

The Journal of Values-Based Leadership

Volume 9
Issue 1 *Winter/Spring 2016*

Article 1

January 2016

Winter/Spring 2016

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Recommended Citation

(2016) "Winter/Spring 2016," *The Journal of Values-Based Leadership*: Vol. 9 : Iss. 1 , Article 1.

Available at: <https://scholar.valpo.edu/jvbl/vol9/iss1/1>

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THE JOURNAL OF
JVBL
VALUES BASED LEADERSHIP

Volume IX | Issue 1 | Winter/Spring 2016

VALPARAISO UNIVERSITY

THE
ROAD
TO
PARIS



This is the year that leaders from the business world, nation-states, NGOs, intergovernmental organizations, and academics converge at the UN Climate Change's 21st Conference of the Parties in Paris (COP21) to draft a comprehensive universal agreement limiting greenhouse gases and addressing the shifting dynamics of natural resource supplies, customer demand, and regulatory controls. The majority of articles and interviews in this issue of the JVBL will be dedicated to this topic.

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- *On the Path to Climate Stability*

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- *Climate Change and Business Opportunities*
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International Chamber of Commerce
Paris, France
- *Farm Sanctuary: Caring for our Planet*
Gene Baur, Founder & CEO
Glen Watkins, New York, US
- *Banking Industry and the Future: A New Paradigm*
Shashank Shah
Boston, Massachusetts, US

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- **Developing Whole Leaders for the Whole World**
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- **Shortlist Tour Employer: Acquire Soft Skills to Achieve Your Career and Leadership Success**
Prof. M. S. Rao – Sri Krishna Nagar, Hyderabad, India

JOURNAL OF VALUES-BASED LEADERSHIP*

Winter/Spring 2016

Volume IX, Issue I

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ISSN: 1948-0733 (online)

ISSN: 2153-019X (print)

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Special Acknowledgement

The *Journal of Values-Based Leadership (JVBL)* is sponsored by Bonnie ('70) and Peter ('65, '70) Raquet and the Raquet Family Foundation.

JVBL Mission Statement

The mission of the *JVBL* is to promote ethical and moral leadership and behavior by serving as a forum for ideas and the sharing of “best practices.” It serves as a resource for business and institutional leaders, educators, and students concerned about values-based leadership. The *JVBL* defines values-based leadership to include topics involving ethics in leadership, moral considerations in business decision-making, stewardship of our natural environment, and spirituality as a source of motivation. The *JVBL* strives to publish articles that are intellectually rigorous yet of practical use to leaders, teachers, and entrepreneurs. In this way, the *JVBL* serves as a high quality, international journal focused on converging the practical, theoretical, and applicable ideas and experiences of scholars and practitioners. The *JVBL* provides leaders with a tool of ongoing self-critique and development, teachers with a resource of pedagogical support in instructing values-based leadership to their students, and entrepreneurs with examples of conscientious decision-making to be emulated within their own business environs.

Submission Guidelines for the *JVBL*

The *JVBL* invites you to submit manuscripts for review and possible publication. The *JVBL* is dedicated to supporting people who seek to create more ethically- and socially-responsive organizations through leadership and education. The Journal publishes articles that provide knowledge that is intellectually well-developed and useful in practice. The *JVBL* is a peer-reviewed journal available in both electronic and print fora (fully digital with print-on-demand options). The readership includes business leaders, government representatives, academics, and students interested in the study and analysis of critical issues affecting the practice of values-based leadership. The *JVBL* is dedicated to publishing articles related to:

1. Leading with integrity, credibility, and morality;
2. Creating ethical, values-based organizations;
3. Balancing the concerns of stakeholders, consumers, labor and management, and the environment; and
4. Teaching students how to understand their personal core values and how such values impact organizational performance.

In addition to articles that bridge theory and practice, the *JVBL* is interested in book reviews, case studies, personal experience articles, and pedagogical papers. If you have a manuscript idea that addresses facets of principled or values-based leadership, but you are uncertain as to its propriety to the mission of the *JVBL*, please contact its editor. While manuscript length is not a major consideration in electronic publication, we encourage contributions of less than 20 pages of double-spaced narrative. As the *JVBL* is in electronic format, we especially encourage the submission of manuscripts which utilize visual text. Manuscripts will be acknowledged immediately upon receipt. All efforts will be made to complete the review process within 4-6 weeks.

By submitting a paper for review for possible publication in the *JVBL*, the author(s) acknowledge that the work has not been offered to any other publication and additionally warrant that the work is original and does not infringe upon another's copyright. If the submitted work is accepted for publication and copyright infringement and/or plagiarism is successfully alleged with respect to that particular work, the submitting author agrees to hold the *JVBL* harmless and indemnified against any resulting claims associated therewith and further commits to undertaking all appropriate corrective actions necessary to remedy this substantiated claim(s) of infringement/plagiarism.

All submissions, including appendices, should be transmitted as a Word.doc attachment to either elizabeth.gingerich@valpo.edu (preferred) or jvbl@valpo.edu. The submitting author shall provide contact information and indicate whether there are co-authors to be listed (specifying which one will be the primary contact).

All material accepted for publication shall become the property of the *JVBL*.

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The JVBL seeks work that is clearly written and relevant to the Journal's central theme, yet imbued with analytical and intellectual excellence. In this respect, the editorial review board shall consist of both leading scholars and respected high-level business leaders.

All manuscripts undergo a two-stage review process:

- 1) The editor and/or his or her representative will conduct a cursory review to determine if the manuscript is appropriate for inclusion in the *JVBL* by examining the relevance of the topic and its appeal to the Journal's target readership. The editor may: a) reject the manuscript outright, b) request submission of a revised manuscript which will then be subject to a comprehensive in-house review, or c) forward the manuscript for review pursuant to the provisions of the following paragraph.
- 2) The editor will submit the manuscript to three reviewers consisting of at least one scholar and one practitioner. The third reviewer shall be chosen at the editor's discretion, depending upon the nature of the transcript. Once reviews are returned, the editor may: a) accept the manuscript without modification; b) accept the document with specific changes noted; c) offer the author(s) the opportunity to revise and resubmit the manuscript in response to the reviewers' and editors' comments and

notations; or d) reject the manuscript. To be considered publishable, the manuscript must be accepted by at least one of each type of reviewer.

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Postal Information

The *Journal of Values-Based Leadership* is published on-line biannually in Winter/Spring and Summer/Fall by the Valparaiso University Press, c/o College of Business, Valparaiso University, 1909 Chapel Drive, Valparaiso, Indiana 46383. All hard copies of issues published after July 1, 2014, will be available on a pay-to-publish basis only. Archived issues are still available in limited quantities. If the latter is desired, please remit the sum of \$10.00 per copy to the Valparaiso University College of Business – *JVBL*, and indicate which issue and the quantity of copies desired together with your current mailing address and telephone number. Please visit the Journal at <http://www.valuesbasedleadershipjournal.com> for additional information. To report a change of address, contact the Valparaiso University College of Business, 1909 Chapel Drive, Room 207, Valparaiso University, Valparaiso, Indiana 46383, (tel): 1.219.464.5044 or e-mail elizabeth.gingerich@valpo.edu.

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This study examines servant leadership's relationship to core self-evaluation and job satisfaction. The authors propose that if servant leadership predicts core self-evaluation, then the interrelationship between servant leadership and important changes in employees as individuals is substantiated. They have produced the results of a field study of three firms concerning how servant leadership interrelates to both core self-evaluation and job satisfaction.

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Examining three major incidences of corporate failure that occurred within several islands of the Caribbean region, the author weighs the primary facets of corporate governance and introduces a more holistic, responsible leadership approach to help mitigate corporate abuses and buttress regional economies.

- 125 APPLYING KOUZES & POSNER'S LEADERSHIP CONCEPTS TO POVERTY ALLEVIATION WORK IN THE DEVELOPING WORLD**
John Oliphant – Rochester, New York, US

Author John Oliphant applies leadership concepts derived from the writings of James Kouzes and Barry Z. Posner in their seminal book, "The Leadership Challenge," to those individuals working to help alleviate poverty and the collateral harm associated therewith, especially with respect to populations in developing countries. These same practices also serve to cultivate desired values in those leaders empowered with greater resources and influence.

- 135 ETHICS AND SPIRITUALITY OF SUSTAINABILITY: WHAT CAN WE DO?**
Satinder K. Dhiman – Burbank, California, US

Genuine sustainability is only achievable with individual commitment to lifestyle analysis, reflection, and where warranted, change. Dr. Dhiman argues that resource preservation and respect for all life is inextricably connected with spirituality. This pairing is essential to properly, and accurately, assess our total footprint on the planet and to make the changes needed to sustain viability.

- 149 DEVELOPING WHOLE LEADERS FOR THE WHOLE WORLD**
Robert B. McKenna & Kira K. Wenzel – Seattle, Washington, US

Cultivating leaders to tackle the most pressing moral challenges and imperatives in our complex and ever-changing world – including climate change, resource distribution, gentrification, sexism, political corruption, and racism – requires recruiting adept and resilient individuals who are willing to listen, foster meaningful dialogue, engage in diplomacy, and practice deliberative strategy planning. Authors McKenna and Wenzel opine that developing leaders with the character and competence to lead in this fashion requires a new paradigm – one of holistic development referred to as the Holistic Leadership Development Model (HLDM).

165 SHORTLIST YOUR EMPLOYER: ACQUIRE SOFT SKILLS TO ACHIEVE YOUR CAREER AND LEADERSHIP SUCCESS

Prof. M. S. Rao – Sri Krishna Nagar, Hyderabad, India

Known as an international leadership guru, Professor M.S. Rao emphasizes multiple points in his article. He calls for a distinction to be made between employment and employability/career, between soft skills and hard skills, and between competencies and communication. He strongly encourages all persons in authority and in the process of acquiring this station to continue to acquire skills, follow their passions, and acclimate to the opportunities and challenges of the current day.

..... From the Editor

On November 30, 2015, the United Nations Climate Change Conference will convene for 12 short days in Paris to face the single largest challenge ever confronted by humankind.

There are many varying aspects of desired leadership in business and in government: managerial competencies, policy-making aligned with the needs of all affected stakeholders, effective communication skills, and the infusion of ethics in all forms of decision-making. None, however, command attention more than the ability to lead in a world where every eco-system is in decline and the health of the planet is dangerously threatened. It will be those leaders who understand the magnitude, science, and extreme importance of this reality who will be in the highest demand and to whom we will look, as scholar E.F. Iodice (2015) emphasizes, “to protect the progress made in human rights worldwide, to promote governance without oppression, and to advance prosperity in an equitable and sustainable manner.”

Thus, the importance of principled leadership, even if exemplified by the acts of just one nation, one business, or one individual, is critical at a time when the fragile balance of the planet’s resources is precariously threatened. We must continuously ask ourselves,

“What good is monetary wealth when the health of the planet is compromised?”

The Paris Summit will provide a rare opportunity for our leaders to convene on the world stage and engage in the open exchange of knowledge on the most pressing, moral issue of our time. This challenge involves the entire world at all levels and requires its scientific, business, and governmental communities to recognize this urgency. Already, many ambitious commitments and pledges to reduce greenhouse gas emissions have been made. A world consensus must be developed and include the implementation of new technologies, changed lifestyles, carbon taxes, or a combination thereof especially as the world faces increasing populations and rising world energy demands. As Laurent Fabius, COP21 President and Minister of Foreign Affairs and International Development remarked:

“We therefore have a historic responsibility as we are the first generation to really become aware of the problem and yet the last generation that can deal with it.”

The urgency of this matter is metaphorically underscored by a series of events which occurred during World War II on St. Matthew Island – situate off the coast of Alaska in the Bering Sea. A Coast Guard radio station was constructed and defended on this island during the length of the war:

“The weather was awful, and keeping the base supplied with food was chancy. Someone decided to stock the island with an emergency supply of food by importing and releasing twenty-nine reindeer – a number a Fish and Game biologist had calculated to be well within the island’s ‘carrying capacity.’ Every farmer understands carrying capacity. Graze too many cows on your pasture and pretty soon you won’t have a pasture anymore (or any cows, for that matter). It is in his self-interest to keep the balance going between his herd and the rain and the grass. So long as he does, he’s got a substantial source of milk and meat.

It was the same for those reindeer on St. Matthew Island. Keep the balance going between animals and the stuff they eat – lichens and willow bushes, mainly – and you’ve stocked the island with a bottomless meat locker. If storms kept the supply ships away, the men could shoot a reindeer for dinner.

Barged over from Nunivak Island, these twenty-nine animals found themselves in reindeer paradise – dense strands of willow bushes and vast, unbroken carpets of lichen four inches thick. There were no wolves, no bears. No predators at all, except for the men of the Coast Guard station. When the war ended, the base was shut down and the last predator left.

That same Fish and Game biologist returned to the island twelve years later and found those original 29 reindeer had become 1,350; just a little short of the number his colleagues had calculated as the island’s ultimate carrying capacity. The animals were fat and seemed to be in excellent health. But he also noticed that the lichen mats were starting to look a little thin.

St. Matthew Island is so far off any beaten track he didn’t return for six more years. When a Coast Guard cutter dropped him off again in the summer of 1963, as his boots hit the shore he saw reindeer tracks, reindeer droppings, and trampled willows. And everywhere he looked, wall-to-wall reindeer. In just six years those 1,350 animals had become 6,000 – far more than the island could ever hope to carry. The lichens were sparse, and large areas of tundra were bare. Not surprisingly, the animals didn’t look so fat and healthy anymore. Other commitments kept him from returning for three more years. When he did, in 1966, the island he found was just about unrecognizable. The willows were gone. The last patches of lichen were gone, too, chewed down to gravel. Reindeer skeletons were scattered over the tundra. He found only 42 animals alive.”

— Ray C. Anderson, “Confessions of a Radical Industrialist”

HOMETOWN NOTES:

A Global Climate Agreement and Indiana

Earth Charter Indiana has so evocatively summarized the dilemma we all face today:

“So embedded in our society is the production of greenhouse gases beyond our own lungs, so fixed is the elevated temperatures to come, it's impossible to overstate the crisis. What we know is that we stand on the absolute brink of catastrophe and it will take unprecedented global effort, collaboration, and trust to meet this disaster, avert the worst, and weather the outcomes.

At this [Paris] Conference, we are expecting world leaders to reach a binding agreement on an effective climate change response. Since this past March, several nations submitted their countries' plans to reduce greenhouse gases and avoid a 2° C rise in average global temperature. Each plan is known as an Intended Nationally Determined Contribution (INDC). Switzerland agreed to a 50% reduction in greenhouse gas production by 2030, the European Union to 40% over 1990 levels. Mexico announced that it would peak its emissions by 2026, China by 2030. The United States pledged to reduce emissions by 26-28% over 2005 levels by 2025 through a combination of actions such as the Clean Power Plan, vehicle fuel standards, energy efficiency standards, regulations on methane, and economic incentives.

For a complete listing of INDCs, see <http://www4.unfccc.int/submissions/INDC/Submission%20Pages/submissions.aspx>.

The Clean Power Plan is a key piece of the United States' 'buy in' for this critical agreement. It allows us to not only curb emissions from new power plants, part of the plan already in effect, but to begin to cut back on emissions from existing plants. ... Indiana Governor, Mike Pence, has vowed that Indiana will not comply with our portion of this Plan, which stipulates that Indiana will reduce our carbon dioxide emissions by 20% from 2012 values by 2030. The limit for each state is tailored on the fuels used by the 2012 fleet of electric-generating plants in each state and the average CO2 emissions produced by those power generators.

The good news is that Indiana has made progress towards this goal, the bad news is that we have the 2nd largest carbon emissions of any state. We have a long way to go. For the sake of public health, affordable energy for working families, future job opportunities, and our ability to lead our global fight for survival in Paris this year, supporting the Clean Power Plan is something Hoosiers can do right away to protect our future.

