

Dr Attila Vegh, Chief Executive,
Cambridgeshire and Peterborough
NHS Foundation Trust, UK

Leadership and community

Bronwen: *As one of the youngest leaders in the UK, what is your view of the importance of leadership?*

Attila: It was only in the NHS context that I began to understand just how much impact a leader could have on the culture of an organisation. By making the professional experience of 2,500 people more meaningful, this could not only influence their own professional lives, but would indirectly enhance the healthcare delivered to between 80,000 to 100,000 people every year. Clearly if the organisation is better organised, we can make a bigger difference to the patients, but I realised that this could be achieved not only through improved management processes, but through the behaviour and energy of the leader. Whilst I was only 33 when I came into the NHS to lead an organisation, I realised that people were looking at how I behave, how I think, what are my values, what's my integrity, and would in many ways model my behaviour,

At a time of extreme cuts in the NHS, and concerns about its future, it is clear that radical steps are needed to shape a society where health of all ages is supported. In this interview, Bronwen Rees talks to Dr. Attila Vegh, one of the youngest Chief Executive Officers of a large Foundation Trust hospital. He muses on the complex relationships between leadership, health, community and concludes that it is perhaps issues of spirituality that may complete a missing link in developing a society where health and well-being are of paramount importance.

sometimes unconsciously, sometimes indirectly through the behaviour of my leadership team. I realised that this can have a big direct impact on the atmosphere and values of the organisation, on how staff behave,

how they think, how they communicate and interact with each other, which in turn directly impacts on how people are treated. Over time, this effect is clearly palpable and measurable and I realised that this was something that needed to be a very conscious role for me as a leader.

Bronwen: *What made you aware of that, and how do you think this is happening in your new CEO role, after a year in place?*

Attila: Well, it was the simple things, for example the language you use. You start hearing people using a very similar language. You find that your energy level very quickly transmits itself to the people around you. So if you bring energy, especially positive energy, people start doing even small things more quickly and efficiently. So I started doing things consciously at pace, whether talking or walking. Soon after my arrival, I found people started picking pace up, and sometimes, I noticed people were almost running through the corridors compared to just having this relatively slow motion beforehand.

At another level, you can have a large role in shaping the values in an organisation. For example, just last week we had a quality heroes award which is given away every two months to people who have done something outstanding. It's a small thing with a title, a bit of money and a certificate, but it's really about providing recognition to people who go beyond their call of duty. If you model this as part of the culture, then it becomes embedded within it. It is critical to take time and effort, as a leader, to pay respect and recognise the behaviour that you would like to see more of.

I began to understand the importance of symbolism in leadership. I learnt that people across the organisation pay a lot of attention to what you do. Colleagues read a lot into even small things, like whom you would greet first in the morning when arriving at the office, or whom you do or do not smile at. This seemed to prompt speculation as to whether someone would be promoted or made redundant – none of which I would have even thought of! It is a fact; if you lead an organisation that employs more than a few hundred people, consider yourself being on stage, 100% of the time. It's best if you are conscious and mindful of that.

Symbolism can also be a powerful positive driver. A few small acts carefully planned can send powerful signals across the whole organisation about how things will be done in the future. Soon after my arrival, I found that clinicians did not trust the management. Within three weeks of my arrival, I lifted the ban on the use of websites like YouTube, issued credit cards to teams with funds on it, created a direct line to me for front-line staff and posted their questions on the

❝Small, but symbolic acts to increase trust across the organisation can often have dramatic impact even if it takes more and longer to really change the culture of the entire organisation.❞

intranet, etc. Small, but symbolic acts to increase trust across the organisation can often have dramatic impact even if it takes more and longer to really change the culture of the entire organisation.

The whole notion of organisations is really about bringing people together for the service of an objective or a purpose. In the beginning it did feel more like a collection of individuals versus a community of individuals with a shared vision. Even if we're not there yet, we started moving the atmosphere towards feeling being part of a community. This means believing that we come together as a group of individuals because we're doing something which we couldn't do individually – and that's, I find, quite exciting.

After one year I sent an email out which was a summary of my first year in the trust and asked people to reflect on it, and give me some feedback. A lot of people sent emails back. There was one comment that struck me: 'The one thing Attila, you need to be aware of is that we have begun to feel that we belong to each other.' Another person said to me, 'There was something which we realised over the last year which is we learned to feel as part of a family,' which was also very gratifying.

You're part of a story, you're part of a community which you earn the right to be part of, which you're proud to be part of, and that you're taken care of. There must be a mutual sense of support. As far as I'm concerned, if you put your heart in it, if you steer it in a shared direction, you become part of something that you're very proud of.

❝I believe it works best if the shared mission that we all serve is something bigger than the organisation or the individuals collectively. It has to have an element of serving the greater community or those in need. This service element of the shared goal is very important for keeping the sense of belonging or community alive for the long-term.❞

I think that's quite a powerful way to give something back to people. I would like to really do more of it so that we do feel as one, we're one family, we're one group of people and we're proud and privileged to be part of the family.

Bronwen: *So in a way it's about feeling a sense of belonging over a common goal. Does it matter what sort of goal it is?*

Attila: Yes. I believe it works best if the shared mission that we all serve is something bigger than the organisation or the individuals collectively. It has to have an element of serving the greater community or those in need. This service element of the shared goal is very important for keeping the sense of belonging or community alive for the long-term. In my experience, self-centred organisational goals tend to be short lived.

Bronwen: *So you feel over the last 12 months that there's been a shift*?

Attila: Well I think so. We started measuring a whole raft of indicators in the spirit of 'you manage what you measure'. Most of these indicators started moving in the right direction. Though there is still more to do, there's now an increasing body of evidence that the quality of care has improved. For example, we're religiously measuring the quality of the care plans, the quality of the environment, the quality of the patient interactions, etc. All of these numbers are looking very different to what they were almost a year ago.

This time last year, the national quality regulator, the Care Quality Commission had issued five major concerns, two minor concerns and, two warnings – now they've started giving us a full clean bill of health. Due to these earlier challenges, we receive regular inspections, and since June last year, these assessments were confirming the improvement with full compliance against all inspected standards of care.

But there are also some softer dimensions of an organisation, which are more difficult to measure. For example, we have introduced measuring both staff and patient satisfaction by asking 'the family and friends test'. Every staff member and every patient is asked the question, 'How likely is it that you would recommend this trust to your friends and family as a place to care for them or as a place to work?' We're putting these 'Net Promoter Scores' in front of people every month so we're clear on how satisfied our people, (both our patients and our staff) are. We've still a way to go but I think we have already improved quite significantly in both ways so staff can feel it's a better place and patients feel it as well.

Leadership in the public and private sector

Bronwen: *I know you've spent 5 years working for McKinsey. Is there any difference between working in the public and private sector, would you say?*

Attila: Actually, McKinsey engages quite heavily in public sector and also international charitable and non-profit organisations, and obviously a significant amount of work in the private sector as well. I worked predominantly in healthcare, mostly in major public and private provider organisations such as hospital chains, ministries of health on government health reforms, or private pharmaceuticals and consumer healthcare companies. So I was exploring both sides of the fence, one could say.

Pharmaceutical companies are very interesting organisations. These are big multi-billion pound corporations; they tick very differently

from the public sector. The pharmaceutical industry is an excellent place to learn business and management. They employ some of the brightest, most intelligent and best educated business people in any industry. It is also a global profit-driven industry, with a razor sharp focus on delivering shareholder value that can be measured by the development of the share price.

Having worked worldwide in pharmaceuticals I decided to change my path to focus and concentrate on helping provider organisations, I spent my time working out how we could support hospitals to become more effective, applying and integrating clinical evidence and best-practice provider management. This was a truly rewarding experience that made me feel I was making a tangible contribution to patients' health.

Bronwen: *What made you consider leaving McKinsey then?*

Attila: After years of advising other leaders of some great healthcare organisations around the world, I decided to join the NHS three years ago. I was eager to become the leader and decision maker myself, with the opportunity for direct impact. And I started appreciating the importance of the leadership dimension of management. I began to realise that there was a difference here. McKinsey is one of the best schools in the world to learn about practical management, what works, what doesn't work. But I also wanted to practise leadership in the health sector itself and see what it feels like to be 'on the other side of the table'.

Leadership is a very practical and a very human sport. And it's actually quite amazing. What gets me out of bed is obviously the chance for impact, both in terms of patients and our staff. What I find most fascinating in my work are its human dimensions; understanding people, understanding what motivates them, understanding how they tick, how to resolve conflicts, how to get the most out of teams, how to gel people, how to create an atmosphere of oneness. This is the dimension which is a source of endless emotional and intellectual stimuli for me.

> *What I find most fascinating in my work are its human dimensions; understanding people, understanding what motivates them, understanding how they tick, how to resolve conflicts, how to get the most out of teams, how to gel people, how to create an atmosphere of oneness. This is the dimension which is a source of endless emotional and intellectual stimuli for me.*

Bronwen: *So is there a difference in leadership styles in these sectors then?*

Attila: Yes, definitely. The crucial difference is that of values, even though they can both be huge organisations. For example, the NHS is the world's second largest employer with more than

a million employees. Pharmaceutical companies are also among some of the largest commercial organisations in the world.