Where in the Heavens are our Earthly Leaders?

– *Ritch Eich, Member of the JVBL International Editorial Board*

Who will save our planet?

Does this sound silly or over-dramatic, like the ruminations of a small child crying over a dead bug?

The question is anything but silly. Environmental sustainability is a growing social and business concern today. From cleaning up dirty air and contaminated water to reducing wastefulness and creating new, clean energy and water sources, people are paying more attention and raising their expectations from business and government leaders.

Committed leaders must keep the pro-environment momentum going. Who are those leaders?

On June 18, 2015, Pope Francis became one of those leaders when he said, “Very solid scientific consensus indicates that we are presently witnessing a disturbing warming of the climatic system,” and that things were at a tipping point. The Pope said greenhouse gases are, “released mainly as a result of human activity.” Humanity, Pope Francis said, “is called to recognize the need for changes of lifestyle, production and consumption.”



*“All of us –
bright atheists and
committed religionists-
need to wake now and hear
the earth call. . . .
We need to give and
receive as love shows us
how,
join with each pilgrim who
quests for the true,
give heed to the voices of
the suffering,
awaken our consciences
with justice as our guide,
and work toward a planet
transformed by our care.”*

— *Scotty McLennan*
*(former dean of chapel at Stanford
University)*
from
*Jesus Was a Liberal: Reclaiming
Christianity for All*

Environmental Leaders: Sidebar

California and Gov. Jerry Brown have emerged as major leaders worldwide in raising awareness – and solutions – to environmental issues like energy sustainability and climate change. California has always been a trendsetter when it comes to enacting laws or beefing up rules to clean up the environment, increase recycling or promote cleaner energy. But, having a vocal and committed leader at the forefront of the climate change issue at a time when most Americans acknowledge that the planet is getting warmer is more than good timing, it's necessary to make real progress.

Consider:

- *A bill is pending by Senate President Pro Tem Kevin de León, D-Los Angeles, that would require California to generate half its electricity from renewable sources like solar and wind power, halve the amount of petroleum used by vehicles, and double energy efficiency of buildings by 2030. Oil companies and some utilities are not on board but Brown would likely sign it if passed by the Legislature.*
- *In April 2015, Brown issued an executive order calling for reduction of pollutants in California to 40 percent below 1990 levels by 2040 and to 80 percent below these levels by 2050, matching the standards of the European Union. Brown spoke in July 2015 at a two-day summit of mayors worldwide, held in Vatican City and organized by the Pope, about global warming and its effects on poor populations. Brown and dozens of mayors signed a declaration stating, “human-induced climate change is a scientific reality and its effective control is a moral imperative for humanity.”*

Critics questioned why Pope Francis was delving into politics and science, but he was correct to do it. Climate change and global warming will impact how future generations will live and adapt to the negative effects, while the population continues to grow and strain environmental resources. Human actions — from rapid industrialization to deforestation to the pursuit and use of fossil fuels and harmful agricultural practices — have contributed to climate change and other forms of environmental damage. All of these activities plus others will stretch increasingly limited resources and especially hurt the poor in the developing world.

The Pope's message in his encyclical is that all people worldwide have a shared responsibility for taking action, using less and re-using more. To make this happen, those with the means to enact environmental protection measures and increase sustainability in their business practices will have to show enlightened, vigorous leadership. Leaders in government, the military, industry and business need to step it up. Celebrities and faith leaders can help, too, because they influence scores of people. Executives and board members from industries like oil, energy, and manufacturing — which have traditionally fought stricter environmental regulations — will have to abandon the tired, old mindset that they should avoid or fight any moves that would compromise profits. That sort of outdated thinking will alienate customers who increasingly support eco-friendly businesses and shun

- *Brown has been prodding other states, governments and world leaders to join California in a non-binding pact to limit the increase in global temperature to below 2 degrees Celsius, in an effort to limit major environmental disruption, a move supported by the scientific community.*

- *Earlier in July 2015 Brown spoke at a climate change conference in Toronto and emerged with new partnerships and supporters in North America to fight global warming. He encouraged states and provinces not to wait for national leaders to take action but to take action now locally.*

- *Assembly Bill 32, passed in 2006, established a goal of cutting California's greenhouse gas emissions to 1990 levels by 2020. To meet that goal, emissions must fall by six percent between 2013 (the latest year for which figures are available) and 2020.*

- *On the recycling front, California also is a leader. Assembly Bill 341, which took effect in 2012, requires cities and counties in California to reach a 75 percent waste diversion rate by 2020, reducing trash taken to landfills. This effort also helps fight global warming. The commercial sector generates nearly three fourths of the solid waste in California, and much of the commercial waste disposed in landfills is readily recyclable. Increasing the recovery of recyclable materials will directly reduce greenhouse gas emissions, according to CalRecycle.*

those with bad environmental records.

Sustainability has become a bigger focus in business and government in some nations today. Governments are developing domestic climate change plans. The words “eco-friendly,” “high-energy efficiency” and “sustainable” are ubiquitous in product advertising. It was recently reported that 72 percent of Fortune 100 companies do not want governments to pass earth-saving measures but have set their own parameters for lowering fuel usage and unnecessary packaging, for instance. Many American cities have sustainability departments to help residents recycle, get free water-saving devices and other eco-friendly measures. Trash companies are increasing their fleets of cleaner-energy trucks and ramping up recycling technology to meet more stringent government mandates. Business schools are bending over backwards to offer degrees and/or certificates in this field.

Some business leaders have already demonstrated early leadership in incorporating more sustainable business practices. Among them is Ray C. Anderson, whose carpet company, Interface, was the first company to achieve 100 percent sustainability. Anderson argued and proved that sustainability made sense business-wise. Interface developed processes for recycling old carpets, invented a leased carpet program, used the work of indigenous peoples, switched to solar and other alternative energy sources, reduced water use and contamination, and, in 2007, achieved negative net greenhouse gas

emissions. Interface achieved their results on an international level, not just domestically, and all the while, growing profits.

Other companies known for their success in sustainability include Unilever, Patagonia, Nestlé, Marks & Spencer, Nike, GE, IKEA, and Puma. Unilever made news worldwide when it created a Sustainable Living Plan. The company has reduced energy use, reduced waste with recycling and efficiency drives, and lowered carbon emissions in its manufacturing operations by one-third by using cleaner technologies and greater efficiency. Toy company Lego jumped on the bandwagon this year too and announced it will invest \$150 million over the next 15 years to make its plastic building blocks more sustainable.

Unilever CEO Paul Polman, the current driver in this effort, told a group of sustainability specialists from NGOs, government, academia, and business gathered at Unilever's London headquarters in 2015, "In a volatile world of growing social inequality, rising population, development challenges and climate change, the need for businesses to adapt is clear, as are the benefits and opportunities. This calls for a transformational approach across the whole value chain if we are to continue to grow. Consumers are recognizing this too, increasingly demanding responsible business and responsible brands. Our experience is that brands whose purpose and products respond to that demand – 'sustainable living brands' – are delivering stronger and faster growth."

As the Pope might say, "Amen to that."

FOREWORD:

**“WE’RE THE FIRST
GENERATION TO FEEL THE
IMPACT OF CLIMATE CHANGE,
AND THE LAST GENERATION
THAT CAN DO SOMETHING
ABOUT IT.”**



*WASHINGTON STATE GOVERNOR,
JAY INSLEE*

On the Path to Climate Stability

Despite the global disparity in economic development – with a per capita GDP of over \$45,000 in the US contrasting sharply with approximately \$7,000 per capita in China as of 2014 (The World Bank, 2014) – climate change can no longer be viewed as a single country’s

issue. Air pollution from China now contributes to an estimated 50% of pollution in Seoul, South Korea according to 2013 data (Shim, 2015). Japan also fears for the health of its people as deadly toxins from other parts of Asia fill its air (Ryall, Yoo, 2013). The US is also vulnerable to pollution from other parts of the world; research from NASA suggests that changes in US weather patterns are due to pollution and environmental degradation in Asia (Chaisson, 2015). The US is far from blameless with regard to the current environmental crisis. China’s population is more than five times that of the United States and while China claimed the title of the world’s largest polluter in 2006, the US still has a drastically larger carbon footprint per capita than any other nation (Gallucci, 2013). The tragedy of the situation is that the nations predicted to be most affected by climate change and rising sea levels are not those consuming the most energy. Vietnam, Cambodia,

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Bangladesh, and Senegal are listed as some of the most vulnerable to devastating economic and environmental harm as a result of climate change

(Poladian, 2014). The entire globe is now affected by each country's decisions industrially, regardless of wealth distribution or international relations. This interconnectivity makes it vital that as a planet, we all get on the same page regarding how we consume resources. The upcoming United Nations Conference on Climate Change is absolutely critical in doing just that: prompting the international community to attack environmental issues as a united front. Already, before the conference has convened, various nations are beginning to show unity in their goals. As the second largest source of global pollution, the US has issued joint statements with both China and Brazil – countries ranked as the first and third largest greenhouse gas emitters respectively (Top 5 Most Polluting Countries) – regarding



what they hope to accomplish at the upcoming conference. Additionally, India and France have vowed to work together to make the conference a success (UNFCC). While this political show of unity may not be sufficient to create true and permanent change in environmental policy, it is a crucial first step to improving the global condition. From a personal perspective, I know that the outcome of this conference will shape the way my own generation handles environmental challenges. This is a tremendous amount of pressure, but there is no alternative, and the clock is ticking. Future generations will continue to make

scientific advancements in clean energy and environmental restoration, furthering their own communities closer towards viable, long-term sustainability. However, currently the world's young people are looking toward international leaders to set the precedent for how climate change is to be addressed, as individual nations and/or as a global community. If the international leaders attending this December's conference can set a trend of connectivity, shared responsibility, and dedication to improvement, genuinely positive changes could soon be seen throughout the world.

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– **ASCHER BILLINGS**
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Global warming is a topic that is mentioned occasionally in the American classroom: students learn how to recycle and when to turn off the lights, but then it stops there. It was not until my sophomore year of college that I was introduced to the full ramifications of climate change and the efforts that have, or will, be implemented to address its effects.

Pope Francis addressed the United Nations in September of this year, emphasizing the need for peace and environmental justice (*NY Times*):

“Any harm done to the environment, therefore, is harm done to humanity.”

Leaders from all over the world will convene in Paris at the 2015 Climate Conference in December to examine what might be done collectively to halt or reduce further environmental harm. Creating a global plan is an ambitious objective in itself but then these leaders will have to effectively, and convincingly, communicate the plan to their respective citizens.

The United Nations Secretary-General, Ban Ki-moon, recently commented:

“People should know exactly what governments have promised and what they have delivered – the right to information” (NY Times).

Citizens should be aware of the consequences of their deleterious actions and what they can do to prevent future, and perhaps irrevocable, harm. These environmental problems have culminated over time but *now is the time* to become aware of the full magnitude of the problem, to promote its full transparency, and to embrace practices and lifestyles which could serve to mitigate the effects.

Each generation must be held accountable because there is no planet B for future generations.

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– **ELISA ESPINOSA**
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As the *Road to Paris* approaches, global leaders will be flocking to this soon-to-be historic summit to hopefully hone a lasting and universal agreement to reduce greenhouse gas emissions and limit a global temperature increase to 2° C above pre-industrial levels. This gathering is possible because within the last several decades, humanity has realized and understood that we are responsible for climate change. We have also become familiar with the recent results of our actions, ranging from record droughts and frequent wildfires to

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enhanced tropical storms and rising sea levels. I believe that these changes are only the beginning of life-altering shifts that we will experience. It may be too late to undo the harm we have done to Earth, but there is more that we can do to limit our losses and minimize further damage to future generations and the ecosystems that support and enhance all life.



Some government organizations, not-for-profits, and companies have taken steps to reduce their contribution to climate change. However, I believe that the gathering of country representatives, business icons, and religious leaders at the COP21 is what the world needs to negotiate a global climate change plan that all countries can settle on and support. It is through clear communication and cooperation that we can utilize our resources and advancements in technology to support more economical and efficient renewable energy systems such as solar, wind, and geothermal.

These global and economic conditions additionally present opportunities for businesses to be innovative and meet the shifting demands of consumers. For example, standards for products as well as the way that their raw materials are grown, transported, and powered, are increasing. People are seeking clothing, sources of energy, and modes of transportations that reduce their impact on greenhouse gas emissions. So it would be a strategic move for businesses to work ahead of the curve, or face falling behind competitors that decidedly take that initiative. As additional organizations commit to an evolving version of the *triple bottom line* (people, planet, and profits), it will become the standard driven by a new generation of global citizens.

Also, we all must realize that each one of us plays a role in the grander scheme of affecting our global environment and that our individual actions dangerously accumulate. Thus, we must educate ourselves and have intelligent discussions with others on dietary modifications and resource consumption habits to minimize the deleterious results of our actions. The changes needed to reduce our impact will not be effortless, but that is the duty and responsibility that we must each undertake to secure a future for generations yet to come.

- LEANDRO IVAN JAIME
 COLONIA DE RANCHO SECO, CUITZEO, MICHOACÁN, MEXICO
 FINANCE, ENGINEERING & MATHEMATICS



As Pope Francis stated in his speech to the United Nations General Assembly, “Any harm



done to the environment, therefore, is harm done to humanity” (Beckwith, 2015). Even though most individuals are aware of the issue of climate change, many neglect to make simple changes in their lifestyles to ameliorate the problem. However, those who do try to be more conscious about how their actions affect the environment are often discouraged, as “Any positive impact that her efforts might have on the global climate are being negated by her neighbors’ greenhouse-gas-intensive lifestyle” (Downie, 2009). It is often difficult for people to be motivated to change their regular habits if they are not able to see the physical impact they are making. It

seems as though the only way measurable change will occur in the United States is if laws are passed to require individuals to alter their ways to become more environmentally-sustainable. Pope Francis commented on this thought as he remarked:

“And so it will, if the representatives of the States can set aside partisan and ideological interests, and sincerely strive to serve the common good” (Beckwith, 2015).

The US Congress continues to grapple with this issue as evidenced by its failure to pass the *Climate Stewardship Act of 2003*, the *2005 Climate Stewardship and Innovation Act*, or the *2007 Climate Stewardship and Innovation Act* – all of which had proposed to establish a mandatory carbon dioxide reduction program (U.S. Government Publishing Office, 2015). The United States has a considerable distance to travel before it truly evolves into an environmentally-sustainable society.

The World Climate Summit in Paris this December is expected to initiate global change, particularly by making a universal effort to limit greenhouse gases. By bringing together some of the world’s most influential and determined leaders, this conference is on track to begin a new era of environmental preservation and consciousness. With the efforts made at the summit, individuals will hopefully be inspired to strive to save and protect the environment.

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– **BRIDGET SULLIVAN**
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Mahatma Gandhi once said,
“Earth has enough resources to meet people’s needs, but will never have enough to satisfy people’s greed.”

This quote holds a powerful truth of what humanity has done to our planet. Past generations and present societies have caused more damage to Earth in the last few centuries than throughout its entire existence. So much focus has been placed on the short-term gain of industrial processes that we have lost sight of the long-term

health of Earth. As a result of humanity’s negligent actions with respect to the environment, Earth has suffered from “man-made climate change” – excessive greenhouse gas emissions which have led to a sharp rise in temperature, increasing ocean levels, and extreme weather events. Just in this century alone, we have had 14 of the 15 hottest years on record. The consequences are already visible. Allowing the effects to persist without adequate redress will ostensibly lead to more unthinkable outcomes. If current climate conditions continue, it has been predicted that the United States could lose \$66-106 billion in coastal property by 2050 from rising water levels and 63% of crop yield in the Midwest by the end of the century. More importantly, the future of the world and humanity is at stake. Now is the time to start using our short-term actions to create a brighter, greener future. Humanity must demonstrate accountability in the harm it has done to the climate and Earth.

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The *Road to Paris* campaign or *COP21* to be held this December represents a significant step toward universally addressing climate change. Similarly, it portends to be a ground-breaking initiative for humanity as a whole to take responsibility of not only our own negative impact on the climate, but also the environmental mistakes of past generations. The ultimate goal is to produce zero carbon emissions; this will only be accomplished through the continued development of clean, renewable sources of energy. Our generation is knowledgeable about climate change, but only with firm, decisive, and collective action can we really create a greener world. We now have the opportunity to generate a powerful



global agreement to tackle climate change. But *all* of humanity – not just world leaders – can make a difference and help shape a healthy and sustainable environment for generations to come.

– **ANGEL GABRIEL FLORES**
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In the fifth grade, I learned about global warming and climate change. As a class, we learned about how to reduce our carbon footprint and how it was up to our generation to change

the environmental decline the world was facing. Now, as a senior in college, more than ten years later, the problem has not disappeared; if anything, it has been exacerbated. The effects of climate change are as evident as ever. The necessity for all nations to come together as one has become crucial. *Act now!* – a phrase said all too often – needs to finally be taken seriously. The *Road to Paris* is the world's first significant step in honing a universal agreement to tackle climate change. What makes the *Road to Paris* such a momentous event is that it is not only targeting individuals and world leaders for support, but corporations and organizations as well. Businesses have the necessary power, leverage, and influence needed to effect real, meaningful, and sustainable change, as their products and services – together with their modes of delivery and distribution – are instrumental in shaping and defining our lifestyles. Just by altering their own policies, businesses have the power to create a positive change in the environment. World leaders such as Pope Francis, Ban Ki-Moon, and Gina McCarthy are pushing to raise awareness which is critical, especially with educating their followers. By committing to climate action, world leaders and businesses are pushing the initiative for a better tomorrow – today. This

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is our problem; it cannot wait for the next generation. Together we can make change ... in our world ... for the better. It's about time that we *Act Now!*

– **MARISA LAREAU**
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Climate change is a Generation Z issue – not because the Baby Boomers, Generation X, and Generation Y are unable to fully address the environmental issues at hand – but because Generation Z will be comprised of those individuals alive to witness the full consequences of inaction. The climatic Paris summit this December will hopefully produce a universally-binding climate action and recovery plan, which have not been accomplished in the last two decades. Throughout the years, many regions of the world have suffered from the adverse impacts of climate change including persistent and devastating droughts, flooding, rising sea levels, and warmer sea water temperatures, as well as other phenomena that have claimed lives and devastated ecosystems around the world.

Climate change is an enemy that knows no boundaries or discrimination – it affects everyone. It is impossible for one person, or even one government, to take on the immense changes that need to occur for the world to react and adapt to these challenges; therefore, it is essential that we collaborate, communicate, and cooperate on a global scale to enact real and long-lasting change. There must be a collaboration of governments, activists, students, and scientists committed to reducing carbon emissions to directly neutralize climate change impact. However, the first step will be government



action at the Paris summit. Nation states throughout the world need to set the tone for all to engage in meaningful dialogue to explore which commitments can, and certainly must, be implemented. Governments must make commitments to their respective constituencies to lessen carbon emissions – whether it be through a carbon tax (where both individuals and businesses pay for the carbon they generate) – or through a cap-and-trade system where the government establishes a limit on carbon emissions for a

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particular industry. Sizeable fines and company closures would be some of the tools of enforcement levied if those levels are exceeded. Thus, a cap-and-trade system would permit businesses to purchase carbon credits to offset the amount of carbon they generate. These policies would encourage businesses to find and implement cleaner sources of energy and engage in more socially- and environmentally-viable operations.

Climate change activists can help bring public awareness of this issue by pressuring corporations and governments to create environmentally-friendly policies. Students can also adopt a necessary activist mentality. The involvement of the world's youth is critical for furthering academic research to identify environmental challenges, risks, and potential solutions. By educating both themselves and others, they may encourage others to develop reasonable, carbon-neutral alternatives including projects like organic farming or operating compost and recycling systems.

Scientists must direct more efforts to develop technology to assist with the reduction of carbon emissions by finding methods of removing carbon from plants and industrial processes before it reaches the atmosphere. Scientific industries have already created tiny, permeable nano-beads which capture carbon dioxide and then release it once heat is applied making the beads reusable.

The means of mitigating the effects of climate change are moral imperatives every global citizen should undertake and implement. While there are numerous options and multiple questions yet to be studied, the most difficult step is always the first step and that step can begin in Paris this December.

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“Road to Paris” – Conference of Parties (COP)21

In preparation for what is predicted to be the largest gathering of heads of nation-states, nongovernmental organizations, inter-governmental agencies, business entities, faith-based organizations, academics, and nonprofits from November 30 to December 12, 2015, to discuss and hopefully draft a comprehensive climate change policy for the world, global leaders have released action plans, amalgamations of businesses have pledged their support, the Pope has disseminated an extensive climate change encyclical, and intergovernmental organizations have been scheduling conferences in preparation the Paris Summit. One of the significant actors in this dialogue helping to formulate policy is the International Chamber of Commerce (ICC). Against this backdrop, the following interview of Stefano Bertasi, Executive Director of ICC’s Policy and Business Practices Department, was conducted at ICC headquarters in Paris, France by the *JVBL* on July 9, 2015. As many of the *JVBL*’s readers and contributors emanate from business, government, and/or academic sectors and may not be knowledgeable of certain key institutions, terms, agreements, events, and acronyms, a brief definitional section is provided in order to facilitate the transcription of that interview.

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INTERNATIONAL CHAMBER OF COMMERCE (ICC), PARIS, FRANCE

The ICC is a world business organization, whose mission is to promote open trade and investment and help business meet the challenges and opportunities of an increasingly integrated global economy. With interests spanning every sector of private enterprise, the ICC's global network comprises over 6 million companies, chambers of commerce, and business associations in more than 130 countries. ICC members work through national committees in their countries to address business concerns and convey ICC views to their respective governments.

The ICC conveys international business views and priorities through active engagement with the United Nations, the World Trade Organization, the G20 (Group of 20 major world economies), and other intergovernmental forums. Approximately 3,000 experts drawn from ICC member companies feed their knowledge and experience into crafting the ICC stance on specific business issues.

WORLD TRADE ORGANIZATION (WTO) GENEVA, SWITZERLAND

Created in 1995 as a result of the Uruguay Round negotiations, the WTO promotes international trade and investment between nation-states by serving as a forum for governments to negotiate trade agreements. Its predecessor GATT – the General Agreement on Tariffs and Trade – was established after World War II to stimulate international economic cooperation. The Doha Development Round, launched in 2001 with its primary focus on stimulating trade with and between developing countries, remains incomplete.

LEAST DEVELOPED COUNTRIES (LDC)

According to the United Nations, LDCs exhibit the lowest indicators of socioeconomic development compared with all countries in the world. The UN has identified 48 such countries, with 34 already members of the WTO and 8 currently in the negotiating process.

SMALL AND MEDIUM ENTERPRISES (SME)

SMEs are considered by the UN and the WTO as those businesses employing the majority of workers and driving global innovation. The US has no distinct metrics for identifying SMEs, but the European Union regards a small-sized enterprise as a company with fewer than 50 employees and a medium-sized enterprise with less than 250 employees.

TRADE FACILITATION AGREEMENT (TFA)

In December 2013, WTO members concluded negotiations on a Trade Facilitation Agreement at the Bali Ministerial Conference as part of a wider “Bali Package.” The TFA contains provisions for expediting the movement, release, and clearance of goods, including those in transit. It additionally establishes measures for effective cooperation between customs and other authorities on trade facilitation and customs compliance issues and provides for technical assistance and capacity-building. The Trade Facilitation Agreement will enter into force once two-thirds of its members have completed their domestic ratification process.

TRADE IN SERVICES AGREEMENT (TiSA)

Trade in Services Agreement (TiSA) – based on the WTO's General Agreement on Trade in Services (GATS) – is the first multilateral trade agreement to cover trade in services (GATT is premised on merchandise trading) and was one of the major achievements of the Uruguay Round of trade negotiations (1986 to 1993). It is currently being negotiated by 25 members of the WTO including the EU. These participating countries constitute more than 70% of the world's trade in services. The talks aim to open up new international markets in service-related activities and improve rules and policy-making in areas which include licensing, e-commerce, maritime transport, and financial services.

DOHA (QATAR) DEVELOPMENT ROUND, 2001-

Also referred to as the Doha Development Agenda (DDA), these WTO trade negotiations have continued since 2001 and have largely centered on minimizing trade barriers to facilitate increased global trade. Since 2008,

they have stalled due to disagreements between developed countries (led primarily by the US and the EU) and developing countries (including Brazil, India, and South Africa) with respect to

agricultural subsidies, industrial tariffs, and trade remedies.



Interview, July 9, 2014

Q. The ICC has myriad services to offer international businesses – training; assistance with formulating rules, policies, and regulations; help in prosecuting intellectual property crime; and finally, offering the services of the largest dispute resolution body in the world. And recently, there appears to be a concerted effort to encourage the passage of the WTO Trade Facilitation Agreement and to conclude the resolutions made at the Doha Rounds. The focus of the WTO is on lowering trade costs, ensuring the necessary infrastructure – both internal to the company as well as to the country –

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empowering the role of women, engaging both the private and public sectors, and streamlining the necessary financing to include SMEs and the service industries through WTO's Trade in Services Agreement (TiSA), especially with regard to LDCs.

Is this an accurate portrayal of what the ICC desires as well?

We would look at this from the vantage point of how is this going to be done, and how does this fit with a global-based trading system. Does it help or does it hinder? Are there elements in this that are “multi-lateralizable”? So that's what we would look at because we have been around and took part in 9 rounds of GATT-WTO trade liberalization discussions including Doha, so we actually have a strong interest in the system supported by the WTO, which I guess is a broader role than arguing for business interests from a narrower vantage point.

Q. I attended the WTO's 5th “Global Review for Aid for Trade” conference which was held in Geneva, Switzerland, June 29-July 3, 2015. The major focal points were to:

- welcome additional nation-states to the WTO;
- encourage member countries to enter Free Trade Agreements (FTAs) and Regional Trade Agreements (RTAs) in furtherance of the Doha Round negotiations;
- identify the most salient obstacles to unimpeded international trade and investment concerns; and
- properly allocate the investment of billions of dollars to assist developing countries (mostly African and Asian/Pacific countries) to enter international markets and help alleviate extreme poverty through expertise, capacity-building, reducing trade costs, and fostering better infrastructure.

Do you believe that all of these objectives are possible to attain?

We very much put a priority on both the ratification and implementation of the trade facilitation agreement; we were at the origins of the discussions in the very early days of the WTO at the time of its first ministerial conference in 1996. We argued in favour of putting trade facilitation on the WTO agenda and convinced it of the need for something practical – beyond the need for dismantling tariff and non-tariff barriers – for oiling the wheels of trade and lowering trade costs by simplifying the administration of trade transactions. So we are extremely supportive; we made a big push pre-Bali for this to be concluded and to see this happen and we got over the hurdles, getting to the point where WTO members are now asked to ratify. We will do everything we can in terms of conveying that message to governments so that as many of the 161 member countries of the WTO ratify this agreement before the next ministerial conference of the WTO in December in Nairobi. So that is very much a priority.

Insofar as the broad, overarching goals that you mentioned in the context of the “Aid for Trade” conference that you attended, we very much believe that cross-border trade and

investment have a huge contribution to these objectives. These objectives and others are now being consolidated in the UN Sustainable Development Goals to be agreed to by the UN in September (the successor to UN Millennium Development Goals) and we see trade and investment as ways to make those objectives materialize.

*UPDATE: On September 26, 2015, the United Nations launched a Technology Facilitation Mechanism (TFM) to promote science, technology, and innovation to help achieve its Sustainable Development Goals by 2030. This is the first significant UN initiative launched to support SDG implementation. Those goals are to:	
Goal 1	End poverty in all its forms everywhere
Goal 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3	Ensure healthy lives and promote well-being for all at all ages
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5	Achieve gender equality and empower all women and girls
Goal 6	Ensure availability and sustainable management of water and sanitation for all
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Goal 10	Reduce inequality within and among countries
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 12	Ensure sustainable consumption and production patterns
Goal 13	Take urgent action to combat climate change and its impacts
Goal 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
Goal 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Q At the WTO's 5th "Global Review for Aid for Trade" conference, WTO *Director-General* Roberto Azevêdo noted the WTO's success in adding several LDCs to the roster over the course of the past year. World Bank President, Jim Yong Kim, emphasized the need to achieve integration sustainably, that is, with an eye towards dealing with the threats posed by climate change. I noted that Chad was losing the majority of its farmland to an ever-expanding Sahara Desert due to over-farming and livestock grazing; that Vanuatu's tourism industry was devastated in May, 2015, by a Category 5 cyclone; that many of the Solomon Islands were disappearing into the Pacific due to rising sea levels; and that more than 9,000 people were killed in Nepal in April 2015 as a result of a devastating earthquake and its aftershocks.

To help ensure that trade assistance would be effective long-term, *Director-General* Azevêdo emphasized that the eradication of poverty and the inclusion of women were

of paramount importance in this process. President Kim explained that climate change concerns had to dominate practices and policies and called for additional local sustainable initiatives, “smarter” agricultural practices, carbon pricing (i.e., a carbon tax), the end to fossil fuel subsidies, and worldwide attention to (adaptation *and* mitigation) climate change.

Where does the ICC stand?

We are a trade-focused organization so we have a lot of sympathy for what Mr. Azevêdo is trying to do at his level and do what we can on our level which is to tackle this from a very practical point of view. So by facilitating and increasing trade in low-carbon technologies in products and services (which is one of the things that the WTO is trying to agree upon between now and Nairobi) – if they can manage this, we very much believe that trade can make an important contribution to adaption and mitigation.

Q. Within the past week, the US Senate passed renewed trade negotiating authority for President Obama. As you may know, this is a controversial power granted to the President and would allow the Trans-Pacific Partnership (TPP) to go forward and expedite trade with 12 Pacific Rim countries by helping to lower trade barriers. What is the ICC’s position on this?

We think that the Trade Promotion Authority (TPA) power granted to the President by Congress (used to be called fast-track) is essential and that the executive branch of the US government should have the capacity to sign onto the trade agreement it has negotiated – otherwise, there would be a great deal of reluctance on the part of trade partners negotiating with the US to move forward, especially if the agreement is going to be picked apart.

Q. So in essence, you are saying that the US would potentially lose credibility without this action?

Having that authority should help the various negotiations that are currently ongoing in which the US is a party; this is so for the TPP – and the TTIP.¹ And it is also very important in terms of another priority that we have for the multilateral trading system which is the completion of the Doha Round. Trade facilitation is just one piece of it. It is an important piece of it that is done in terms of negotiating the agreement. It needs ratification now and it needs to be implemented. By the way, it can be implemented already through very practical measures and it is in the self-interest of WTO members to do that.

Q. At the Business and Climate Summit this past May, over 6.5 million companies representing more than 130 countries pledged to lead the global transition to a low-

¹ Transatlantic Trade and Investment Partnership is a free trade and investment agreement being negotiated between the U.S. and the European Union.

carbon, climate-resilient economy. The ICC was instrumental in gaining this collective commitment and acknowledged that leading businesses were already taking action to build the prosperous, low-carbon economy of the future. What exactly have they done?