One major difference is the profit driven value set which is inexistent in the NHS. Staff's actions are not driven by delivering profits. Most people in the NHS are heavily motivated by values such as helping patients, supporting people.

The pharmaceutical industry is more rational, built on some elements of human greed. But it works. For example, out of the hundreds and hundreds of new clinical entities used to develop new drugs there are only a handful that were invented and developed by public sector organisations. It's the same in other sectors. In the automotive industry, there are practically no major public sector car manufacturing organisations – even if arguably there would be merit in helping people have safer or more environmentally friendly cars. People can be motivated by commercial benefits, and then they can put their best ideas in place to develop new drugs. In marketing and sales however, it can be somewhat more controversial, especially in healthcare. When staff's performance is directly measured and rewarded by the amount of drugs they can sell, it can create strong incentives to explore creative ways to influence the decision makers, who are often not the patients. That's why we need stronger control and regulation for these activities.

On the positive side, where people are driven by measurable data, like monthly sales figures, they become extremely focused and professional and learn to develop robust systems and processes that work very effectively.

In the NHS, although it's driven by strong and noble values, there are still many opportunities for higher levels of efficiency. Sometimes things don't work as effectively or efficiently as maybe they could, even if people have the right motivation and mind-set and they put their hearts in it. There is a real question about how in the NHS we can get more focused on delivery and measure the right things and being stronger in holding people to account. I feel that there is something that we could learn from the industry. In a way, the ideal would be a blend of the two sectors.

Bronwen: *Do you see the public and private sectors converge in the future, e.g. in the pharmaceutical industry*?

Attila: These are some really vital questions, especially given the current global economic crisis that fundamentally challenges our old assumptions on drivers of prosperity. It raises the question whether we need public pharmaceutical companies that will develop drugs in the areas where there is no market, but where there is an unmet health

'These are some really vital questions, especially given the current global economic crisis that fundamentally challenges our old assumptions on drivers of prosperity. It raises the question whether we need public pharmaceutical companies that will be developing drugs in the areas where there is no market, but where there is an unmet health need.'

need. There are many infectious diseases that need new treatments, e.g. tuberculosis, but the majority of patients live in deprived parts of Africa and Asia, so private pharmaceuticals would not make the necessary investments in researching these areas. There is probably a range of how far we could go in terms of developing public sector pharmaceuticals although there may be mechanisms to make this work.

Similarly, public healthcare organisations in the UK are increasingly partnering with private organisations. NHS organisations are very effective at managing safety and complexity but tend to be less customer-centric and lean. Bringing the best of both worlds together within the provider industry would be a winner. Furthermore, under the 'Any Qualified Provider' scheme in the NHS, the concept of competition is being introduced that creates an even playing field and increasing opportunities for private organisations to take the business of public sector companies.

After April NHS organisations will also be allowed to earn private income up to 49% of their total income, which is a significant change. This will probably make some historically NHS organisations become more commercially minded.

Leadership and spirituality: linking healthcare practice and delivery

Bronwen: *You are also a qualified doctor. Do you see any link between being a healer and a leader?*

Attila: Definitely. It has two dimensions. The most direct dimension is specific to doctors who become leaders of large healthcare organisations. They would need to consciously live the dual role; to be a healer of patients, and at the same time the leader of colleagues. Fortunately, there are many common characteristics between the two. Both healers and leaders must be trustworthy, have integrity, be able to think logically and communicate effectively, be able to take risks and have courage, if they want to be effective. But it is still not the same thing.

'Both healers and leaders must be trustworthy, have integrity, be able to think logically and communicate effectively, be able to take risks and have courage, if they want to be effective.'

The other dimension is an interesting one. Throughout history, leaders were believed to have some healing power. For example, in the Middle Ages, kings were sometimes seen as people with some kind of healing power. So there may be an interesting connection that could have something with the perception of influence and power. It is a question that would be worthy of further exploration.

Bronwen: *I know your work also focuses on mental health, and the organisation has recently run a conference on brain science and mindfulness. What would you understand by the notion of spirituality at work, and how might it help achieve this balance?*

Attila: The spirituality dimension of leadership in both public and private sector management is interesting and quite complex. think what perhaps links it, and could give it some leverage is the sustainability concept. There is a critical question whether the purely profit focused, commercial mind-set is sustainable. It's producing things which do not create welfare – people are not happier by having more – arguably they enjoy lower levels of perceived happiness. It's also destroying the environment that we are living in.

So, interestingly, public sector organisations, because they don't have these profit-maximising drivers, could be at the forefront of the sustainability concept. So what we do, for example in this organisation, could actually fully support the sustainability movement. I think that consciously living the sustainability and the spiritual dimension of leadership is something that we have completely underleveraged in management to date.

I think our society is not there yet to fully embrace these values but once we get there we will see. In the future, people will increasingly want to work for an organisation like ours which supports a sustainable value set. But at the moment we still have a long way to go, and we are living in a world where the most ambitious men and women are still too often motivated by purely materialistic values.

Bronwen: *I'm coming across more and more young people now who are actually beginning to question this.*

Attila: I'm pleased to hear that. I think the world is changing. We may be approaching an inflection point, when there would be a critical mass of people, especially young people who will start owning those more spiritual, universal and sustainable values. People who go to an MBA programme may decide, 'I don't need to become a banker or a management consultant to be successful because my success will not be measured by the size of my bonus but the positive impact I create for the greater good'. It will just be fascinating to see when it will happen at scale. There are clearly trends towards that. There are an increasing number of Harvard MBA graduates who want to join non-profit organisations over banks, hedge funds or management consultancies. You also see the emergence of all these sustainable businesses, the co-ops, the green banks, the environmental fashion industry.

'*So, interestingly, public sector organisations, because they don't have these profit-maximising drivers, could be at the forefront of the sustainability concept. So what we do, for example in this organisation, could actually fully support the sustainability movement. I think that consciously living the sustainability and the spiritual dimension of leadership is something that we have completely under leveraged in management to date.*'

For example, there is the slow food movement which started in Italy proving that you can have restaurants that are not about pure profit-maximising but about sourcing local produce, employing local people and just earning enough to sustain the business. The purpose and values of this are about giving people an experience, an opportunity, and sustainability for the community as well as for your business.

However, the sustainability for your community beyond your business is a notion that despite many corporate social responsibility initiatives is not really practised by many big corporations. But I think there is a mind-set change and I'm very optimistic.

Bronwen: *So sustainability is one dimension of spirituality. What else do you understand by this?*

Attila: I already talked about the connection between what we do and how it serves our communities. What we do must be serving something bigger than us. If our work is only focused on just the personal or the organisational objectives anything we do will be time limited and will not be self-perpetuating. It's missing a very key thing in human life. There will always be different things, different organisational forms but if these are determined by spiritual values then the forms will outlive us, and have some universal value.

> '*If our work is only focused on just the personal or the organisational objectives anything we do will be time limited and will not be self-perpetuating. It's missing a very key thing in human life. There will always be different things, different organisational forms but if these are determined by spiritual values then the forms will outlive us, and have some universal value.*'

I think it's a very important dimension and it has to be genuine. Earlier, I discussed the disproportionate influence leaders have on the organisation. If as a leader, you believe in it, then people start believing in it. If, on the other hand, it is not genuine, people feel you do it only for yourself then I think the organisation will never really become a spiritual organisation, and may not last very long.

Another exciting dimension is mindfulness. I have become intrigued by the impact mindfulness practice has on individuals. This area is intensely researched with much scientific evidence on its individualised benefits. I also believe that there are strong benefits for organisations that adopt the principles and practice of mindfulness for their management, leadership, organisational culture and effectiveness.

Many of our clinicians daily apply Cognitive Behavioural Therapy to help their patients. As a mental health organisation, it also raises the question: how is our organisational mental health? How is the mental health of our employees? We rarely ask these questions.

71

We often don't even know how many people have mental health issues. In the general public, 1 in 4 people experience significant mental health problems sometime in their life. In a mental health setting, this number could even be higher. Being conscious about one's own mental health, makes us more compassionate with the patients, a more credible and trusted partner. To support this process, we also started employing 'peer support workers', i.e. colleagues with lived experience with severe mental health illness. We currently employ the largest number for any trust in the UK, but it is only a start.

In addition, we have decided to launch a programme of mindfulness training across various sites at the trust, and will measure its impact on staff engagement, staff satisfaction, compassionate care, sickness levels and absenteeism, and the Net Promoter Score (i.e. family and friends test). Based on the evidence of other corporations, this will likely have a measurable impact on these indicators and ultimately on the quality of the care we provide.

The practice of mindfulness could have a critical role in healthcare. It is often very easy to forget that none of our patients chose to be a patient. Whereas we all chose to be the professionals we are. Mindfulness practice helps us be more conscious and aware of the pain and suffering of our patients and be more compassionate in our care.

Bronwen: *In earlier editions of* **Interconnections** *we have talked about the ideas of 'holarchies' rather than hierarchies. These are networked organisations, so instead of hierarchy you have embedded and interrelated patterns of behaviour, which exist within each other. It's difficult to describe it but it's as if there's an energy there that can be tapped for the greater good, since in a hierarchy energy just goes up and it goes down, but in nested holarchies, there is more a flow of energy*.

Attila: Yes, I could see that, and also the possibilities for creativity are much stronger. If all of a sudden some people feel that what we serve is something much bigger than any one of us, even bigger than the collectiveness of us, it is really about the greater good. In a way, it's how we make the world a better place. This will then allow people genuinely to develop new thinking, flowing in and around the organisation. This is perhaps the key to dealing with likes and dislikes with colleagues that leads to so many problems. Actually, there are always likes and dislikes – because people are different; but if you do like the idea of serving that greater good then it doesn't matter whether you like or dislike the boss because you are not serving the boss, you're serving the greater idea. It is the role of the leader to facilitate the emergence of a structure to support this.

PROFILE

When **Attila Vegh** was appointed CEO of Cambridgeshire and Peterborough Foundation Trust, he became one of the youngest chief executives of a Foundation Trust hospital in the UK. Growing up into medicine through his family, many of whom were passionate doctors in his native land of Hungary, he set out studying medicine, but was equally interested in other, broader concerns such as the economy, and the relationship between the economic system and healthcare. So for five years, whilst studying medicine he studied economics in parallel. He graduated in 2001 with an M.Sc in Economics and as a Doctor of Medicine. He then began practising as a doctor in Paris, and then became interested in a research project in Molecular Cancer Research, emerging with a Ph.D. from the University of Paris. Still driven by the relationship between economics and medicine, and also how he could make an impact, he gained a scholarship from the Commonwealth Office to do an M.Sc in Health Management at Imperial College, London. He was then recruited by the consulting company McKinsey, where he worked in both public and private sectors, consulting in hospitals, large provider organisations, governments, ministries of health on health reform and pharmaceutical companies in over 20 countries. This gave him great insights into how to lead and manage large-scale healthcare organisations.

Towards the end of this period of five years he led a large programme for an NHS Trust in need of operational and organisational improvements. After this work he formally joined the NHS and became the Managing Director of a large community provider at the age of 33. He did this for two years and was headhunted for the role of Chief Executive Officer at Cambridgeshire and Peterborough Foundation Trust which he took up on 31st October 2011.

His passion lies in the possibility of making a measurable impact to the levels and quality of healthcare and healthcare delivery, thus combining his two areas of interest. A driving quest for him has been how to combine the roles of leader and healer and resolving the split between the two. In an age where most leadership and leadership research is dedicated to finding ways of making more profit, leadership has become largely divorced from social and human values. Interestingly, in older civilisations this role would have been combined – where the touch of the king could bestow health.

Attila's passion is how he can make an impact in this area, and he is inspired to find himself in a position where he can influence the quality of healthcare for 80,000 to 100,000 patients a year, by shaping the organisation with direct impact on the professional lives of the 2,500 employees.

Developing social enterprise: the role of transformational thinking

Mark Fowler

Mark Fowler, Chief Executive, rezolvPS ltd, Leader, ServQ ltd, Associate Director, The Education Foundation

In this article Mark Fowler demonstrates the principles of transformational thinking and how it may be used in creating social enterprises in different contexts. Drawing on his work over a period of ten years, he illustrates the key points through a case study in the public sector.

What is transformational thinking?

Over the last ten years, rezolvPS has been involved in helping clients across a range of sectors make substantial, enduring changes to their businesses – in their language, 'transforming them'.[1] In many cases, the clients have been public sector and some social enterprises (though the distinction between the two has become blurred).[2] One of the key processes that we have developed is 'transformational thinking'. In this article, we offer some observations on transformational thinking in the context of social enterprises.

Broadly speaking, transformational thinking is thinking which aims not just to analyse and understand but actively seeks out possibilities for engendering change. This is illustrated by a recent conversation between friends. Friend A was deploring the waste of talent, life potential and economic benefit to the country that arose from Britain's rigid class system.[3] B replied, from a different way of thinking, 'But life is unfair.' B sought means to justify the present. A was using transformational thinking – a way of thinking that is focused upon change and possibility, seeking potentiality and the scope to be different.

> *Transformational thinking includes a collection of attitudes, values, beliefs, processes and skills – a way of thinking that is focused upon change and possibility – seeking potentiality and the scope to be different.*

1. Cf. under 'Impact' below.

2. It is interesting to see how the boundaries between the two sectors have be come permeable, with one crossing to the other with little difference.

3. According to the Boston Consulting Group, the cost to the British economy (GDP) of the loss of economic potential caused by able children born into poorly educated, low income families who go on to show mediocre achievement stands at £56bn. Financial Times, *Class Split to cost £50bn*, says study in 'Financial Times' 15 March 2010.

Transformational thinking can be seen as a collection of attitudes, values, beliefs, processes and skills. Attitudes may include openness to change and collaboration, positivity, future focus. Values may include: engagement of all; thinking freely without boundaries. Beliefs may include: we *can* change things; novelty is good. Processes may include: critical examination and evaluation of the present from different points of view; building collaboration and consensus; seeking different views. Skills include: analysis, classification, synthesis, comparison, analogy and metaphor and many of the processes of innovation, whether reflected, intuitive, or 'magpie'.

What is a 'social enterprise'?

Social enterprise is a much-disputed term, open to a range of definitions. The concept has become very fashionable but also very broad in nature; in the UK, for example, the current Prime Minister has vaunted the 'John Lewis' model in which all employees have shares in the business and participate in decision-making. This is not the place to cover this debate.[4] For the purposes of this article,[5] we shall consider as a social enterprise any business or enterprise that:

- has a driving purpose that is primarily social rather than profit-focused;
- is launched by citizens;
- is not state-funded or controlled;
- is an on-going enterprise, not a one-off event/activity.

[4] The matter was examined in: After the crash: entrepreneurialism in 'The Big Society' in Issue 7

[5] See, for example, the European Research Network www.emes.net

Where and how can transformational processes be used? Over the ten years in which we have been developing tools and processes for transformational thinking and activity, we have worked with many public sector agencies such as national non-governmental bodies, local authorities, schools and colleges as well as private businesses and social enterprises. Many of these lie in the education, learning, social care and human resource sectors.

We believe certain principles lie behind success in this and apply especially in the borderline between public, social enterprise and private sectors. To demonstrate these principles, we shall focus attention upon one client where the transformation took place in the crossover territory between public sector and private/social enterprise and identify a small number of key principles.

This major UK City Council faced three pressures:

- Need to raise the outcomes of children in the early years and the quality of its early years settings
- Need to reduce budget;
- Need to model its political character, i.e. socially-oriented, collectivist and person-centred approach.

The brief

The explicit brief was to prepare the team for an uncertain future – one in which a new strategy of quality assurance would be implemented – but with substantially fewer personnel. Much scope was left to decide how this would be achieved – and our clients made it clear that the views of the participants would be welcomed. As we clarified the expected outcomes, it emerged that they were keen to foster a range of solutions, especially that of social enterprise.

6. Senge P.M. 1990; Seddon, J. 2008

We tailored a systems thinking approach[6] based on both research and experience of working in the field of transformational change. The characteristics of this approach respected the needs of the individuals, the team and the whole organisation and its stakeholders, recognising the intellectual, emotional and cultural dimensions of the journey they would undertake

Some key principles of transformational change in public/social enterprise

Some key characteristics of this were:

• *Safe environment*

Participants needed to know they were protected from risk – that they would be prepared for the journey, protected from danger, but would

make the journey themselves. We warned about the journey and made sure that there was scope for individuals and teams to voice fears and explore the dark moments without threat from managers or the organisation.

• *Stakeholder focus*

Organisations may lose their focus on key stakeholders. A feature that is common to both public sector and social enterprise employees in caring/learning services is the recognition of the primacy of the end-user; in this case, the child, parents, communities, businesses. We constantly referred back to this, drawing attention to it at all points. Participants were encouraged to gain the views of, and specific feedback from, stakeholders throughout the process. A key distinction in the context of social enterprise is that stakeholders were identified by the participants as those who stood to gain most from the activity of the enterprise, not primarily its clients. Imaginative activities required the participants to think themselves into the role and position of stakeholders when seeking strategic or operational solutions to issues.

• *Data-rich thinking*

Many executives in caring/learning contexts have infrequent contact with data, especially relating to outcomes for children and their own performance. Some have limited data analysis skills use and are reluctant to use them. Consequently, beliefs emerge which may or may not align with data. Frequent reference to data enabled individuals and teams to expose and reassess their beliefs and establish new judgements. With a different client, this led to a radical redirection of resources.

• *New concept creation*

Fundamental to the transformational thinking is new concept creation. In creating a set of new concepts (and language), everybody starts from the same point, whatever the rank in the organisation or – more importantly – their social status. For example, whilst 'value' has a meaning for commercial enterprises, the participants had to build an entirely new concept of value. In their case, it involved some startling transformations of thinking: value is entirely perceived by the end-user (not an inspector); value is subjective and emotionally perceived (the same thing does not apply to all nor is it always rational) and it erodes with time[7] – sometimes very quickly (not set down in a handbook for years).

• *Delighting in accountability*

Managerialism in the public sector has been accompanied by a rough-

---

Key characteristics of the transformational journey:
Safe environment
Stakeholder focus
Data environment
Delighting in accountability
New concept creation
Whole brain activity
Self and team actualisation
Novelty, learning, creativity
Equitable modeling
Action-based learning
Analogy and exemplification
Distributive leadership
Facilitation
Coaching

7. Slywotsky 1996

8. Proxy; we use this term as inspection is based upon inspection criteria established by leaders of the profession. The professionals concerned find themselves far more susceptible to the judgements of the inspection regimes than their end-users.