Well, companies are the creators and the implementers of the technology, and the scaling-up of low-carbon technology by business will be instrumental to the reality of a low-carbon economy. A lot of that technology I understand, and I am not an expert in this field, is already existing technology so it is really a question of business having a clear and well-established regulatory framework. A big piece of it needs to be set at the global COP 21 negotiations in December in Paris. Hopefully, a strong agreement will come out of that because companies need the certainty of a global regulatory framework in order to be able to continue to develop those technologies.

This is not new ground for the ICC. In 1991, before the first UN Rio environmental conference, the ICC came out with its business charter for sustainable development which we actually have revised and augmented and updated and are in the process of re-launching it as a tool to facilitate business's contribution to sustainable development, including moving towards a low-carbon economy.

Q. So basically walk the talk?

Yes, walk the talk.

Q. In facilitating this summit pledge made in May and as an institution promoting responsible business growth, what is the ICC's position concerning factory farms or agribusiness as it appears to run contrary to the pledge? Could carbon pricing in this area translate into a more sustainable, plant-based agriculture such as vertical farms and grass-fed cattle – growth in areas where grazing is not possible?

The ICC does not have any particular policy on agricultural business. We have companies that are involved in that sector. We have a very broad membership, but we don't do any specific sectoral work. All sectors of the economy need to figure out what a low-carbon economy means to them and what practical measures they have to take at their level of operations...to walk the talk as you say, and to play their part.

Q. Is it possible that that situation might change ahead? The statistics are overwhelming. In the US alone, over 80 percent of corn and soy crops are grown to feed cattle and pigs. Cargill, one of the US's largest privately-owned businesses in the world,² not only portends to be "feeding the world," but additionally offers financial, industrial, and transportation services and goods. It is a major player in the business

² Boosting over 155,000 employees in 68 countries.

landscape – especially with respect to developing, implementing, and maintaining sustainable trading activities.

Worldwide, there has been massive deforestation, urbanization, and population growth – all impacting the growth of factory farming. This is becoming a real health hazard for both human and animal health. When factory farming emits a greater amount of GHG into the atmosphere than the transportation system, these activities must be addressed. With increased populations, we will be experiencing more of a demand for meat and dairy products. There will be less farmable land and clean water at a time when the demand for both are already quickly rising. So again, with agri-business expanding rapidly and globally, do you think the ICC might be looking to play a greater role?

At this time, not specifically. When we develop the business charter for sustainable development or the green economy roadmap we look at the environmental and social elements relevant to business broadly-speaking and try and develop approaches that are applicable to all sectors of the economy. We have a broad variety of members and would hope that the tools we provide could be helpful to that sector as well. It seems that agri-business has a huge impact on climate change so we would hope that what we have produced would be useful.

Q Concerning carbon pricing, or a carbon tax, what is the ICC's policy position with respect to its member businesses facing new, and in some cases, quite significant, costs? If a carbon tax is imposed, then those who pollute would pay. This would highly impact landfills, oil and gas refineries, coal-fired energy plants, and transport. Has the ICC adopted a particular policy position as it works with both the public and private sectors?

We have a couple of statements that were made public in early June by our executive board in Turin at the time of the World Chambers Congress: one is on a general approach to climate change and the other is more specifically on the economic instruments to make progress on climate change. One of goals in policy-making is to try and be the bridge between business on the one hand and government on the other. We try to achieve this by creating or developing consensus positions among our constituents and put those to governments as they attempt to make their positions benefit from the consensus that emerges from business. We do not pretend that there is a business consensus on all issues, but if we can bring world business together at least on agreed principles and if we can share those principles with governments, then we hope we can make a positive contribution to governments achieving a consensus themselves. So yes, we have addressed the issue of carbon pricing and you can see that we have issued these statements.

Q Does the ICC directly work with governmental regulatory agencies?

The ICC works with governments and intergovernmental organizations.

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Q With declining world resources, many of us in the legal and business communities foresee more government control as a necessary process of distribution of those resources necessary to human survival. Already, we are seeing this with potable water. California Governor Jerry Brown started incrementally, limiting water usage in the most



drought-stricken areas in his state. It has already advanced to water rationing in São Paulo, Brazil, resulting in chaos and stifling tourism. In areas where businesses control resources that are so vital to continued existence, do you would think that there will be more government control?

We are very much in favor of private-public partnerships to manage global challenges and I think that water shortages are one of those and that climate change is one also. I think that there is a recognition on the part of government, individual governments, intergovernmental organizations, in the discussions at the UN leading up to the Addis Summit for Financing for Development³ and on the SDGs that governments can't do things alone; intergovernmental organizations can't do things alone and that they need a buy-in from a multi-stakeholder approach which is increasing the way that new models of government work. For example, as governments and the Internet are both based on the model of the multi-stakeholder approach, we believe that there is a need for private-public partnerships. Then you know it is possible for the inclusion of societal interests in those discussions. And companies are acutely aware of that; the shortage of water is going to be a tremendous challenge for many of them. If you look at a company like Nestlé, their chairman has been at the forefront of those discussions. And so they have as much at stake as anybody in finding solutions to these problems and I think they have manifested very clearly their desire to work with public world authorities to that end.

³ *Financing for Development* – Third International Conference, July 13-16, 2015, Addis Ababa, Ethiopia. From this conference, the following commitments were outlined: “Our goal is to end poverty and hunger, and to achieve sustainable development in its three dimensions through promoting inclusive economic growth, protecting the environment, and promoting social inclusion. We commit to respecting all human rights, including the right to development. We will ensure gender equality and women’s and girls’ empowerment. We will promote peaceful and inclusive societies and advance fully towards an equitable global economic system in which no country or person is left behind, enabling decent work and productive livelihoods for all, while preserving the planet for our children and future generations.”

Q Does the ICC agree that governments should eliminate fossil fuel subsidies as has been recommended by World Bank President, Dr. Jim Yong Kim? If so, would you anticipate a backlash from your petroleum-based business members?

The Business 20 recommended to the 2012 Mexico G20 Summit in Los Cabos to end fossil fuel subsidies and other inefficient forms of support.

Q Don't the subsidies largely go to the industry, though?

I think that there is a recognition that economic instruments that are being used currently are probably not optimal.

Q The ICC was founded shortly after WWI and appears to pride itself in having coined the term "corporate citizenship." What does that mean to you?

We use "business in society," "corporate citizenship," and "corporate responsibility" to largely mean the same thing, that is ...I think it is basically recognition that business is an intrinsic part of society and has a big role to play in ensuring broader societal balance. Companies in the private sector are intrinsic to the fabric of society at the national level and at the local level. There is a role for companies to play in societies that flows from that.

Q Has the ICC ever refused an organization either dispute resolution or membership opportunities because of a less than favorable track record on human rights?

I could not speak about that knowledgeably; I really don't know. Dispute settlement is outside of my responsibilities completely.

Q Some examples of such businesses would be Foxconn in China – one of the largest manufacturers of electronic equipment for companies like Apple. Not long ago – and perhaps some of the conditions have since been ameliorated – employees lived in a company city and worked 7 days a week for very low wages, constantly subject to intolerable conditions. And then there was IBM in WWII – alleged, with ample substantiating evidence, to have provided the tabulation machines for the Third Reich's concentration camp populations. IBM purportedly recouped its profits after the conclusion of the war together with Coca-Cola through the creation of its Fanta Orange project and GM with its Opel automobile.

With this background, in 2004, the ICC lobbied fiercely to prevent the official United Nations' adoption of the *Norms on Business and Human Rights* which had been developed by a sub-commission of the UN's Commission on Human Rights. The Norms oblige businesses to refrain from activities that directly or indirectly violate human rights

“within their sphere of activity and influence” and establish standards for determining whether they have met that obligation as well as create rudimentary mechanisms for enforcement. Is it true that the ICC opposes the Norms because they violate the ICC's insistence that all standards for corporate responsibility must be “voluntary?”

The Norms on Human Rights were a misguided construct. Through those Norms, the same responsibilities – that are the responsibilities of governments for the protection of human rights – would have been imposed on companies. To conceive of an international instrument that would not clearly differentiate between the roles of sovereign states to protect human rights – from the roles of a private actor like a company – was misguided. After the Norms discussion, the ICC worked very closely with the person who was appointed by the then Secretary-General of the UN Kofi-Annan,⁴ John Ruggie,⁵ to work on a much more constructive approach that led to the UN Principles on Business & Human Rights which is something we believe very strongly in and are still working very closely with the UN in implementing. We are now at the phase where countries are working on national implementation plans.

Q. How would you differentiate between the two?

These are UN principles that the UN developed with participation from business including the ICC.

Q. But separating those from the Principles on Human Rights – what is the fundamental difference?

The fundamental difference is that one recognizes the distinctive roles and responsibilities of the various parts of society in promoting and respecting human rights whereas the other one created a misunderstanding of what those roles and responsibilities are.

Q. But once again, if a private business with a known unfavorable, universal human rights record were going to ask the ICC for its help in either dispute resolution services or policy-making, would any such request be denied because of that business's negative reputation?

The principles are UN principles and we were called upon as a global business organization, along with other international organizations to participate in their elaboration and now we are in the phase of implementation.

⁴ Served as UN Secretary-General from January 1997 to December 2006.

⁵ Acting UN Special Representative on Business & Human Rights.

Q. But would the ICC ever say “no” to a company with a bad reputation?

The ICC is a place where businesses come voluntarily. Membership in the ICC is voluntary and if companies feel we can be helpful to them, they become members and use our products and services. We try to generate consensus among business worldwide across sectors and geographies and mobilize business through collective global business action ... through policy recommendations, rules, dispute resolution instruments, providing a global forum for chambers of commerce. ICC facilitates cross-border trade and investment and international business transactions because it believes in “world peace through world trade” as did ICC’s founding fathers who were known as “Merchants of Peace.” The ICC believes that if people trade and invest and learn to know about each other by exchanging goods and services, they are less likely to exchange bombs and that this would contribute to global prosperity and promote world peace. This was the aspiration behind the founding of ICC in 1919. So we still very much believe in that overarching objective and we try and put it into practice in very concrete ways in everything that we do. We organize every two years an annual congress of chambers of commerce so that they can come together and exchange best practices on how to serve their small and medium-sized company members. That’s one way of contributing to world peace through world trade. And we develop rules to resolve peacefully commercial disputes through ICC’s dispute resolution, via arbitration or other types of dispute settlement services that we have. We bring recommendations to the WTO and other IGOs (intergovernmental organizations) in ways that would promote cross-border trade and investment so that, for example, cross-border trade and investment can be an enabler of the realization of sustainable development goals. We think that all of that goes to business fulfilling its corporate citizenship role in improving the world.

Q. And with this increase in global trade, the potential for exponential growth in the ICC appears to be on the horizon. With more and more countries joining in world trade, I would think that the ICC’s membership roster would grow and its services more in demand...especially with the potential now of completing the objectives of the Doha Rounds and implementing FTAs. Are you seeing an uptick in demand for ICC services by businesses in more countries?

We would hope that our role in an increasingly integrated global economy would be a global business organization that tries to bring businesses together and have it interact with intergovernmental organizations, for example, to foster a stable and more prosperous global economy and find global solutions to global challenges like climate change and issues of that nature. But the center of economic gravity is shifting eastward [and south] in the world and that is a fact. So the countries that participate in world trade ebbs and flows during history and is not a static thing. We are seeing that shift and indeed an increasing number of companies in emerging economies and also from developing economies taking part in international trade and investment. Most of the investment flows now have changed in the sense that they, until fairly recently, were

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basically developed OECD⁶ countries investing in other countries in the world. We now have many countries from the south investing in countries from the north and what we are seeing increasingly, which I think is a very positive thing, is countries from the south investing in countries from the south.

Q Assuming that more nation-states do fully participate in integrated global trade and investment causing a commensurate increase in ICC membership and a greater demand for its services, do you believe that the ICC has the necessary staff and capabilities resources to handle this?

What is true is that the number of companies engaged in global commerce is increasing and we hope that they see value in the global business organization that is the ICC. We have global coverage in a sense that we a global network of 90 or so “national committees” that bring together the ICC business membership in these countries and we have what we call “direct” members in another 30 or so countries where we don’t have an ICC national organization but where companies or business associations can join ICC directly. But in most countries, 90 of them, we have a local ICC organization called the ICC national committee, which is either an independent structure or is housed in an existing business organization – be it a chamber of commerce or an industrial federation ... it really varies according to the country.

Q In addition to its alternative dispute resolution resolutions (ADR), the ICC provides businesses with full, contractual templates and related forms as well as individual clauses. These services were bolstered as a result of the ICC Study on Developing Neutral Legal Standards for International Contracts. According to the ICC’s website, more than 130 countries have used its services and over 20,000 disputes have been settled since its founding in the early 1900s.

Yes, and the ICC has different types of clauses, for instance, an anti-corruption clause can be included in a contract.

Q And as international trading partners continue to grapple with matters of “choice of forum” and “choice of law” – that is, where the dispute will be heard and under which country’s laws or private sector rules will the conflict be decided – these clauses appear to offer well-prepared material. I see that the ICC has a well-developed dispute resolution body (DRB) which can be composed of a single arbiter or a panel of three – depending upon the agreement of the parties and the nature of the issue. The ICC appears to invoke a rigorous process of arbiter selection, requiring each candidate to disclose fully any potential conflict of interest which could possibly taint his or her

⁶ The Organisation for Economic Co-operation and Development (OECD) is a forum of countries self-described as committed to democracy and the world economy by providing a platform for business entities to compare policy experiences, identify sound practices, and coordinate its members’ domestic and international policies.

decision. Also, the arbiter must be of a nationality different from those of the disputing parties.

The ICC Court of Arbitration has existed since 1923 and is a truly global institution based on rules developed through global business. They are developed by practitioners, including in-house counsel.

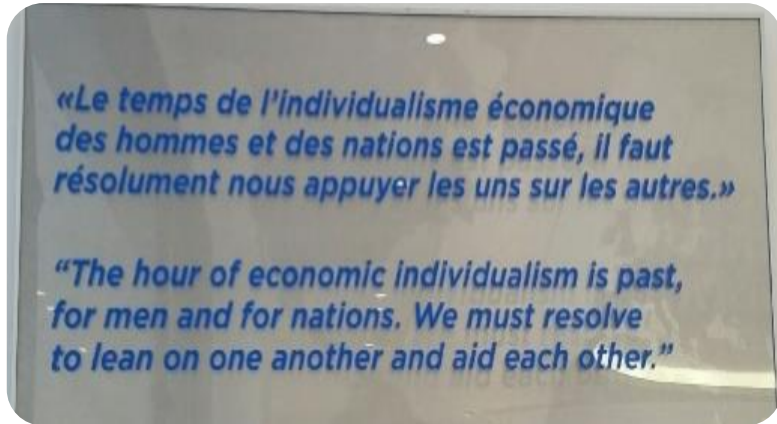
Q But your way of paying costs is different. You have a filing fee of \$3,000 USD with a cap of \$500,000 in expenses depending on the value of the case. I was pleased to see that even if the parties have pre-agreed in a contract that the losing will pay the arbiter's or mediator's costs (usually because one of the parties holds a dominant position), it appears that if the parties do subject themselves to the jurisdiction of the ICC, ICC rules may apportion the costs between the parties – regardless of contractual language used – by weighing their respective market standings and influence involved. This seems to be a much fairer process.

We always try to be balanced with everything that we do. This applies to policy-making as well as dispute settlement. For example, we try and help those small and medium-sized companies engaging in international trade. We have a whole suite of model contracts that have been developed by our ICC Commission on Commercial Law and Practice, especially for smaller companies that do not have huge in-house legal resources. These contracts allow them to start the process of establishing contractual relations with a potential international trading partner. Afterwards, they will of course turn to their respective legal counsel to get specific advice. But what we provide are models that can be used to establish various types of different business relations and the suite is growing in order to provide companies with templates that help promote business relationships in a way that is helpful to both parties.