9. In the two cases cited here, in excess of 80% of participants expressed a dissatisfaction with the inspection framework.

and-ready proxy[8] for accountability – the inspection system – which is in many cases resented[9]. A new concept of value emerged – one more closely matched to a social enterprise, based upon the stakeholders' evaluation of the value they create. Intriguingly, this developing concept – and associated value criteria – emerged quite naturally amongst the participants. Participants then undertook team activities that were outcome-focused and provided a short-term context in which to demonstrate and, crucially, *enjoy* their new accountability.

• *System ecology*

It was important to be sensitive to – and foresee and plan – the connectivities between the team and context in which we worked, and allow for it. Action needed to recognise how the broader system operated; changing it required judgment. For example, we needed to ensure communication well beyond the team; otherwise we ran the risk of 'kick-back' from beyond this. Approaches, such as our transformational 'mandate process', had to be used with judgment, conducting these when the rest of the organisation was able to understand and cope with the unexpected character of its operation.

• *Whole brain approaches*

A key ingredient is for individuals and teams to move beyond the constraints of their thinking. Crucial to this are the recognition of diversity in mindset and the differing impact of mindsets in different contexts. For example, the mindset of one team typified by creativity

'*A key ingredient is for individuals and teams to move beyond the constraints of their thinking. Crucial to this are the recognition of diversity in mindset and the differing impact of mindsets in different contexts.*'
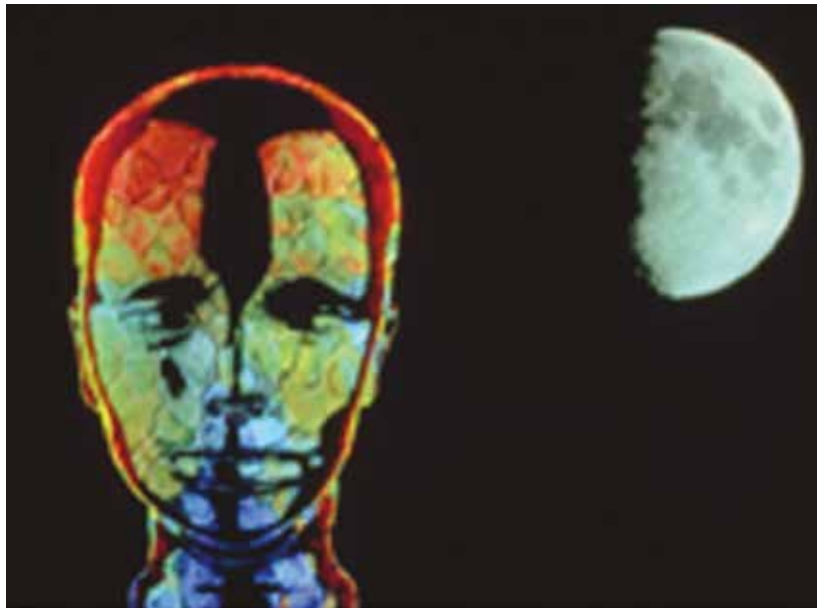
and novelty was greatly undervalued by another team whose attention to detail and process was legendary. We used frameworks[10] that allowed participants together to identify mindset types and explore the possible impacts, strengths and blind spots – as individuals and teams. This allowed value-laden beliefs about mindsets to be explored and a common vocabulary to emerge by which to challenge and stimulate new thinking.

• *Self and team actualisation*

The alignment of personal and organisational drive is recognised as a key dimension in job satisfaction.[11] Our model of transformational change respects the interconnectedness of the individual, team, organisation and context. At all stages, we bring the three elements to play in the minds of the participants, believing that engagement (personal, team and whole organisation) is of the greatest significance in transformational change.

High levels of emotional engagement may signal to an individual or team alignment with their personal values. This applies particularly during moments of decision-making, e.g. regarding priorities and actions for the mandate process and is explored both in group activities, but primarily in personal coaching. We seek to ensure the highest levels of self-actualisation at all three levels together.[12]

We were again startled at the level of creativity and commitment shown, particularly during the mandate activity. Participants worked together in unusual contexts of their own choice, e.g. pub, at individuals' homes, at very unusual hours, e.g. early morning, late in the evening, in order to achieve what had become for them a matter of great personal and team significance – unconsciously modelling social enterprise.

• *Managed novelty, learning, creativity*

Transformational thinking of necessity involves novelty, learning and creativity. Reflecting whole brain approaches (see above) we used a range of activities, some of which encourage a delight in novelty, learning and creativity. These activities can lead to very divergent thinking and foster a wide range of solutions. They also trigger a positive emotional response for the inventor of the solution. This emotional engagement can be very significant for the individual or team. However, this must be managed so that appropriate actions and outcomes are agreed and achieved; this requires that a stage be agreed in advance where the results of transformational thinking are then scrutinised and sifted – managed for the sake of business outcomes.

First model of transformational change

Individual   Team
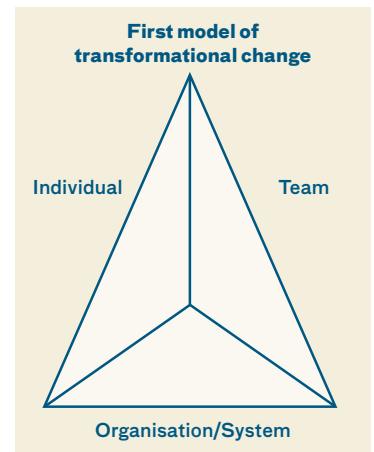
Organisation/System

• *Equitable modelling; distributive leadership*

Social status influences intercourse and, therefore, affects thinking across a group.[13] For this reason, we created contexts in which organisational structures were minimised; we modelled an equitable social community. Key priorities were identified and turned into learning projects. Intrinsic to this approach was the need for the whole team to identify together the priorities and areas of focus, define and agree together the outcome and brief of each action but leave the action to be taken undefined. This was for each action group to define, so encouraging initiative, transformational thinking and accountability to each other.

When the groups moved to action, they self-selected, using three criteria:

1. personal commitment to the action;
2. a cross-section of mindsets[14];
3. a cross-section of professional backgrounds.

In particular, this meant that organisational status had no currency; as with SAS – rank counted for little; the contribution to rapid, high-impact outcome was all. Additionally, the pattern of leadership that emerged – certainly at the early stages – was typically 'distributive',[15] supporting the widest possible levels of engagement across the teams – typical of social enterprise.

13. E.g. Kogler (1999)

14. By the time the groups moved to action, participants used the mindset frameworks confidently, sharing their own and others' analyses as a means to ensure balance across the team.

15. Elmore (2003)

• *Action-based learning*

Participants were encouraged to think alternately as stakeholders and service suppliers with the explicit aim of stimulating solutions that were both feasible as businesses and fundamental value as stakeholders. This required them to conduct regular reality checks with stakeholders and prove the feasibility of their solutions. Such a challenge fostered action-based learning. Using our collective action approach, the group divided into action teams and then completed their 'mandate' before reporting and celebrating – together – their achievement.

• *Analogy and exemplification*

By using analogy – via metaphors and similes – we were able to trigger and develop transformational thinking. We avoided exemplification, which may offer solutions; when exploring solutions to organisational challenges, we used analogies, i.e. actions which other organisations *in different sectors and environments* have explored or used.
So, when developing new concepts, we used ideas and materials from unfamiliar contexts allowing participants to devise their own parallels, opposites etc. For example, when exploring the leadership dilemmas, we commonly use film clips from a very different age and context, such as Greek myths.

'Participants worked together in unusual contexts of their own choice, at very unusual hours, in order to achieve what had become for them a matter of great personal and team significance – unconsciously modelling social enterprise.'

• *Facilitation and coaching style*

The style adopted in working with participants was that of facilitation and coaching. We laid aside our specialist knowledge in order to minimise any implication or inference that we have solutions or advice. This encouraged a collaborative, solution-focused approach in which the participants' commitment to the cause they were pursuing remained the key driver. This requires careful monitoring of the progress participants are making and the level of their personal and team engagement. Alongside the group programme, a sophisticated coaching programme provided the vehicle for individuals to be challenged, again using frameworks and analogy, as a means to encouraging transformational solutions and encouraging personal, team and organisational alignment.

Outcomes and impact

The initiative had a substantial impact upon the participants and the organisation:

- a framework of quality assurance in early years was agreed, implemented, reviewed and amended with providers in all sectors[16];

16. The brief was to ensure the model applied with all sectors involved in early years.

- there was an increase in social enterprise providers of the service (as well as increase in quality assurance resources – see 'Impact', below);
- this enabled the Council to deliver its statutory responsibility;
- a team of early years quality specialists was established;
- establishment cost to the Council was reduced by approximately 70%;
- all operational procedures to match the above were installed within 12 weeks;
- two social enterprises were created by former members of the group, delivering the support services (advice, training etc.) and aligned with the City vision;
- high levels of commitment and engagement across all.

Participants conducted self-evaluations both before the process began and 1 month after its completion. The results demonstrated significant improvements in knowledge, understanding, organisational alignment, confidence and expected ability to impact on outcomes for children.

	BEFORE	AFTER
Understanding of quality framework & vision	Low (18%)	High (100%)
Confidence	Low (30%)	High (95%)
Knowledge	Low (20%)	High (100%)
Impact on ability to deliver	n/a	High (100%)

References

Capra, F. (2003) *The Hidden Connections* London: Flamingo

Elmore, P (2003) *Learning to Lead Change* Cambridge MA: Harvard University Press

Glennerster, P (1980) 'Prime Cuts' in *Policy and Politics* 8 (4)

Herrmann, N (1996) *The Whole Brain Business Book* New York: McGraw-Hill

Maslow, A.H. (1943) 'Theory of Human Motivation' *Psychological Review*, 50, 370–396.

Kogler, H.H. *The Power of Dialogue* Massachusetts: MIT

Pascale, R.T. (1990) *Managing on the Edge* London: Penguin

Pink, D.H. (2011) *Drive* London: Canongate

Seddon, J (2008) *Systems Thinking in the Public Sector* Axminster: Triarchy Press

Senge, P.M. (1990) *The Fifth Discipline* London: Random House

Slywotsky, A.J. (1996) *Value Migration* Boston: HBS Press

Impact

It is too early to report on the impact in relation to the progress of children in the early years. However, the impact on the team of executives involved in the initiative:

- 6 remained in the core business, with a new role for quality;
- 8 created two new social enterprises delivering quality support services to early years settings;
- 4 gained promotion or reallocation in the same organisation;
- 6 left the organisation;
- 2 became providers of early years education and care.

The Deputy Director of the City Council reported, 6 months after the completion of the programme: '*We are delighted with the impact rezolvPS has had in transforming individuals and teams enabling them to deliver high performance and outcomes*.'
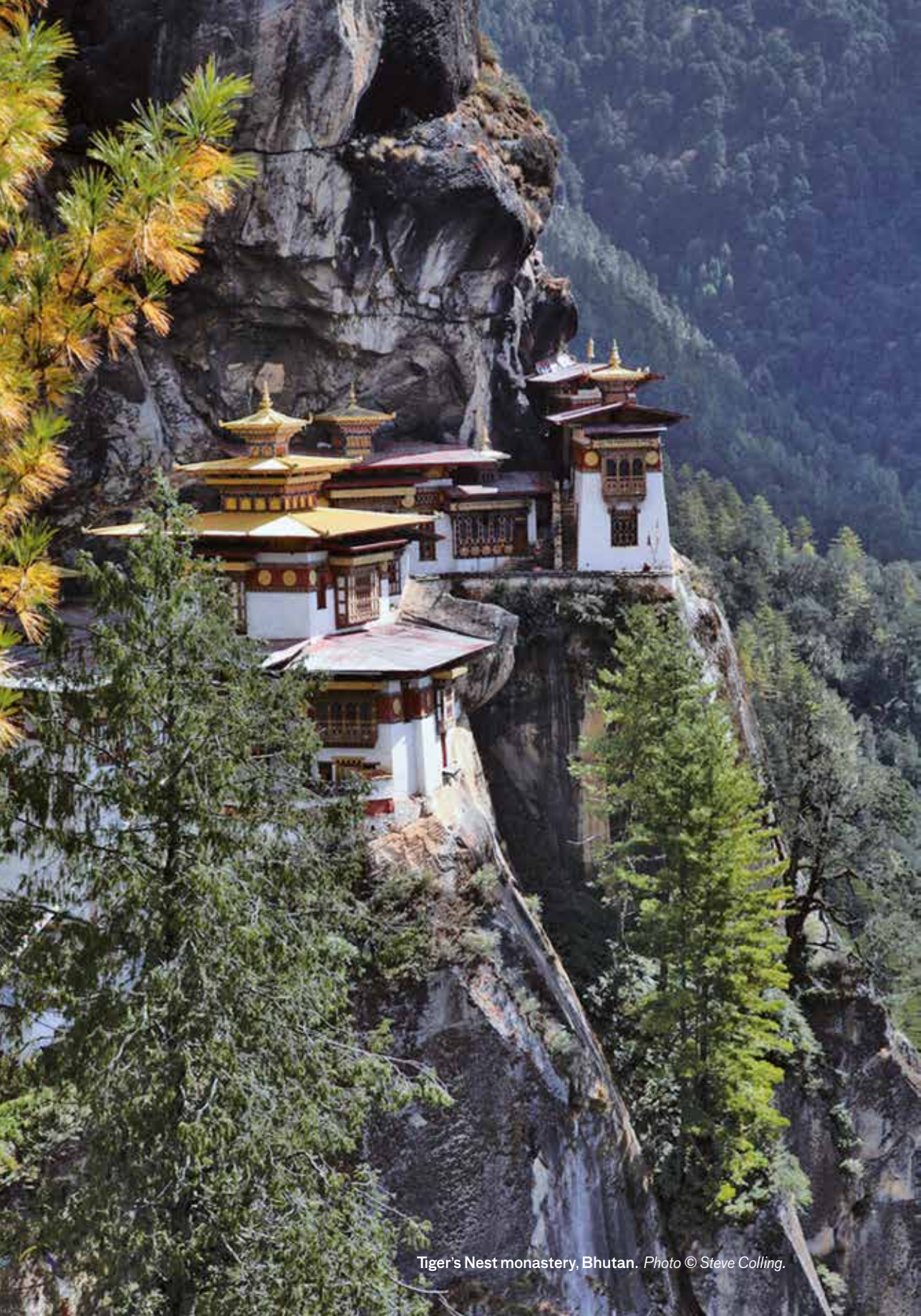
Tiger's Nest monastery, Bhutan. *Photo © Steve Colling.*

Research and practice forum

This section provides a space for dialogue between business and academics, and for building a community of people engaged in breaking down the divide between theory and practice. Any comments on, or contributions to, this section will be warmly welcomed.

Waking up – research and practice in the Academy

Bronwen Rees examines the emergent themes from the Academy of Management held in Boston 2012. Following from earlier themes DARE TO CARE: Passion and Compassion in Management (2010) and West Meets East: Enlightening, Balancing. Transcending (2011) 2012 continued the dialogue through the growing importance of the Management, Spirituality and Religion Interest Group, with a strong thematic emphasis on the use of mindfulness in business. In 2013, the entire Academy will have its eye on the economic crisis, and addresses the underlying crisis in capitalism. Perhaps, she suggests, it is this crisis, which prepares the ground for a real convergence between East and West, and hopefully the emergence of new structures of mind and institutions that may address the problems of planet, people and profit.

2012 –waking up to wisdom in business

In response to the crisis in capitalism, leaders and managers are turning to ways in which to effect change, and there is an understanding that this waking up is both systemic and implies a change at the level of consciousness. Last year, the Academy of Management in Boston, US continued its interest in the theory and practice of the relationship between management, spirituality and religion.

In particular, several sessions were devoted to the role of mindfulness in effecting change. These were approached both from those already implementing mindfulness in work (for example, Rich Fernandez, pp. 49–59) connections between neuroscience and work, and from those in contemplative traditions who have been devoted to promulgating the effects of mindfulness in different contexts.

We report here on two of these panels.

Panel 1
The emergence of spirituality in management as a force in management and leadership

Shankar Sankaran brought together a group of people with the further intent of consolidating a world-wide virtual centre researching into the different approaches and practices of spirituality and its appearance in the workplace.

Panel organizer: Dr Shankar Sankaran, *Associate Professor, University of Technology, Sydney, Australia*
Panel Chair: Dr Bronwen Rees, *Lord Ashcroft International Business School, Anglia Ruskin University, UK*
Panel members: Dr Yochanan Altman*, Founding Editor,* Journal of Management, Spirituality and Religion*, Bordeaux School of Management, France*
Dr Judi Neal, *Director, Tyson Centre for Faith and Spirituality at the Workplace, Arkansas*
Facilitator: Dr Kathryn Goldman Schuyler, *Alliant International University, San Francisco, US*
Distinguished speaker: Associate Professor Victor Friedman, *Max Stern Jezreel Valley College, Israel*
Presenters: Dr Sharda Nandram, *Professor of Entrepreneurship, HAN University of Applied Sciences Straatweg 25, 3621 BG Breukelen, and Associate Professor, Nyenrode, The Netherlands*
Dr Jonathan Smith, *Lord Ashcroft International Business School, Anglia Ruskin University, Cambridge, UK*
Professor Radha R. Sharma, *Ph.D. Organizational Behavior & HRD Management Development Institute, India*

Lord Ashcroft International Business School's research into this area was well-represented by Dr Bronwen Rees who chaired the panel in the light of her work in developing a method of 'ethical inquiry' in business, whilst Dr Jon Smith presented his overview of the developments over the past five years or so in moving towards a global centre. He noted in particular those people and organisations that had been evolving over several years amongst others (and apologies for any here that are missed):

- British Association for the Study of Spirituality (BASS).
- Journal linked to the above – *Journal for Study of Spirituality*.
- Spirituality in HE Special Interest group, UK
- Spirituality in Economics and Society (SPES) forum based in The Netherlands but with a world-wide reach.
- East of England Spiritual Healthcare Network
- TELOS group, from Church in Wales
- Foundation for Workplace Spirituality
- National Spirituality and Mental Health Forum, UK
- Centre for Spirituality Studies, Hull University, UK
- Restoring Spiritual Values to European Science research project, based in Cambridge, UK
- SlaM network in Australia
- Marjo Lips-Wiersma in New Zealand
- Tyson Centre for Faith and Spirituality in the Workplace, Arkansas
- Centre for Spirituality and the Workplace, Halifax, Canada.
- All Hallows College, Dublin City University
- *Journal of Management, Spirituality and Religion*.