Q So, perhaps, by providing businesses with model template contracts and clauses – especially those which include anti-corruption clauses – might be the ICC's way of demonstrating its commitment towards corporate citizenship and to a fair balance among its shareholders? By offering such clauses, do you believe that certain issues are raised, like environmental degradation, which may prompt businesses to think differently about what issues are necessary and important to be addressed in their trade relations?

Through ICC tools and policy recommendations, we seek to address the interlinkage between global issues of importance to business; we are constantly examining what we can do as a global, non-sectoral, horizontal business organization. We have 11 policy commissions that look at things from different thematic angles, but then we are able to get these commissions to work together to or to look at an issue from different perspectives to try to blend these and reach a consensus.

Q The ICC's website states that business emissions trajectory will peak around 2020 and globally achieve net zero emissions well before the end of the century while keeping cumulative carbon emissions within one trillion tonnes as required by the UN's IPCC (Intergovernmental Panel on Climate Change). The ICC also believes this objective is achievable and compatible with continued economic growth and human development if all actors work together in this urgent and long-term climate battle. With unchecked greed and corruption prevalent in many governments and businesses, as well as with a media and social networking drive to consume more and more, how is this possible?



We have always taken the position that environmental protection and caring for the environment is not incompatible with economic activity and this is why the actors that are involved in business on a day-to-day basis need to work together with the governments that are going to set the overall frameworks for this to function. I think that we are seeing a lot more of that. We are seeing, for example, with this business and climate summit that took place in May which was well in advance of the actual COP21,⁷ that obviously there is a whole preparatory process to the COP in which business is closely involved. We thought it was very promising to see what the organization of an actual business summit could clearly establish – not as an afterthought, but rather as kind of a prerequisite to discussions – that business really wants to play its role in being part of the solution on this and is, in fact, the enabler of whatever framework governments agree upon. And we hope they will agree upon something meaningful.

Q Was this a first time an ICC sponsored business and climate change summit has taken place?

No, we have taken part in that process ever since the inception of the UNCCC⁸ and before with the discussions that led to the Kyoto Protocol.⁹ Historically, we have been a

⁷ Conference of Parties meeting in Paris in December, 2015, with the goal of honing a universal action plan on fighting climate change.

⁸ The United Nations Climate Change Convention.

⁹ Also known as the Kyoto Protocol, adopted in Kyoto, Japan in 1997, the agreement is an international treaty extending the 1992 United Nations Framework Convention of Climate Change (UNFCCC) that obliges nation-state parties to reduce greenhouse gases.

part of the discussions that started with the *Brundtland Report on Sustainable Development* and a relatively narrow-definition to something more broadly-defined with three pillars – economic, social, and environmental. And we have been a part of the whole process of the UN in the Rio and the Rio+ discussions.¹⁰ In the 1990s, the ICC established the World Industry Council for the Environment which then merged with another organization and created the World Business Council on Sustainable Development – another business organization focused on sustainable development but involving larger global companies. ICC has been involved in these areas for a long time.

Q. So you are working with the scientific community as well?

We work with anyone who wants to work with us.

Q. With 98.7% of the scientific community concurring on this issue, NGOs and intergovernmental entities have also been key to the dissemination of critical information in order for world citizens to take notice and act accordingly. What role has the business community played in this regard?

I think that business looks at it from a very practical standpoint. They see, to be very honest, this to be a business opportunity. I think that it is the best way to coalesce business interests playing a part at a practical level in making this happen by showing to them the opportunities that arise from climate change. And if they are able to put their capacity to bring people, technology, innovation, and capital together to develop technology enabled by trade and investment, and make it as widely available as possible at a scale that is needed to have an impact, that will make a tremendous contribution to address climate change. Business is already rising to the challenge because it is already doing a lot, but if COP21 provides companies with a practical overarching global regulatory framework, I think that will help tremendously because it will set some degree of certainty on their capacity to plan for the development of those activities in the long term.

Q. Climate change realities are being manifested through extreme weather events. In the US alone, fires and drought have plagued the Southwestern and Northwestern states that grow the majority of our produce. Forest fires are devastating entire regions and communities and exhausting resources in the fight. Portions of the Midwest and almost all of the Southeast have been, at one time or another in 2015 alone, inundated by floods – threatening crops and livelihoods. Perhaps an East-West water pipeline to help alleviate the catastrophic effects of climate change could be a potential

¹⁰ Also known as the *Earth Summit 2012* and the *United Nations Conference on Sustainable Development* (UNCSD), this was the third international conference on sustainable development to attempt to reconcile universal economic and environmental goals. It involved 192 UN nation-state members, businesses, and NGOs.

business opportunity? And with rising ocean waters threatening much of the Atlantic Coastline – could there not be more emphasis on developing and perfecting the desalinization of saltwater? Another example of business impact in the US is the insurance industry. Purchasing and/or developing real estate along the Atlantic Coast is facing new challenges. NASA is already in the process of moving its base inward – the costs are going to be high, however, if not prohibitive. And if nothing changes radically, the trajectory for the next 75 years is dire – especially for states like Florida, Mississippi, and Louisiana as well as for the entire City of Manhattan which will largely be under water. So the insurance industry must rethink its strategy in maintaining a sound bottom line. In devastation, there do appear to be new business opportunities as you say.

There was an international conference on disaster risk in Sendai, Japan in March (2015) which was a UN process, but we contributed a discussion paper essentially to highlight the economic disruptions that can arise from such disasters and what companies had learned in terms of their own lessons in planning for these things and what they could suggest that governments might learn from their experiences in terms of putting in place some basic mechanisms and policies to look at those. So again, we look at that very much from the standpoint of the ICC playing a constructive role on behalf of business in terms of discussions that have an impact on society at large and in which there is a need for global solutions and approaches to which we feel we can contribute by bringing local businesses together and by putting forward views and recommendations that hopefully are the product of a discussion, a consensus among the membership that will inform and help governments.

Q In 2013 in northern Japan, the tsunami leveling of the Fukushima nuclear power plant rendered that part of Japan a toxic waste dump. Most was farmland in that region has now been rendered unusable. Are privately-operated utility businesses also included in these discussions?

We brought a very big business delegation to that conference because engagement between stakeholders, especially between business and government, and that interplay allows ideas to percolate and can contribute to balanced solutions.

Q Saudi Aramco, one of the world's largest producers of crude oil, is witnessing the price of oil decrease dramatically. This is a country largely dominated by continuous sunshine and could be an exporter of energy extracted from clean sources as opposed to nonrenewable fossil fuels. Does the ICC help businesses review the science and topography to help see the potential opportunities?

One of the things that we try to do is to identify new developments and help businesses understand what the consequences are, or going to be. For example, ICC's Commission on Intellectual Property commission has had discussions at its recent meetings on the impact of 3-D printing from an intellectual property point of view, to understand what those impacts are going to be. So (1) it is our role to provide input into policy discussions

– that are not usually initiated by us, they are initiated by governments. In the consultative process, we are asked as a business representative organization to provide input and to participate. (2) We have a role in producing normative products that help business to help itself – these are model contracts, these are rules, including dispute resolution and everything else that we do to oil the wheels of trade that is done on a voluntary basis and that is developed by business for business use. And (3), we are looking at the future and seeing what issues are on the horizon and exploring how we can deal with them.

We like to think of ICC policy work as constituted of these two main elements – policy advocacy and rules-writing – as two things are very much interlinked and they feed off one another. This combination is probably a defining characteristic of the ICC as a business organization. The ICC's role in policy advocacy is to try to formulate recommendations to influence discussions and processes which are not initiated by us but in which business has a stake and can help bring to fruition. Of course, we are always mindful of the overarching mission of ICC to promote cross-border trade investment in an environment that allow these to flourish. The other part of ICC's role is the rule-making part, which is the production of rules, codes, model contracts etc. that can help businesses conduct international trade and investment.

Q Large trading blocs like the EU have been experiencing economic problems with several of its member countries – particularly with Greece most recently. Puerto Rico has had a similar experience with the US; there has always been that portion of the populace who has wanted independence yet there remains an intricate economic tie. Is the ICC prepared to help rebuild economies in territories or countries that have detached from the larger trading unit? Is there more of a focus on developing the sustainability of smaller regions?

The ICC works at different levels. Here at the level of the ICC international secretariat, our role is to convey the results of ICC's work to the intergovernmental world – that is, to global intergovernmental and other types of international institutions. But then there is a division of labor within the ICC that is such that we count upon our national committees – which bring together ICC members at the national level – to take the work that we do to their national governments. And, of course, one of the ways that they can make themselves relevant in their national context is showing the relevance of the international work that ICC does to the national context. The members of ICC, at the end of the day, are companies that exist in some kind of a national jurisdiction. What they have in common is that they are interested in furthering international trade and investment because that is part of their activity and they are keenly interested in that. They will get involved in discussions at the national level and what we hope is that the things that ICC tries to do to further consensus-building and solutions to global challenges also have something to be learned from, and are applicable at, the regional level or national level – although, as a global, multi-sectional, business organization, the focus is at the global level. What we see, though, is that with the global economy being increasingly integrated that there are economic shocks that can be very localized but that will have ripple effects throughout parts of the world that would never have thought

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that they would be affected, because of the global economic integration. I remember Australians telling me that their stock market took a hit after the banking crisis in Cyprus. It was difficult to understand how a European economy, not even the size of Tasmania, could have an impact on the Australian stock market and the value of companies there. Global economic integration has many benefits in the sense that it shows the connection between various policy fields and the need for policy and regulatory coherence on a global level. Yet it also has downsides that need addressing. Where the Asian financial crisis had an impact on the global financial system is much in the same way as that of the global financial crisis of 2008, which started out, in part, in the US with the subprime crisis, and ended up affecting the whole of the global financial system. This required a global approach to rethinking the financial regulatory systems and that was done, in part, by the G20¹¹ with a large financial regulation track of its work and the Basel Committee¹² in trying to conceive of new prudential rules. These events had a global impact in terms of policy ramifications and economic consequences.



And now on to the Paris talks in December?

We are preparing.

About the Interviewee

Stefano Bertasi was born in Montreal and grew up in Ottawa, Ontario, Canada. Bertasi secured his Master's in International Political Economy from the Norman Paterson School of International Affairs, Carleton University in Ottawa. Following his graduation, he worked for the Canadian Council of Chief Executives (formerly the Business Council on National Issues). While working in Canada, Bertasi worked on national and international economic issues, including trade issues. He has spent the last 19 years at the International Chamber of Commerce (ICC) and currently serves as its Executive Director of the Department of Policy and Business Practices.

¹¹ Also known as the "Group of Twenty," the G20 is an international forum for central bank governors and governments from 20 major economies including the US, the UK, the EU, China, India, France, Germany, and Japan.

¹² The Basel Committee on Banking Supervision (BCBS) is a group of banking supervisory authorities established in 1974 by the central bank governors of the top 10 world economies. This forum provides for regular cooperation on banking supervisory matters and its primary objective is to improve the quality of banking supervision globally.

FARM SANCTUARY

Interview with Founder and President, Gene Baur

June 19, 2015 - Watkins Glen, NY



Forward: In April, 2015, Gene Baur launched his second book, “Living the Farm Sanctuary Life” which exposes the extent and level of cruelty shown toward animals – particularly those typically associated with factory farms and slaughterhouses. Whereas historically, ethical leadership has been associated with human activities, Baur has crusaded, over the course of three decades, to expose people’s inhumane treatment of these animals, their sentient features – as juxtaposed to their treatment as mere commodities, and the degradation of the environment, human health, and biodiversity associated with commercial farming.

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Environment and Health Problems: According to the Food and Agricultural Organization for the United Nations (FAO):

- Livestock production is the largest user of agricultural land either for grazing or growing feed. It currently accounts for approximately 40 percent of the gross value of world agricultural production. And with a growing global population and shared prosperity, there is a commensurate increased demand for meat, fertilizer, dairy products, wool, leather, and forms of transport. In fact, global demand is projected to increase by 70 percent to feed a population estimated to reach 9.6 billion by 2050.
- The rapid growth of the livestock sector has had considerable impact on the environment, heavily contributing to deforestation in some countries, particularly in Latin America. Also, it has been a major factor contributing to soil erosion, desertification, increased disease transmission between animals and with humans, greenhouse gas (GHG) emissions, polluted water supplies, and antibiotics resistance – all threatening human health. And while the entire transport system accounts for 12-13 percent of GHGs contributing to climate change, it is livestock production which is the primary culprit, accounting for an unprecedented 18 percent.
- Overstocking land with grazing animals causes significant soil erosion, desertification, and the loss of plant and animal biodiversity. Public health hazards are increasing, especially with regard to waste generated from industrial livestock facilities. These operations pollute water supplies, emit greenhouse gases, and introduce an overabundance of antibiotics into the human system.



When did this journey – championing the ethical treatment of animals and bringing attention to the abuses of factory farming and slaughterhouses – begin? How old were you when this property was purchased in New York?

Let's see. I was about 23 or 24 when I got the farm started and got this place when I was maybe 26 or 27.



And you purchased this for \$125,000?

Actually, we first offered \$95,000. It was originally on the market for \$110,000 and had a beautiful farmhouse on it. We bought it for \$100,000, having put \$25,000 down. So we bought this whole property for \$100,000 – unfortunately, the old farmhouse was taken down.

JOURNAL OF VALUES-BASED LEADERSHIP



Yesterday [June 18, 2015], the Pope issued his encyclical on Climate Change. It is uniquely entitled “*On Care for our Common Home*.” Without having read the entire 300-page document, I conducted a word search with respect to “livestock” and “animal cruelty,” and here is what I found. I am reading from paragraph 130:

In the philosophical and theological vision of the human being and of creation, it is clear that the human person, endowed with reason and knowledge, is not an external factor to be excluded. While human intervention on plants and animals is permissible when it pertains to the necessities of human life...human power has limits and that it is contrary to human dignity to cause animals to suffer or die needlessly.” [All such use and experimentation on animals] “require a religious respect for the integrity of creation. [A study of ecology] ... necessarily entails reflection and debate about the conditions required for the life and survival of society, and the honesty needed to question certain models of development, production, and consumption. It cannot be emphasized enough how everything is interconnected.

Do you think that this will help many to change their current perspectives and perhaps pressure politicians to legislate change with respect to the inequities and abuses of factory farming?

I think the Pope making a statement like that is significant and will be impactful; I believe that those who disagree with him will start rallying their troops to counter the efforts to advance legislation and policies that are consistent with his message. The Pope’s message and voice are very important. Here he is, the leader of this giant body and he is making these statements, recognizing that we are all interconnected in the web of life. He is saying, in a sense, that when we harm others, we harm ourselves because we are all connected. When he talks about killing unnecessarily, or causing suffering unnecessarily, to me, this jumps to the point that if we can live well without killing and eating other animals, why wouldn’t we? You know that his language is vague there and that is probably purposeful, but he is explicit about animal experimentation and says that it is not to be done unless for human necessity. It is not to be done to test cosmetics, but if it advances human health and wellbeing, that is where it gets a little

more complex. And there are different animal rights activists' perspectives. But I think that his statement is very important and I hope that it will be very impactful.

I tend to connect most with the liberation theology Catholic types like Greg Boyle. He was a priest and one of my teachers in high school; he runs Homeboy Industries in L.A., which operates with the motto that "nothing stops a bullet like a job." He works with gangs and attempts to improve people's lives. So with the Catholic Church, you have different types and perspectives. So I am grateful that the Pope is acknowledging that all lives, including animals' lives, matter. Hopefully, his message will resonate within the Catholic Church, and beyond. I think that he is tapping into ancient wisdom – the core of Christianity and the core of every major faith.