In addition there were distinguished speakers and a facilitated dialogue about how to build upon this impressive foundation. The increasing number of centres, networks, and journals around the world are testament to the growing recognition of the need for new approaches to management and leadership. The panel was dedicated to furthering the growing network of people working in this area, and ultimately create a global centre – though perhaps in the nature of spirit – this may remain virtual, seeding new ideas across the globe.

Panel 2
Inner Peace – Global Impact:
Mindfulness and leadership

In traditional Chinese culture it's well understood that to be in a position of authority you must be a very advanced **cultivator**_.... This means that leaders should be people who are deeply involved in their own realization of becoming a human being... By and large, to us [in the West] positions of power are all about power: people who are good at building power and using power. On the other hand if you look at the people that we historically admire in positions of authority, they're people who exhibited wisdom._

(Peter Senge, 2012, p.326)

In the second panel discussed here, Kathryn Goldman Schuyler organized a distinguished selection of speakers to discuss the role of awareness in facilitating systemic change. It was held in the context of a book launch for the book _Inner peace – Global Impact: The Influence of Tibetan Buddhism on Leadership and Work in the West_.

The panelists were internationally-respected leaders, educators, and consultants who have cultivated awareness personally for years and led or facilitated systemic change. They included: Peter Senge, whose work is a noteworthy example of a scholar/practitioner focused on leadership development and intractable global issues; Dr. William Torbert, who has explored the interconnections of action and inquiry since the 1970s; Susan Skjei, who has moved between the corporate and scholarly worlds, serving initially as a Vice-President and Chief Learning Officer for a Fortune 1000 company and later leading leadership programmes at Naropa University and the Authentic Leadership in Action (ALIA) Institute; and Kathryn Goldman Schuyler, who is a long-time organizational consultant, and has published many articles on organisational health, embodied learning, and leadership.

They discussed the interdependence of contemplative practices and societal action, the importance of mind training for leaders, and how these practices enable leaders to reframe difficult issues and shift the environment in the workplace.

The prime questions were:

- What enables leaders to bring presence and consciousness to their challenges and introduce healthier paths for resolving current issues at the corporate, societal, or global levels?

- How do meditation and other awareness practices build capacity for responding intelligently to difficult systemic change challenges?

- How can mindfulness training or other contemplative practices be incorporated into leadership development?

- What can spiritual traditions teach us about developing leadership capacity for effective action?

This panel inquired into the various approaches to meditative awareness that have been developed over the centuries with the idea that they held promise of having the power to evoke such transformational shifts. It addressed one component of such learning: the value of training the mind in what is historically called wisdom or compassion – sometimes evoked by the simile of 'waking up'.

In an inspiring and interactive session, attended by some 300 people, the panel explored the implications of incorporating meditative or awareness practices into leadership development, based on their personal experience in this arena, as well as the thousands of years that suggest its value.

To finish with the words of Peter Senge (2012) from the book _Inner Peace, Global Impact_:

'People who are really good have a remarkable ability to take in multiple points of view, to really hear, and to listen you must become aware of your own listening. You must become aware of your own internal process... So the ability to recognize things that are triggering you, to recognize the habits of your own thought, habits of your own emotion and how they shape what you hear, is the first step in actually being able to listen to another, or to listen to anything. (p. 319)

'I use Buddhism as an example of the cultivation tradition. It's important that we do not get caught up in too much of the details, because it's really that commitment to cultivate your self, your ability to be quiet, your ability to

be present, your ability to control your ego and your fear and self-centeredness, your ability to listen, your ability to suspend your own thoughts, to distinguish what's happening from what you're projecting – all of that is foundational for being an effective leader who can actually do some good. Cultivating awareness, even wisdom, and compassion in leaders is key to our continued survival as a species and as a planet. (p. 327)

Reference

Senge, P. (2012) 'Leaders should be people who are deeply involved in their own realization of being a human being' – An interview with Peter Senge. In K. Goldman Schuyler (Ed.), *Inner peace–Global impact: The influence of Tibetan Buddhism on leadership and work in the West*, Charlotte, NC: Information Age Publishing.

Other panels and divisions focusing on this area were entitled:

- Mindfulness Research and Practice: Building Bridges Across Disciplines
- Informal and Formal Workplace Spirituality, From Moments of Awareness to Established Practices
- Waking up at Work: Collaborative Research on Mindfulness and Awareness
- Conducting Impactful Cross-Cultural Research: A Workshop on Scientific Mindfulness

Panel 2   Inner Peace – Global Impact: Mindfulness and leadership
(Kathryn Goldman Schuyler · Peter Senge · Dr William Torbert · Susan Skjei)

2013 – the year the Academy asks some fundamental questions

Capitalism began as an anecdotal model and evolved, with institutional change and adaptation, into a fully-fledged economic system... We can learn from this historical precedent. In Mindful Economics *we can see that economics can once again evolve. We see it evolving, step by step, away from the growth-oriented, profit-driven capitalist system to a community-based, sustainable system. This must necessarily involve mindful institutional development and change. And unlike a Utopia, which means 'nowhere', the alternatives are everywhere all around us.*

(Joel Magnuson, 2008 p. 410)

The relationship between the crisis in capitalism and the emergence of mindfulness as a tool for systemic change

This year, even more radically perhaps than last, the theme at the Academy is 'Capitalism in Question'. A few years ago it would have been impossible to question the nature of the systemic context from which modern management emerges – and the mention of the word 'capitalism' in any way other than the natural way forward would have been a shibboleth. Since the fall of communism in Europe in 1989, there has only remained one economic and political model in the Western world – that of democracy and capitalism, which has been exported throughout the developing world, and over which wars have been fought and justified.

One of the major causes for the questioning of capitalism is of course the economic, environmental, social and political crisis. If the system is in crisis, this raises a further question of how we may effect change to evolve that system to meet the challenges.

Whilst there have been an increasing number of global dialogues, at academic, policy and governmental levels, there has been little traction at the collective level. This is leading many thinkers to recognise the systemic nature of the change required, and to argue that nothing less than a deep evolutionary change of consciousness will transform the current institutional stasis (Magnuson, 2010).

The capitalist system evolved from an innate human urge to growth and has served us well, and created great technological developments. However, as the population has expanded and resources become depleted, it seems that the thinking and actions that underpinned its growth have taken us out of relationship with the earth and natural cycles. Just as in nature, all cycles have their time, the unfettered growth created by advances in technology and communication have put the natural resources at risk, and is now bringing the capitalist cycle into question. Put simply, the system has gone out of balance, and following the rules of nature, balance has to be restored, and in this process new forms and structures are likely to emerge.

Restoring the balance requires a rigorous analysis of how the current crisis conditions have arisen, in order to learn from the past. This need not be, as is happening so often, a process of blaming, but merely an instructive examining of conditions and causes at a systemic level. The current system is based on a worldview that sees the external world as objective, to be manipulated – a mechanistic system based on an economic understanding that the markets will supply humans with their every need, and that competition will ensure the survival of the fittest.

This began in the seventeenth century through the writing of Descartes, who suggested that mind and matter were mutually exclusive by making a distinction between the mind (*res cogitans*) as 'thinking thing' and that of matter (*res extensa*) 'extended thing' (Capra, 2003, p. 29). This conceptual split precipitated a trajectory of study into the natural world as merely an external and objective phenomenon, whilst the rational mind was said to be given by God. However, as God became eliminated from human institutions, the human being itself became the object of examination sitting at the top of a meaningless, abstract and frightening universe (Tarnas, 2010). In the early 20th century, this developed into the discipline of psychology, and later, this knowledge became incorporated into the psychology of marketing which learnt to manipulate desire to create further markets, and into management ideology through the manipulation of the internal world of the individual by creating the myth of the 'enterprising individual' This is the philosophy that underpins the fetish for growth perpetuated through consumer capitalism that has created the current crisis where competition is the motivation for most of the business world. However this unfettered growth has lead to the current economic crisis, and its environmental, social and political ramifications which has brought about a wake-up call at every level.

This wake-up call is manifest in business through a growing demand for more long-term practices in business that are not simply dependent upon survival of the fittest, but ones which take into account the future of the planet and humanity. These calls are particularly evident in the growing calls for both spirituality and sustainability to be incorporated into business strategy. It seems that both these notions are somehow interconnected – if a business operates with a long-term view that goes beyond the life of the organisation and the individuals within it, then that necessarily transcends the current conditions, which is a view that opens out into a so-called 'spiritual dimension' – that is one that lies beyond the current materialistic view.

Paradoxically, whilst it has been the objective and materialist view within science that has created the current economic and business world, it is from science itself that new discoveries and insights are challenging the very structures that it has created. These discoveries point towards a new reality, one in which the human can feel more empowered, alive and creative. From physics, and in particular the work of David Bohm, the universe can be seen not as split between energy and matter, but as a constant holomovement, containing both an explicate and implicate universe, from which matter as form arises and fades away (Bohm, 1978). Taking an analogy from the science of living systems, those systems which can grow and evolve follow a process of 'autopoesis' – they regulate themselves by feedback systems. In this way the system continually 'makes itself'. In this thinking, each of these systems or 'holons' exist within a nested hierarchy of other systems, to be part of a greater whole. Each molecule, each animal, human, co-emerges with the environment, the family, the group and the nation, evolving coterminously within multi-levelled systems. Further, following the work of Sheldrake (1999) the universe and memory is a set of habits that has evolved over billions of years. These exist through the resonance of fields and provide us with information that directs our behaviour not only to the preservation of the self, but also to the preservation of the whole (Rees, 2011, 2012).

This new evolutionary perspective brings consilience between physics, evolutionary biology and cognitive neuroscience to suggest that consciousness and matter co-evolve – bringing into being a radical new worldview where humans can expand awareness by paying attention to that which arises within and around them, and therefore can take into account the effect their actions have on the world and system around them, which is deeply challenging to a capitalist view that exploits the world for human advancement alone.

This is an emergent paradigm, from which new theoretical frameworks, structures and practices are developing, based fundamentally on new understandings of the relationship between consciousness and matter, that have as yet to be fully articulated but which could be of immense importance in large organisations, small enterprises and communities, and which could break through the current power

structures that maintain the old system in place and actively resist change (e.g. Capra, 2003, Wheatley, 1999, Senge, 2010, Magnuson, 2013, forthcoming). Interestingly, such a view represents the ontological non-dual reality of several eastern traditions, especially Buddhism, which may account for the fact that so much interest is currently given to practices such as 'mindfulness' which are being introduced into many different organisations and which can expand consciousness (e.g. Goldman Schuyler, 2012, Rees, 2012).

It is perhaps this interface which marks the ground for a real convergence between East and West, and hopefully the emergence of new structures of mind and institutions that may address the problems of planet, people and profit. This is both a challenging and exciting time, that needs great courage and discernment, and leadership of a different type to what we have known in the past. Whilst the East has cultivated centuries of inner contemplation and knowledge, the West has looked externally for hope and progress. In the search for new pathways, it seems that the current conditions are leading us to find ways of acknowledging and integrating these two trajectories of experience and knowledge. Compassionate, and careful introduction of Eastern-based practices into organisations and enterprises based around Western approaches hold great promise as a way forward for harmonious collaboration and evolution.

Throughout the globe, for the past ten years or so, there have been pioneers in science, business, healthcare, social policy who have been working tirelessly at forging new pathways for a new view to emerge. Gradually, these people are linking up, cutting across disciplines and even structures of mind, to forge new understandings of consciousness and a different relationship between people and planet. These are creating networks of researchers, educationalists, investors, public servants, who work collaboratively and passionately to a better business and social future. On the one level, it is a complex issue, on another, it is a simple demonstration that consciousness is emergent, and with it brings new and unanticipated emergent structures that may safely replace those that have served their purpose.

References

Bohm, D (1980) *Wholeness and the Implicate Order*. London: Routledge

Capra, F (2003) *The Hidden Connections*, London: Flamingo

Goldman Schuyler, K. (2012) *Inner Peace: Global Impact: Tibetan Leadership, and Work*. Charlotte, NC: Information Age Publishing

Magnuson, J (2010) Making Small Beautiful. *Interconnections*, Issue 5 pp. 7–17

Magnuson, J (2013, forthcoming) *The Approaching Great Transformation*, New York: Seven Stories Press

Magnuson, J (2008) *Mindful Economics: How the US Economy Works, Why it Matters, and How it Could be Different* New York: Seven Stories Press

Nowakowski, L and Rees, B (2012) 'Pathways for Sustainable Education: from Hierarchy to Holarchy' *Interconnections*, Issue 8 pp. 47–57

Rees, B (2008) 'Crossing the Theory Practice Divide: The Emergence of a New Worldview and its Implications for Business Education,' Interconnections 1, pp. 9–16. Rees, B (2004) *The Construction of Management: Gender and Identity at Work* Elgar: London

Rees, B (2012) 'Evolutionary Inquiry and Its Implications for the Psychotherapy Encounter'. Paper presented at the 13th International EABP Congress of Body Psychotherapy, September 14–17,

Rees, B (2012) New science, ancient wisdom: the dreaming field and evolution of consciousness. Talk given at Cambridge Festival of Ideas, Anglia Ruskin University, October

Rees, B. (2012) 'East Meets West: The Development and Methods of Crucible Research' in *Inner Peace and Global Vision – The Influence of Tibetan Buddhism on Leadership and Organizations* ed. K. C. Schuyler. New York: Information Age Publishing.

Senge, P et al (2010) *The Necessary Revolution*, London: Nicholas Brealey Publishing

Sheldrake, R (1988) *The Presence of the Past*, Harper Collins: London

Tarnas, R .(2010) 'The Greater Copernican Revolution and the Crisis of the Modern World View' in Lorimer, D and Robinson, O (eds), *A New Renaissance: Transforming Science, Spirit and Society*. Edinburgh: Floris Books

Wheatley, M (1999) *Leadership and the New Science*, San Francisco: Berrett-Koehler

Endpiece
A new role for leaders: energetic stewardship

Peter Merry

Peter Merry is the EVP of undergraduate programmes at Ubiquity University and founder and Chair of the Center for Human Emergence (The Netherlands), the CHE's Hague Center for Global Governance, Innovation and Emergence, and co-founder of the Wisdom University in Europe

In this extract from the introduction to his new book 'The Pain and the Promise' Peter Merry suggests that there is a serious need for conscious evolution, integrating stillness and intuition with the current dominant principles of growth, distinction and intellect.

AS we stand on the edge of a new era, with old beliefs, institutions and values crumbling around us, a new realisation is dawning in the minds of many. This is not just an upgrade of our current civilisation. This is a new starting point. From this point on, the foundational assumptions of our civilisation change.

The world we see around us has emerged from assumptions rooted in a belief that what is real is what we can see around us, what we can measure and what we can put a price on. It is rooted in a quest outside of ourselves for the unique distinctive nature of all parts of reality, for definition, naming and control of what we see out there. It is focused on ever increasing growth, progress and expansion, on unlimited possibility in a direction whose only values are about direction and development itself. It is the domain of the mind, abstracted from the apparent limitations of the material and the body.

As such, this movement of humanity on earth is a sacred expression of life. Life does indeed seek out the sun, growth and blossoming. Yet it is only half of the story. When we base our lives and civilisation on only half of the truth, we are likely to lose our balance. In our desperate search for more, bigger and greater, we have overstretched ourselves, and abused the hospitality of the home and family that make our life possible. We are wobbling precariously, drunk on our own exuberance. We now face a choice – re-integrate the other half of what is true, or topple over in an ugly, painful way into the very muck we ourselves created.

It has not always been this way for us, the human species, this particular offspring of planet Earth. There was a period when our starting point was intrinsic interconnectedness, when time moved in cycles rather than lines, and was inherently related to physical place. We took decisions in consultation with the Earth and other life forms with which we share this planet. Yet in its own way this era also reached a limit, proving too suffocating for the creative expansive self-expressive urge of life that also rages inside of us. So we embarked on a journey to express that part of life in ourselves. However, in the energy which that released we forgot to nurture and reintegrate the values of relationship, belonging and interconnectedness that characterised the previous era. Which is why our unrooted wild expansionism has brought us, and many of the other beautiful species we share this planet with, to the brink of extinction.

I do not believe that the human species is inherently evil, and deserves to die because of the pain we have caused to others. I believe we are one of the most creative, beautiful and inspiring expressions of life on this planet. We are just at a particular moment in time where we need seriously to evolve, or face the consequences. The laws of nature apply just as much to us as to any other species. Survival of the fittest is not about survival of the strongest, but about survival of those that can fit the best into their context. Our context is the Earth, and our challenge right now is to reintegrate the other half of what is true. To growth, distinction and intellect, we need to add stillness, oneness and intuition.

If we assume, as both the new scientists and ancient wisdom traditions tell us, that all of reality is actually composed of interlocking dynamic energy fields, that life is a continuous process of organising energetic information into form, then what does that mean for the way we need to lead our organisations, be they business, civil society, government, community or even family systems?

I have chosen to use the word 'field' to describe the space that exists between things, or out of which things arise. It is a way of pointing to the oneness and interrelatedness that our ancestors took for granted. 'Field' comes originally from the Sanskrit word '*prthú*' meaning 'broad'. So in its essence we are complementing a hard-focussed view into the separate details

> ❛ *As leaders our role will shift from trying to make sure that everything is working increasingly perfectly in the material and relationship worlds, which is impossible anyway, to bridging the energetic, relational and material architectures of our organisations.* ❜

of reality with a soft-focussed view of the broad unity of reality. We are not used to looking in the latter way. We get to see and sense the broad field of reality by accessing our inner worlds of knowing, our intuition. It is not accessible via our cognitive minds, which, by their nature, seek out separation and identification. We have to learn to quiet our analysers and allow the voice of the field to make itself heard in us.