And the release of this encyclical was, apparently, timed with the advent of the "Road to Paris" – a conference, one of the largest planned – on climate change this December. Government, business, and NGO leaders are expected to attend. Are you, or do you know of anyone who will be present there to speak on the impact of the livestock business on climate change?



I can't be there unfortunately, but am speaking with colleagues, and hope some will be in attendance. This is an important topic. You know that Al Gore introduced "An Inconvenient Truth" on a universal scale over 20 years ago, but it really did not address the effects of livestock farming on climate

change even though science indicates that the CO₂ emissions from the livestock industry – including the removal and clearing of property for growing the feed necessary for these animals – is more than that emitted from the entire transport industry.



Would you say that business in general is harmful to animals?

We are not anti-business; we are anti-cruelty. We are opposed to irresponsible and destructive business practices.



Q:

You have three farms in the United States: Watkins Glen, Orland and Acton California. In considering the effects of climate change on your business operations, we can see the abundance of rain here in New York, but California is suffering from one of its worst droughts ever. How are you handling this crisis? Water rationing just among humans has set off some serious, and dangerous repercussions [Sao Paulo, Brazil is an example]. I would imagine that if this extends on, that animal needs will definitely be secondary to those of humans. Are you experiencing any problems now? Do you have any contingency plans in the event rationing is next?

Our sanctuaries are relatively small in terms of the overall water we use. Of course, it can be a struggle especially during draughts and we are doing what we can to conserve, but I think what ultimately needs to happen, and Moby¹ is working on this, is to push for policies that stop subsidies for animal agriculture which are terribly wasteful and inefficient. We could feed ten times more people by growing and eating them directly, instead of growing plants and feeding them to animals who are then slaughtered.

I have seen slaughterhouses that use water in a way that seems to be purposefully wasteful. For example, there was a slaughterhouse using firehoses to herd calves to the kill floor. I think they did this for a few reasons. First, it was easy just to push the calves in this way and to rinse off feces and dirt at the same time. I think another reason is that this was to maintain a water allotment. By establishing a quota and showing their historical use, they can maintain access to a lot of water.

And they need to maintain that access and pay far below the market value for this precious and scarce resource. I read recently where some cities that needed water struck a deal with farmers to get water at a big markup. So I think the area that needs to

¹ An American electronic singer song-writer, vegan, and animal rights activist.

be looked at is animal agriculture. You have so much water that is used for animal food that could be more efficiently used for human food.

Q:

As science shows, methane gas – both a product of landfill waste and of buried cow manure – is more toxic than what comes out of a tailpipe. There are new technologies, however, used on certain dairy farms that capture the methane gas and use same for energy – much like other businesses are currently doing. So could it be argued that this sort of byproduct is not as harmful to the climate as many would think it to be?

It's less bad to capture methane gas than not, but it's far better to prevent excess methane from being produced at all. The best way to do that is to get away from raising animals for slaughter.



Q:

I am from Indiana where approximately 85% of the corn – and soybeans for that matter – grown is used to feed livestock. What would those farmers do in the alternative?

Grow corn or other crops for human consumption – that's what we are advocating across the board. It just makes sense for human health and animal well-being.

Q:

Several years ago, I wrote an article entitled “Benevolent Capitalism” for the *JVBL* and focused on the Amish, Ray Anderson of Interface Global [Atlanta], Bill & Melinda Gates, Trevor Field [Roundabout, Johannesburg, SA], and Duncan Goose [founder and president of One Water in the UK]. Through my interviews and research, there appeared to be a common thread which helped to shape who they were and what they were going to do in their respective business pursuits. This common element was spirituality or, in other words, the influence and impact of a religious upbringing. You note in previous interviews that the majority of mankind has the capacity for compassion and you have already mentioned here that you grew up in a Catholic household and attended a Jesuit high school. Do

you believe that what you have done and are doing is motivated or influenced, in any manner, by a sense of spirituality and a need to be a steward?

I think so. I grew up and was encouraged to be an engineer and make money, or even to go into the military service, but I didn't want to be a cog in the wheel that was causing so much harm. I had gone to Catholic school and was bombarded by moral messages like "Thou shall not kill;" "Do unto others;" "Helping the least of these" – those sorts of things struck a chord. The harsh tendency to judge was a turn off. I believe the environment and animals should be part of our sphere of compassion and concern. I remember seeing trees cut down as a child right across the street from my parent's house in the hills ... and this really bothered me ... as well as animals harmed by human activity. I felt that we were not behaving in a responsible way to the earth and to the rest of



creation...and I just did not want to be part of this monstrous machine and so in high school and college, I started looking for ways to make a positive difference. I learned about factory farming – the fact that it was causing so much harm to the animals, to people, and to the earth – and believed it needed to be challenged. It is an affront to creation and our own humanity. And all of us grew up unwittingly supporting it – eating animals without thinking about what we were doing. So we grew up eating certain ways because it was the norm and I came to see how bad becomes normal.



How old were you when you started to have these feelings?

I think we're all born with an innate connection to animals and the natural world, which tends to be indoctrinated out of us. When that tree was cut down, I was probably younger than 10. It was just a natural feeling. I was just generally bothered by the harm humans were causing because of our hubris, thoughtlessness, and carelessness – our basic failure to empathize with others. To me, it was not being kind to the least of these. Another one of those quotes I grew up with was "To whom much is given much is expected/required." And humans have a lot of power. Another resonant quote is that "absolute power corrupts absolutely." So we are in a position to have power and with that, I believe that we have been very irresponsible. The earth is suffering, as well as the animals, and so are we, and it doesn't have to be that way. In the U.S., we are an especially affluent nation, and use a huge amount of the earth's resources.



Where we represent approximately 5% of the world's population and use close to 25% of the world's nonrenewable resources...

*Exactly. I think we need to act more mindfully and responsibly. We are at an interesting time in our history. The book, *The Sixth Extinction*,² provides a real wake-up call.*



Like the “Death of Birth” – the first chapter of Paul Hawkins’ “The Ecology of Commerce?”

Exactly.



I’m going to read to you a statement previously issued by the United Nations in 1998 – actually, it is formally known as the U.N.’s Declaration of Human Rights and states:

"Everyone has the right to life, liberty and security of person." The declaration specifies dozens of particular human rights, including the right to be free from slavery, torture, and cruel or degrading treatment.... Do you believe that this should extend to animals and if so, why?



I would love to see that applied to animals as well. When we enslave others, we harm them and we harm ourselves. Animals have feelings and relationships and when we treat them in an inhumane way, it’s bad for everybody. For me, the vegan lifestyle boils down to our relationship with others and ideally, our goal should be to create mutually-beneficial relationships – with humans, with animals, with the earth ... and to live in respectful ways. Certain species are different than others, certain animals are different from other animals, and certain people are different from other people. So there are differences, but there are similarities as well, especially when it comes to the right to live, to not be enslaved, and to not be abused. I think that all life, all creatures deserve that.

There are prejudices ... beliefs that certain animals exist to be exploited in a particular way and that that is their station in life. Such beliefs lead to discriminatory practices and

² Elizabeth Kolbert, author.

certainly not to mutually beneficial relationships. Prejudicial beliefs allow bad things to happen and that leads to validations and rationalizations where we say things like “They don’t deserve any better.” Similar statements have been made forever about various exploited victims, along with notions like “That’s what they are here for” or “That is the natural way” and “That is the way it is supposed to be.” We should rethink such statements, and also consider that just because humans have done something for a long time doesn’t mean we should continue doing it.



So perhaps the question should be, “Is this how you wish to be treated?” Do you ascribe to the understanding that a cause or way of thinking can’t be preached, but can only be demonstrated by providing a model?

Yes, I do, as preaching to others often puts up the walls. Our goal is to knock down walls and open up hearts, and I believe modeling kindness and setting a good example are effective ways to do that.



Do you have qualms with small farms? I have personally studied various Amish communities. They all work as an integrated system. Everyone works. The milking starts early in the morning and the horse and buggy represent the mainstay mode of transportation. Occasionally, a cow is killed for meat. And these are not people who are making money; this is subsistence agriculture. These are not lavish lifestyles – everything is integrated. You talk about the re-emergence of the small farms versus the factory farm. Where does one stop and the other begin? In order to legislate clearly, a definition must be provided. Certain laws in the US only apply to “larger businesses” defined as having over 50 full-time employees. Would you have to quantify this for purposes of legislation?

We have not quantified it, but it has been quantified. The USDA defines a “CAFO” – Confined Animal Feeding Operation – as a specific number of animal units, for example. The way I define factory farming is more about attitude, and the way we relate to other animals and the natural world. To me, factory farming is an attitude that commodifies sentient life and sees animals in the natural world as mere commodities to be exploited for profit. Animals are treated as inanimate property, not as living, feeling creatures. Even in the case of small farms, which are not technically CAFOs according to the USDA definition, you have animals who are treated very badly and seen as commodities. This is not a mutually beneficial relationship. To me, the fundamental question is – is this a mutually beneficial relationship?



And looking just at the health aspects of a plant-based diet...sometimes, in some cases, perhaps the alternative is not feasible. For instance, substituting cow’s

milk for almond-based milk. Almonds, largely grown in California, are one of the most water-intensive crops. And soy-based milk – for those who have been diagnosed with breast cancer– the common medical advice is to refrain from having any soy-based products as they have the potential to stimulate the creation of new breast cancer cells. So you are going to have different folks with different considerations to take into account; they simply have different dietary restrictions.

There are various myths, beliefs, and prejudices that are perpetuated to maintain the status quo. I think that one of the reasons that almonds have been getting negative publicity is that almond production is increasing in California, adding to water demand, but plant farming is an inherently more efficient use of water than animal farming, especially when you consider water-intense crops like alfalfa which is grown to feed farm animals. We should utilize our scarce water to grow fruits, vegetables, and other plant foods instead of squandering it with animal agriculture. In terms of soy, there are different health experts who would have different opinions. Soy has been a healthful, nutritious part of the human diet for thousands of years, and that continues today, despite what its detractors say.³

Q:

I am looking at your work in influencing legislation. You seem to have been instrumental in banning the use of gestational crates in Florida and California in the recent past?

And in Arizona, too. First in Florida, and then Arizona, and then California. Each of those states banned the use of inhumane confinement devices for farm animals through voter



³ October 26, 2015 update: The research arm of the World Health Organization recently reported that meats, especially processed meats, are carcinogenic to humans.

initiatives.



In December of 2014, presidential candidate and New Jersey Governor Chris Christie banned a measure which would have prohibited these crates. Governor Branstad of Iowa, home of campaign kick-offs and the largest producer of pork, praised this measure, using the argument that people do not understand the raising of pigs and the propensity of sows to trample and kill piglets without this type of confinement. Without this ban, Branstad argued that the price of pork would be driven up. Your comments?

It's amazing how misinformed, or dishonest, these politicians are... Branstad is talking about a concern with sows trampling piglets? But this legislation only dealt with gestation crates, where sows are kept during their pregnancy, confined so tightly that they cannot even turn around. The legislation didn't pertain to sows after giving birth, so mentioning piglets is misleading. Unfortunately, industry power and politics triumphed here over societal values. This measure was passed overwhelmingly by the state legislature of New Jersey and over 90% of New Jersey citizens supported it.



Could you use Proposition 2⁴ that was offered to the citizens in California in New Jersey as well and try to make this more of a people's mandate there?

New Jersey does not have a similar initiative process ... unfortunately. So issues like this cannot be brought to citizens for a popular vote like we did in California.



Are you currently working in other states on legislation similar to this?

We are looking at several states ... the initiatives hit a high point in 2008 with Proposition 2 in California. We won that with a strong 63% "yes" vote. Since then, we've had a few initiatives started. And those were leveraged to make progress through the legislature. Like in Michigan, for example, where legislation was signed to outlaw veal crates, gestation crates, and battery cages. In the wake of Prop 2, several states have enacted restrictions on extreme confinement, and dozens of major food companies have implemented policies and protocols to require farmers to treat animals better.⁵

⁴ Also known as "Standards for Confining Farm Animals," this initiated state statute was approved on November 4, 2008, and prohibits the confinement of farm animals in a manner that restricts them from turning around freely, lying down, standing up, and fully extending their limbs. The law went into full effect on January 1, 2015.

⁵ Update: In September, 2015, McDonald's Corp pledged to phase out eggs laid by caged hens in its North American restaurants.

Q: Leveraging one's clout to ensure that perhaps other reliant or vendor businesses want to stay in good graces?

So the initiatives had created this movement and now the businesses are picking up. After the initiative was passed in Arizona in 2006, some of the largest pork and veal producers in the country announced that they would phase out gestation and veal crates. Business and market reforms are now under way, and these could have massive impacts over time.

Q: Public pressure?

Public pressure. It comes down to voting with our dollars. If the consumer is not going to buy it, producers will stop producing it. There is a growing demand for vegan products, and many opportunities for businesses in this arena.

Q: In 2006, you were instrumental in banning foie gras⁶ in the City of Chicago. But wasn't that repealed only a few years later?

That was really a power battle between Mayor Daley and the Progressive arm of the Democratic Party led by Alderman Joe Moore. Unfortunately, the more conservative Daley machine won this battle.

Q: How did you become involved in that?

I don't know exactly how it got started but we worked very closely with Joe Moore after we passed a law in the State of California in 2004 to ban the sale and production of foie gras.

Q: Wouldn't you think that Governor Jerry Brown would be on your side?

I think he will, and that he is generally better on these issues than most politicians.



⁶ Technically, duck or goose liver. The birds are forced-fed corn broiled in fat to artificially, and painfully, increase their size; a main entrée in French cuisine.



I was wondering with a new mayor – Rahm Emmanuel – who recently won an election runoff for his second term – that the opportunity might resurface?

It's possible, but there are currently no plans to revisit this issue legislatively in Chicago.



After having listened to some of your earlier speeches, I noticed the repetition of two main themes – “empathy” and “entrenchment.” And entrenchment was spoken in regard to habits and politics. When you look at both, don't you find an oxymoron?

There is often an inconsistency between our ideals and our actions; between our hopes and our daily behaviors. It's impossible to be perfect. You know that no human being is perfect. Just walking on the planet means we are going to cause some harm. But to me, being vegan is a way to live as harmlessly as possible and to live in empathy with others. In the case of animal agriculture, billions of animals are exploited every year and are subjected to extreme cruelty. Humans control every aspect of animals' lives from conception to slaughter. We exert complete control over the animals' lives and with that comes responsibility. When it comes to factory farming, we are not behaving



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responsibly. It is an affront to animals, and to our humanity. I've spoken with academics and experts on Catholic doctrine and have been told that from the Catholic perspective, it is not forbidden to eat meat if it is necessary for our survival, but it's not ideal. So it was formally recognized that it's not ideal. If we have a choice, it's better not to eat animals. That's the direction that I think things should go.



Do you think, then, that the first step is to educate the public that animals – particularly farm animals – are sentient, feeling creatures and should be respected and treated as such?

Yes, and I think that another important point to recognize is that killing and eating animals is a choice. It is not necessary. Unfortunately, most of us in this country grew up with the belief that animal-based food is essential for our health. This belief needs to be questioned and investigated. I have been vegan since 1985 and I know others who have been vegan long before me. If we can live without killing; that seems like the better choice to me.



Would you extend this philosophy to all animals?

For certain other animals, I think they do not have a choice. The lion needs to eat other animals to survive; they are carnivores. Humans can live well and thrive as vegans.



And for marine life?

Fish are sentient creatures and they have feelings too. It is better if we don't eat them.