It is from inside that we can learn to perceive, interpret and enhance the energetic fields of the collective systems that we lead. This book is a short beginners 'field guide' to how to go about that. How do we as leaders today learn to steward the energetic dimension of the organisations we are trying to support? When we learn to complement the half of the truth that is about manifest performance statistics, measurable results and expression in the world, with the other half of the truth that is about emerging potential, coherence and interrelatedness, then we unleash the promise of integrating heaven and earth. The forms we create in the physical world will be resonant with the principles of oneness and vitality that exist in the energetic worlds, and will serve life in many ways.

' Survival of the fittest is not about survival of the strongest, but about survival of those that can fit the best into their context. Our context is the Earth, and our challenge right now is to reintegrate the other half of what is true. To growth, distinction and intellect, we need to add stillness, oneness and intuition. '

As leaders our role will shift from trying to make sure that everything is working increasingly perfectly in the material and relationship worlds, which is impossible anyway, to bridging the energetic, relational and material architectures of our organisations. We need to increasingly direct our attention to the dynamics of the whole, trusting that if the energy is coherent across the system, then the parts will know what to do to be of greatest service to the whole, and will self-organise to do that – just like a healthy body.

My starting assumption is that every living system, everything with a boundary and name – from family to community organisation to department to multinational – has an energetic field associated with it that is continually informing what happens in our visible material world. If that field is not well integrated into the organisation, or carries stressed or blocked energy for example, then the relationships in and around the organisation, and its performance in the world will suffer. The leader of an organisation is the person with the greatest influence on that field, and through our attention and intention, we can enhance or detract from the quality of that field. It is not something we are generally taught in business schools or on leadership courses, yet it carries huge potential for us to co-create organisations that inspire people, serve life and get things done.

As a leader of organisations myself, in the early stages of exploring the implications of this, I invite you to join me in this inquiry into what I believe is the future of enlightened leadership on our planet today.

Any comments on these articles are most welcome, as are offers of contributions to our next edition.

If you wish to become part of the *Interconnections* community, and informed of any forthcoming seminars and opportunities for dialogue, please contact the editor, Bronwen Rees: dr.bronwenrees@gmail.com

Tarek El Diwany is the senior partner at Zest Advisory LLP where he advises on the structuring of financial products and investments in keeping with the requirements of Islamic law. Prior to adopting Islam he worked as a bond derivatives dealer for a well known broking house in London. Tarek is a long-time advocate of banking reform for which he has campaigned in numerous books, conference papers and film documentaries.
E tarek@zestadvisory.com

Rich Fernandez works at Google as People Development leader focusing on the content, tools and programs that support the learning, leadership development and overall well-being of Google employees. Rich previously led the executive development function at Google.

Before joining Google, Rich took the scenic route in his career. Rich was the head of learning and organization development at eBay, where he worked with executive staff on learning, leadership development and team and organisational effectiveness. Prior to that Rich served as a learning and leadership development executive at Bank of America, and he also worked for a number of years as the head of talent advancement programs at J P Morgan Chase. Rich was also an Adjunct Professor at Columbia University in New York City, where he taught courses on organizational effectiveness and career development. Early in his career Rich worked as a counsellor in colleges, hospitals and community clinics.

Currently Rich also serves as a strategic advisor to Wisdom 2.0 and as an advisory board member for mindful.org.

Rich earned his Ph.D. in Counseling Psychology and M. A. in Organizational Psychology both from Columbia University. Rich received his B. A. from the University of California at San Diego, where he majored in surfing and minored in sun tanning.
E richfernandez@google.com

Mark Fowler runs his own business, specialising in strategy development, coaching leadership, and organisational transformation. He helps organisations redefine the value they create for clients and stakeholders. He has worked with a range of businesses and national bodies such WJEC, Care Council and NCSL as well as many local authorities, UK and abroad. Beginning in youth service and then schools, he became adviser/inspector, creating GCSEs, the National Curriculum and international programmes in leadership. He created a transformation process for schools and his Authority enabling it to maintain its exclusive leadership of educational standards in the UK. Mark then became Director in one of the UK's leading consultancies in transformation and leadership development.
E mark.fowler@ukgateway.net

Richard Higginson is an international speaker on business ethics and the theology of work. He is a Lecturer in Christian Ethics, Director of Studies and Director of the Faith in Business Project at Ridley Hall Theological College, Cambridge. He is a founder-editor of the quarterly journal *Faith in Business*. He is author of several books including *Called to Account*, *Transforming Leadership*, *Questions of Business Life* and most recently *Faith, Hope & the Global Economy.* He is married to Felicity and has five grown-up children.
E rah41@cam.ac.uk

Joel Magnuson is author of *Mindful Economics: How the US Economy Works, Why It Matters, and How It Could Be Different*, published by Seven Stories Press, New York, 2008, and *The Approaching Great Transformation*. He is currently a professor of economics in Portland, USA, specialising in non-orthodox approaches to political economy. He is also an active member of an international research group based in Europe that is working toward new philosophical foundations for economic theory and practice.
E jmagnuso@pcc.edu

John Nirenberg has been an active interdisciplinary student of human behavior and leadership his entire life. He has served as a dean, professor, consultant, and writer applying his education and experience to uncover the principles that result in eupsychian organizations – psychologically healthy, creative, productive and satisfying places. John is the author of *Global Leadership* (Capstone/Wiley 2002), *Power Tools* (Prentice Hall, 1997) and *The Living Organization*, published jointly by Irwin Professional Books and Pfeiffer and Co, 1993. In addition, his articles have appeared in professional and academic journals on five continents. John is an active speaker and seminar leader and has consulted with diverse business, government and civil society organizations.
E john.nirenberg@waldenu.edu

Peter Merry is founder and Chair of the *Center for Human Emergence* (Netherlands), the CHE's *Hague Center* for Global Governance, Innovation and Emergence, and co-founder of the *Wisdom University* in Europe. He is also a founding partner of *Engage!.* He works in and across different sectors. As well as founding and leading the organisa-tions above, his experience includes facilitating integral change processes in multinational corporations, and govern-ment ministries, and in multistakeholder initiatives with global stakeholders. He has also spent many years in the not-for-profit sector. Recent multistake-holder projects focus on MDG5 (Maternal and Newborn Health with WHO), climate change and biodiversity. He is a recognised expert in the field of evolutionary systems dynamics and Spiral Dynamics Integral in particular. He has had his first book published in English and Dutch (*Evolutionary Leadership*). He is currently researching the application of noetic science, geomancy and quantum physics to whole systems transitions. See **www.petermerry.org** for more of his writings.
E peter@engagency.nl

Michael Townsend is Founder and CEO of Earthshine Solutions: an engineering graduate, recovering MBA, and business transformation leader with over twenty-five years experience in a range of sectors.

Michael established Earthshine in 2006, to help organisations deliver sustainable business success, through integrating business & sustainability performance to impact on the top/bottom-line, and make the transition to a sustainable, low carbon world. Since then, Earthshine has been working with organisations large and small across UK, Europe and North America.

Earthshine established a major not-for-profit global research project in 2009 to help businesses accelerate the transition to a sustainable, low carbon world by improving awareness of best practices and the positive business case for change. A key element for disseminating learning from this project is The Sustainable Business Lab.

Michael is passionate about promoting the benefits of sustainable business, and author of *The Rough Guide to Sustainable Business* (forthcoming). He has also written regular articles for Sustainable Business magazine, *Huffington Post*, *2-degrees Network* and the *Guardian*. He also shares insights on a variety of blog sites and Twitter. And in his spare time, he loves to play drums, most recently in rock band 'Take Cover!'
E mtownsend@earthshinesolutions.com

Attila Vegh was one of the youngest Chief Executives of a Foundation Trust in the UK. He studied both medicine and economics in parallel in his native country, Hungary, following this with further clinical work and study in Paris and London. Following a PhD in molecular cancer research, he was then recruited to McKinsey's and consulted with them for almost 5 years in Europe, Asia, Middle East and Africa.

In his current role as chief executive of the Cambridgeshire and Peterborough NHS Foundation Trust, he has been following his passion for combining the role of leader and healer.
E Attila.Vegh@cpft.nhs.uk

Contact the editor:

Bronwen Rees is Director of Centre for Transformational Management at Lord Ashcroft International Business School. She is also founder of the East West Sanctuary in Hungary. She leads workshops, courses and retreats both in the UK and internationally.

E Bronwen.Rees@anglia.ac.uk
E dr.bronwenrees@gmail.com
www.eastwestsanctuary.com
www.eastwestinterconnect.co.uk

Future publications in leadership and wisdom

CALL FOR CHAPTERS (*Deadline July 1, 2013*)

Leading with Spirit, Presence, and Authenticity

The International Leadership Association invites submissions for our annual volume in the Building Leadership Bridges series, published by Jossey-Bass/Wiley. Read the full call on the ILA website at http://www.ila-net.org/Publications/BLB/callforsubmissions.htm

We seek previously unpublished submissions that explore the theme of *Leading with Spirit, Presence, and Authenticity* from diverse perspectives, disciplines, and cultures. Submissions will be considered in five areas:

- Spirituality and leadership across cultures
- Mindfulness, presence, and authenticity
- Ethical dilemmas
- Leadership presence and gender
- Boundary crossing

Send submissions electronically as a WORD DOCUMENT to ILA ℅ Debra DeRuyver at dderuyver@ila-net.org

Anglia Ruskin University

Cambridge Chelmsford Peterborough

Lord Ashcroft International Business School

Research in international management practice