But let's say that a country relies on marine life due to its topography. It lacks the necessary land to grow the plant food and must import the majority of its foodstuffs from abroad. This, then, requires a substantial CO₂ footprint due to the transportation needed.

There are many plant-based approaches to growing food that are more efficient, and less violent, than consuming fish or other animals. Vertical gardens, container gardens, and rooftop gardens could be used in urban areas, for example. And to raise animals, either on land or in the sea, you need plants, and it's more efficient to use the plants to feed humans rather than to feed the animals.



I am considering countries such as Japan and Korea – which are largely fish-based food economies and simply lack the necessary space and terrain to feed its populations. And this is even more so considering the nuclear contamination of Northern Japan due to the Fukushima nuclear disaster in March of 2011. But some fishing methods have been deemed cruel – especially as Japan’s whaling practices of continuous hooking until death have been in question.

I am glad that there is widespread concern and interest in protecting whales. However, there is often less consideration for other marine life. Numerous marine species have been decimated as a result. The key question for Japan and other countries is how to best feed themselves, and I believe that eating plants, both from the land and the sea, is the best way to do so.



So when you speak about our entrenchment in both our habits and our politics, I have to draw an example from the tobacco industry. For forty years, it was a struggle to bring the science of human health concerns to the forefront due to the political and economic power of that industry. We started with a ban on magazine ads – then billboards – then we had the Surgeon’s General message... and then, ultimately, it was uncovered in the mid-1990s, that the AMA⁷ was the largest owner of tobacco stock. This revelation appeared to have a substantial impact on public opinion. This was when the hypocrisy was exposed and the individual civil lawsuits began which were largely unsuccessful, but prompted many states’ attorney generals to bring suit against the big tobacco companies in an attempt to recoup Medicaid costs paid on behalf of its indigent citizens with tobacco-related lung diseases. The civil action was eventually settled. Yet the public seems to be continuously misled, especially when seemingly credible institutions and figureheads point us in a certain direction. These are people who we trust or who are credentialed. And now we appear to be doing this with big oil and the gun industry.

These are entrenched, powerful, political interests.



And now, when we look to the pharmaceutical industry– holding the largest number of patents – we want access to drugs as cure-alls. We have bought into this without seriously considering alternatives. Nobody wants to wait another 40 years like tobacco to expose the deficiencies, so how do you get the word out? What has been your experience with disseminating your message through social media avenues?

⁷ American Medical Association.

With videos of animal cruelty being seen and shared widely online, people are gaining a greater understanding. At the same time, many vegan recipes are posted and shared online. Access to information is increasing and when people know better, they can do better. Information empowers people to make choices more in line with their own interests and values. As this happens, we are going to see change. Pharmaceuticals have a lot of power and that power is entrenched in both our food and healthcare systems. Most of the antibiotics produced are fed to farm animals and then people develop heart disease from eating animals, and then they take pills and other drugs. Pharmaceuticals are making money on the front and back end of this wasteful, harmful system. Animal agriculture also uses enormous quantities of fossil fuel including in the form of petro-chemical fertilizers, pesticides, etc. So there is a dangerous alignment there... in entrenched interests. We need to shift from an extractive, destructive food system, to one that is more respectful, responsible, and regenerative.



Q: With regard to eco- or environmental labeling of certain products like “antibiotic-free” and “free-range eggs” – you have mentioned that this type of marketing sounds better than it really is and may even be characterized as “greenwashing.” Have you worked with Dara O’Rourke in the formation of GoodGuide⁸ ratings or the FTC’s Green Guides which both try to streamline and make uniform these supposed or claimed traits? And even more so – on an international scale – with the International Organization for Standardization (ISO) which also tries to make foodstuff claims universal in meaning?

We put out information on these marketing labels and it is online, but we have not worked directly with these organizations. There are also relatively new “B” corporations – again, a title that must be earned.



Q: Benefit – “B” corporations?⁹

Yes – I think so.



Q: And of course, there is the movement toward measuring a business’s “triple-bottom line” which goes beyond mere assessment of an entity’s financial gain and measures environmental stewardship and social responsibility standards as well. The United Nations-sponsored Global Reporting Initiative (GRI) provides metrics to help companies create their own baseline measurements. This helps to

⁸ Founded in 2007 by Dara O’Rourke, professor of environmental and labor policy at University of California, the GoodGuide provides economic, environmental, and social responsibility ratings of commonly-purchased products to consumers.

⁹ A “B” or a benefit corporation is a type of for-profit organization that is certified by individual states recognizing this type of corporation as one that produces a positive impact on society and the environment in addition to generating profit.

push companies to review their own practices and formulate goals for improvement. Publication of these reports is voluntarily done.

I think these are positive steps, and would be interested to know more about these metrics.



The company picks the level of questions to answer and the results do not provide the rating; the level of questioning (A, B, or C) does. So a company could conceivably be the worse polluter and/or labor oppressor in the world and still report on an A-rating scale. Those who do want to improve from their baseline measurements ensure that their reports are publically displayed to show improvements. Again, this helps them to set goals, but it's still a private initiative.

I think it's good to see how various companies compare with others in the industry, but sometimes you are just comparing bad and less bad practices.



Exactly.

With respect to “downed” animals¹⁰ ... I know that you have been very effective with federal legislation which prohibits using downed livestock for food. But do you know whether these prohibited carcasses are dumped by the affected companies into other countries?

I don't believe that this has happened but the industry can be pretty sneaky. Federally, we were able to ban the slaughter of downed cows – and we are still working to prevent other downed animals like pigs, for example, from being transported and slaughtered for food. I think the practicality of transporting downed animals overseas or to other countries is impracticable; the cost of transportation is probably greater than the income that would result. I think that dumping applies more to products like agricultural chemicals that cannot be used in the U.S. so are exported and dumped in other markets.



You have been asked in one of your presentations about using commercials to help spread the word, but you mentioned that that was largely cost-prohibitive. But with your celebrity power and your network, would it be feasible to get any donated time on the air? Several Humane Society commercials depict dogs and cats in deplorable conditions and appear to successfully open the public's eyes and stimulate their conscience. Would this not be equally beneficial for the sanctuaries?

¹⁰ An animal that cannot stand on its own – usually as a result of injury or illness.

We would love to do that, but from a financial standpoint it is very expensive. We have a great deal of public education to do and commercials could play a role in this, but we just don't have the financial wherewithal to do this right now. At this time, we are trying to reach people through online ads and YouTube videos.



As a nonprofit 501(c)(3) organization, Farm Sanctuary doesn't pay any property taxes, correct?

We don't pay property tax on much of our land, but do pay tax on land used for our B&Bs and a few other activities. We are exempt from some tax, and also pay tax. It depends on the state and the activity.



So with Farm Sanctuary in 3 places – Watkins Glen, Acton, and Orland – how much do you interact with the local communities?

We are one of the top attractions here in Watkins Glen, New York, and for

many years we have worked closely with different business owners, including the local franchise owner of Burger King, who started selling the veggie burger here in the early 1990s. Ultimately, this led to Burger King selling a veggie burger nationwide. Many of the other restaurants in town now offer vegan alternatives because of our visitors to Farm Sanctuary. So we have had a significant impact here in Watkins Glen, but in Orland, the impact has been less. However, in Acton, since we are very close to Los Angeles, we have been able to bring celebrities out to the farm and their visits have helped draw attention to our issues.



Jon Stewart referred to you as a “pragmatist,” and you have stated that while “nobody is perfect,” at a minimum, we should learn and reflect. Have you progressed as much as you had hoped to? Why or why not?

I am happy with the progress we have made, but we still have a long way to go. When Farm Sanctuary started back in 1986, I would be happy to know that in 2015 we'd have three farms and nearly 100 staff people and we would be able to enact state laws and

influence federal legislation and raise awareness as we have through the mainstream media. We didn't have projections for what we would look like 25 to 30 years down the road, but I am very pleased with the growing awareness and growing support for our work. We are now working in the midst of a convergence of issues, and working with environmental groups, social justice groups, and healthcare people. It's never been a better time to be vegan.



How would you describe your influence on college campuses, especially in terms affecting college curriculum, especially in the departments of business, economic, and law? Has your book been offered as a potential manual or text?

I would love to see us working more on college campuses.¹¹



Perhaps the *Farm Sanctuary* books could be offered as eBooks or other supplemental texts? Do you think that this might begin to help change a mindset, especially with respect to young people?

Yes. I think we would be very interested in this.



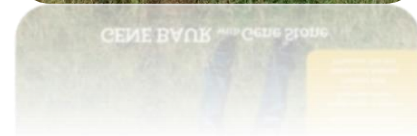
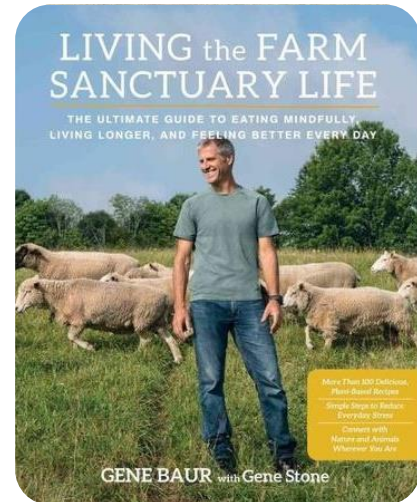
Let's talk about the costs entailed in running these farms. I would imagine that the vet fees alone must be incredibly high?

Yes – the costs are substantial for running the sanctuaries. But part of what makes us who we are is that we do care enough to give individualized treatment to animals and to provide the best care possible.



Would you consider partnering with universities to provide student internships?

Yes, and we actually have an internship program already in existence.



¹¹ Update: Baur recently accepted an associate appointment in Health, Behavior, and Society at Johns Hopkins Bloomberg School of Public Health where he will be involved with evidence-based work on food and farming issues related to public health, the environment, and animal welfare.



If there is ever a 4th Farm Sanctuary, would you consider partnering with a university or college? Perhaps one with a medical or vet school to attract students to donate some of their time?

We always look for ways to engage and partner with aligned individuals and institutions.



And the cost of maintaining a vegan diet? Isn't it prohibitive for so many people?

It does not have to be expensive. There is even a book out called "Eat Vegan on \$4 a Day"?¹² Eating berries and other fresh produce in season is another good way to eat affordably.



John Mackey, CEO of Whole Foods, wrote a controversial op ed in 2009 in the *New York Times* which essentially stated that people were responsible for their own state of health, whether they were born with a particular condition or not. He decried the passage of the *Affordable Care Act*,¹³ calling it fascist. Of course, shortly thereafter, he back-peddled when the tide of public opinion turned against him. I know you both strongly advocate healthy eating. But when it comes to the gentrification of especially our urban areas, you are not going to find a Whole Foods, or even a farmer's market, in poorer neighborhoods – certainly not on the South Side of Chicago or in Gary, Indiana. They are typically confined to upscale neighborhoods.

There's a guy in the Bronx who runs Green Bronx Machine which is making plant food accessible in traditionally underserved communities. He's a teacher at a school where they had around a 40% attendance rate. After he started working with the kids to grow plants, attendance rose to over 90%. It's so encouraging to see these kids empowered by this activity. Some are now spinning off entrepreneurial enterprises like going to the Hamptons and planting edible landscaping. There are enormous opportunities for programs like this.

People learn from those around them and when there are positive models, they tend to be replicated. However, if role models aren't eating well or growing plant foods, you don't know that it is even a possibility! I envision champions for healthier, plant-based lifestyles emerging in various communities, including in churches. I could see community meetings every weekend after church where somebody buys a 50-pound sack of beans and another buys a 50-pound sack of rice, doles it out very affordably, and has instructions on it ... "you soak the beans" ... and "dry the beans," maybe even

¹² Jones, Ellen Jaffe (2011). *Eat Vegan on \$4.00 a Day: A Game Plan for the Budget Conscious Cook*. Summertime, TN: Book Publishing Company.

¹³ Also known as "Obamacare."

prepare meals together. People are social creatures and need to have positive examples and models.



In your book, I don't remember seeing anyone of color. So I am wondering that when you look at those sectors of folk who really need this education about sentient creatures, I think of the South Side of Chicago where it is not abnormal to lose several people to gun violence each weekend. And that is a normal weekend. Human survival is the name of the game. But several years ago, a couple CPS¹⁴ schools began offering summer remedial programs and brought in shelter dogs for the students to care for. And now with the student having complete domination over something else and caring about something else, attendance and graduation rates are on the rise. So can the farm sanctuary either give scholarships to inner city youth to come out to the sanctuary to spend a week or take elements of the farm sanctuary into the inner city classroom?

We have had inner city kids come to our farms, but there is much more we could do. We have not provided scholarships, but it's worth considering. I like what Bronx Green Machine is doing and would love to partner with them somehow.



I agree because that is the mentality that must be addressed. It's the young people and the people at risk, the most marginalized, the youth – where violence is second nature. In a past presentation, you posed the question of the mentality of those people who work in slaughterhouses on a regular basis; where killing becomes rote or a routine act. Could you compare this mindset to, let's say, a returning war veteran suffering from PTSD?

Absolutely. Farm Sanctuary is a place where traumatized animal victims' lives are transformed. It is also a place where people's lives are transformed, and I would love for us to help heal war veterans and others who have experienced violence and killing. Killing and violence should not be the norm.



¹⁴ Chicago Public Schools.

The sanctuary is a place of healing for animals and people.



The farm sanctuaries allow rescued livestock to “live out their natural lives.” Since the sheep are shorn at least once a year, couldn’t the wool be used for making apparel? So many other synthetic alternatives are petroleum-based and/or manufactured overseas in sweatshops, and shipped back along long transportation routes. And other animals used for food do not have to be grain-fed. Cattle could roam and eat drought-resistant prairie grasses. Deer eat the under-brush. Goats eat anything. And upon their natural death, couldn’t the cow hides be used to make products? Even human beings contribute to the wellbeing of others by being organ donors.

We have been careful to demonstrate that these animal are our friends, not our food, and that we regard them as members of our family. The goal is create mutually-beneficial relationships with animals, and to provide a positive example for people as our animal friends become ambassadors. People usually want to be kind to animals but don’t think enough about the killing that is needed to put them on the table or about the harms with other industries like dairy, egg, and wool production. When animals are seen primarily as sources of food, fiber, or other products, there is a tendency for the relationship to be exploitive. Is the animal a friend or something else? That’s the key question.



And how about shearing your sheep? This is done here at least once per year?

We have to shear our sheep because they have been bred by the industry to grow a lot of wool. They would overheat and be uncomfortable if we didn’t shear them.



So why couldn’t you use that?

Well, that’s a very interesting question. Technically, that wool does exist. We have been reluctant to use it because we don’t want to set an example of taking anything from the animals. Instead, we spread it out in the field to let birds or other woodland animals gather it for nests and bedding. We did make an exception after the Deepwater Horizon disaster in the Gulf when we sent boxes of wool for oil-spill cleanup.



But when you look at our own garment labels many may say, “Made in India” or “Made in Pakistan” or “Made in Costa Rica” ... many of those imported garments involve child labor and a trans-Pacific voyage. So if you already have wool to make garments...

I think that it is important to seek out sustainable alternatives. It is important to research where your clothing comes from and how it was made when living this lifestyle to try and avoid supporting irresponsible, exploitive companies.



And how about the cows that die naturally – could you use their hides?

Once they're dead, there's that body that will be decaying and it will be eaten by someone ... by bugs or by other animals. The challenge with that is, again, the respect for that animal. Using their body parts raises some uneasy questions. And these animals were the few lucky ones that were rescued. We don't look at them as resources, or parts. In a bigger sense, all of our bodies are all ultimately resources that go back into the earth, but the animals at Farm Sanctuary are symbols of something else.



Many people today – especially business students and entrepreneurs seeking to embrace a code of ethics – relate to certain life philosophies. One – as you mentioned at the beginning of this interview – is Utilitarianism. The basic premise of utilitarianism is, as I understand, that “right” actions maximize utility and generate benefits, or, in the alternative, minimize pain and unhappiness. An important aspect of this philosophy is that the interests – and consequences – of all parties involved in a particular situation must be taken into account. Is this a philosophy that could be applied to the rights of animals?

To some extent, yes. It is very pragmatic; it is very logical. Peter Singer has articulated it well and I think he does a good job speaking about prejudices that exist and challenging certain assumptions people have. I'm kind of a hybrid between a utilitarian and the ecofeminist philosophers who see us more as part of a web. Utilitarianism tries to quantify pain and suffering which is pretty hard to do. It seeks to quantify qualitative characteristics, which is challenging. I apply some utilitarian thinking so that if someone is going to eat animals, and if they choose not to eat one species, I understand how not eating chickens means saving more lives than not eating cows since cows are so much bigger with more meat per life. They're very logical. I sometimes apply utilitarian logic in response to the question about whether plants experience suffering by saying that if plants do suffer, the best way to prevent that problem is to eat plants directly because when you eat animals, it requires a lot more plants to be killed to feed the animals. I also respond to that question by saying: if you have children, and you want to teach them about food, taking them to a berry patch to pick strawberries is a very different experience than taking them to a slaughterhouse to watch animals being killed. That is more of an experiential approach, and less of a utilitarian approach. To me, it really is about relationships and whether they are beneficial or not.



Animal rights activists have often been grouped into one of two camps: animal welfarists (“larger cages”) and animal activists (“no cages”). The US Human Society and Temple Grandin have usually been identified as animal welfarists whereas members of PETA¹⁵ have been historically known as animal activists (yet Temple Grandin did win the PETA award in 2004). Do you find yourself gravitating more toward one camp than another?

Personally, I am a vegan and technically an abolitionist. I am also pragmatic and recognize that change takes place over time. When people ask me, are you an animal rights person or an animal welfare person? I say both. I don't think these labels, and the division they've created, are helpful. To me, these issues exist on a continuum, and different people occupy different places on that continuum. One of Farm Sanctuary's values is that we speak to people where they are on their own journeys, and ultimately encourage people to take steps toward compassionate, vegan living. Animals should not be exploited, but they are being exploited. That's the fundamental problem. For the animals who cannot be rescued, less bad (e.g., bigger cages) is better than more bad, and I support efforts to lessen suffering. Small steps often lead to more steps, which can lead to huge changes over time. If someone is eating meat 7 days a week, for example, and they start with a “meatless Monday,” that's a good thing. So I look at where somebody is on the journey and the direction they are going, and if they're going in a positive direction, I want to encourage them to continue on that path.



Do you think we go further as several businesses have done and become restorative?

There is the term “sustainable agriculture” and instead it could be “regenerative agriculture.” It's just not about sustaining; it's about restoring and improving since we have made such a mess of so many things.



And that appears to be what you are doing. Aim for the top and project restoration. If you set the bar too low, some would say about small changes, “Well, that's good enough.”

Every positive step is worth encouraging, while also recognizing that we can do more to create kindness in our world. It's important to empower and inspire, and ultimately to accelerate change.

¹⁵ People for the Ethical Treatment of Animals.

A Series on Values-Based Business and Stakeholders Management:

Case Studies and Interviews

Banking Industry and the Future: A New Paradigm

DR. SHASHANK SHAH
VISITING SCHOLAR, HARVARD BUSINESS SCHOOL, USA



Introduction to the Interviewee

Prior to her entry into India's political system, Meera Sanyal directed her time and talent to consumer, commercial, and investment banking space for three decades. She started her career in 1984 with Grindlays Bank PLC (now a part of the Standard Chartered Group). In 1987, she joined Lazard as Head, International Finance and Advisory Services. She joined ABN Amro in 1992 as Head of Structured Finance and was responsible for setting up the Corporate Finance and Project Finance business in India. In 1997, she took over as Head of Corporate Finance Advisory for Asia (based out of Singapore) and was in charge of several restructuring mandates to build profitability post-Asian crisis. As Chief Operating

Officer (COO) for India in 1999, Meera handled the integration of Bank of America's retail operations and implemented novel core banking and internet platforms for the consumer bank. In 2006, Meera became the Regional Head (Services) for ABN Amro Bank Asia where she administered the operations, information technology, and corporate services for 16 Asian countries and ACES, a global-shared services BPO launched in 2001. Prior to the merger of ABN Amro Bank with Royal Bank of Scotland (RBS), she was Chairman and Country Executive for ABN Amro Bank. She has also been associated with the apex industry bodies in India and was a Member of the National Executive Committees of Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industry (CII).

Meera Hiranandani (maiden name) is the daughter of a very distinguished Indian Naval Officer, Gulab Mohanlal Hiranandani, credited with the ideation and success of *Operation Trident*, the crippling Naval attack on Karachi during the India-Pakistan War of 1971. While she spent her childhood in many different coastal towns and cities of India, she completed her graduation from Sydenham College in Mumbai in 1982. With a desire

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to get a European experience in higher education, she pursued her MBA from INSEAD, France in 1983. She is a Fellow of the Chartered Institute of Bankers (UK), and an alumnus from the 2006 batch of the Advanced Management Program at Harvard Business School, USA.

In addition to her leadership roles in the Indian Banking and Financial Services industry, Meera has always had a heart for social and cultural commitments. She has been associated with many social and educational institutions in the NGO (non-governmental organizations) space. She is a Board Member of Pradan, AIESEC India, and Liberals India for Good Governance – the Indian Liberal Group; and Member, International Board, Right To Play (a global NGO that uses the transformative power of play to educate and empower children facing adversity). She also serves in the Supervisory Board of Jai Hind College, a leading college in South Mumbai. In 2011, Meera was invited as the sole Indian representative by Secretary of State Hillary Clinton to join her International Council on Women’s Business Leadership (ICWBL). During her three- decade long career in the banking industry, she had been invited to address many prestigious conferences including the Climate Summit in Copenhagen, Women of the Future Summit in the UK, Nikkei Summit for Asian Women Leaders in Tokyo, and the Global Competitiveness Summit in Seoul.

As seen from her track record, Meera has been a seasoned banker. And yet, she has been able to invest her time and passion to make a positive difference in societies where she worked. While at RBS, she chaired the RBS Foundation and mentored its Microfinance program that financed over 650,000 women in rural India. She also focused on issues of women’s empowerment and economic independence. To serve this mandate, the Foundation provided livelihood assistance to 75,000 female-led households in threatened ecosystems in and around India.

Throughout this interview, we are able to see two very distinct facets of Meera Sanyal. The first is that of a prudent banker, groomed over many decades of hands-on work in the industry. The second one is of a thoughtful leader, who wishes to make substantial contributions towards the lesser privileged members of her fraternity and inspire similar efforts through her peers and collaborating institutions. She foresees the banking industry and the corporate world at large increasingly playing this dual role in the future. The balancing act between profitability and social capital formation would be vital, as one without the other may not be sustainable. Though she has received education from some of the best business schools in the world, her style of leadership is rooted in the Indian cultural and social context. She challenges some of the established notions about the role of banks and the strategies used in order to meet targets and growth. In fact, she suggests a new approach to management and leadership that is focused on empowerment of the populations at the base of the pyramid, one that is sensitive to ecology and the precious resources with which nature has endowed mankind. While Meera Sanyal currently heads the Policy Research and Analysis Group of the Aam Aadmi Party (a regional political party in India), at the time of this interview, she was the Country Head of Royal Bank of Scotland (RBS) India.

The Interview

Banking Industry and the Larger Ecosystem

1. In your opinion, what is the basic purpose of an Organization in the banking and finance industry?

I think banking is a very important enabler for all economic activity. The real purpose of banking is to channelize savings at an individual level to being put into productive use for the community at large. Banks play that very important intermediary role. Because by human nature we work hard, we like to save for a future date, and the alternative to having a healthy banking system is basically keeping that money under your pillow, which means it does not come into productive and gainful use. If it goes through a banking system and it is used by the community for other productive endeavour, I think that is the true role of banks.

2. In your opinion, what are the critical success factors (CSFs) for an Organization in the banking and financial services industry?

What has happened with the banking and financial services industry is that we have started having a very short-term focus, on the next quarter's profitability. And a lot of that profitability is directed only at one stakeholder: the shareholders. But if one looks at this larger purpose of banking, then what you should truly be measured by is the progress of that community or that society in which you work as a whole. And I would actually say that a lot of the dissatisfaction we are seeing towards banks and financial services industry is because this industry as a whole has not taken that into account. I would also widen it and say that it's not just economic returns to the community that we need to look at. We need to look at a broader context, we need to look at other indicators of that society. And even though it is somewhat an esoteric concept, I think the concept that is used by Bhutan, in terms of Gross National Happiness,¹ is a very interesting concept for us to look at, because it looks at a variety of parameters which are beyond merely economic parameters. So for example, it looks at the environment, the health of the environment, the quality of air and the quality of water, and all of those things which are important and essential to us as human beings, but also to other beings on this planet. And so my sense is that if you truly want to judge the success of any organization, but also of banks, then we should look at the economic, but also other progress and health indicators of the community in which we function.

3. What are the CSFs for the head of such an Organization?

In my own objectives each year, there are financial objectives which we all have to meet, but there are also objectives in terms of strategic progress. How do we define our

¹ The King of Bhutan, Jigme Singye Wangchuck, floated the concept of Gross National Happiness (GNH) in 1972. He used this phrase to signal his commitment to building an economy that would serve Bhutan's unique culture based on Buddhist spiritual values. GNH value is proposed to be an index function of the total average per capita of the following measures: economic wellness, environmental wellness, physical wellness, mental wellness, workplace wellness, social wellness, and political wellness.

strategic progress? What is it that we are going to be doing? There are objectives in terms of the people within the organization, very important objectives in terms of customer satisfaction, do we meet those customer objectives? But in my own objectives is a very important element, which I put under my personal objectives, which are related to the work of the RBS Foundation. We have a Foundation in this country (India) and we work basically in providing alternative and additional livelihoods to women across the country. That has been our focus. And the areas in which we work are basically threatened ecosystems. The reason we do that is because the environment also is personally important. Also, some of our poorest and most disadvantaged people are tribals who are living in these forest areas. And so by the projects we do there, I would like to feel that we are making a double impact. We are making an impact on poverty, and also on the ecosystem. And in my own objectives, this has been a very important area.

Example: Visits to Villages

I have now taken it one step forward because I found that it was all fine just being a head of a foundation and going out for one day to visit it. I felt it required a deeper engagement and a deeper understanding. I have worked with this organization (ABN Amro Bank, which later got acquired by RBS) for 20 years and have a lot of accumulated leave.

So I have drawn down on that and taken two and a half months of leave and have been travelling through the villages of India. April, May, and early part of June (2012), I was in the villages. Now since I can't take such long periods off, I'm taking one week off each month. So two weeks ago I was in Ladakh. Later this August (2012) I will be in Tamil Nadu. So I will continue my journey to really understand what is happening on the ground, and whether our interventions are making any impact? Can we do things differently?



4. What role does Corporate Governance play for organizations in the banking and finance industry?

I think governance plays an important role in every field of life. It plays a role in how you manage yourself, it plays a role in how you manage your family, it plays a role in how you manage your organization, how you manage your housing society, it plays a role in everything. I think when we use it as a word we use it as rules and guidelines. It really boils down to some very simple things.

- **Treating Customers Fairly:** First of all, you should treat others as you would like to be treated yourself. So as far as that concerns banking, I think that really boils down to treating customers fairly. Have you treated the customer the way you would like your mother to be treated? The way you would like your child to be treated? It really boils down to that.
- **Use of latest technology:** Beyond treating customers fairly – are you making use of the knowledge of the latest technology to provide the best possible service?

I think it is two sides – one is just treating people fairly, but the other is how can I help you? Banks can be a very powerful enabler. The base line is that you must treat customers fairly, you must be honest, you have to have good practices, you should not cheat anyone. But beyond that, banks are an enabler, how do we go out and how do we make the lives of the people in our community and the lives of the people who work with us, better? Those are the two things we have to look at.

5. Does your Organization put pressure on customer organizations to insist that they improve their Corporate Governance practices? I have read that RBS India lends a lot to MSMEs. Are any minimum pre-lending requirements in place?

Let me start at a very high level. There is a set of principles globally which is called the Equator Principles.² As you know RBS was earlier ABN Amro. And ABN Amro and RBS both were founder members of the Equator Principles where they applied what they called ethical, social, and environmental filters to all of the large projects we were lending to. So, for example, if you go into mining and hydro-electric power plants – in the 1980s and 1990s, as the initial protest started against these, it became clear to many people that if you lend to a project which does not have community support for whatever reason, then the project is going to get delayed, and as a banker you will lose money. It's very straight forward. So a group of banks got together and formed these Equator Principles. I think I was very privileged to work with some people within ABN Amro who had drafted this, and I found them to be extremely sensible. So within the bank, within RBS today and within ABN Amro earlier, we adopt these principles. So that's on the large scale.

If you come down to our regular lending to corporates or to small enterprises or to micro enterprises and the entire scale, what is becoming extremely clear is if the organization is well-governed itself, it's a good credit risk. If it is not well-governed, it is going to be a bad credit risk. So we started at the very top, but you can go also to micro-enterprise and the crisis we are now seeing for example in Andhra.³ What is the genesis of the crisis?

² The Equator Principles is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects. It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.

³ From the year 2010, the microfinance sector in the Indian state of Andhra Pradesh was marred by a series of mishaps that occurred due to extensive lending. These resulted in over-indebtedness and ultimately defaults. Lending institutions resorted to coercive measures for loan recovery that led to suicides amongst borrowers.

There has been over lending to a very poor woman, who may not have the ability to manage it correctly, and also does not have the earning capacity to repay these multiple loans. But at that very basic level there has been a failure of governance. Of course, institutions lent excessively, but at that level, and our women are very sensible across the country, that woman was persuaded, because I don't think any woman really makes such a foolish decision herself. She was persuaded by the people around her that it was alright to take this and it did not matter if she did not repay now. So what you have is a failure of governance at that level. And wherever you have a failure of governance, you will have a failure of credit risk, it's very straightforward. So as part of the credit process, it is incumbent that you look at what is the governance of that. And someone I respected a great deal in banking, who unfortunately died in the 26/11 attacks,⁴ Mr. Kapoor,⁵ always used to say to us when we were young bankers. He said, *"When you make the loan you must always look at two things, one is the ability of the borrower to repay, but you must also look at the intent. You must sit across the table from who is borrowing from you and look into their eyes, and make a judgement, is he planning to repay or not? It does not depend on your income level. Some of the richest people are dishonest, and some of the poorest people are honest."* And as I have gone around this country in the villages, this I will tell you, India has no problems. If we rely on the hearts of the peasants of this country, we are in very good shape.

6. Today, organizations are almost forced to a short-term, quarter-to-quarter approach vs. a long-term approach aimed at mission accomplishment. What are your views on this?

I think the real question goes down to: What is your goal? I read a beautiful book called "The Living Company" by Aries De Gues. It focuses on a very significant question: What is a company? What is the role it plays? What is the life of a company? When you come to the question of quarterly forecasts, actually what is the horizon of any financial institution, bank or any organization for that matter? I think that is really a question that is a two-way question. I think it is a question we have to ask of the society. It's also a question we have to ask of the leaders of organizations. If society as a whole, of which media and analysts and everyone is a part, believes that the short-term goal is what has to be delivered on, then you are forcing organizations to behave in a certain way, because they will have to live up to that expectation. It doesn't matter how farsighted the leader of an organization is, he or she will be out of the job unless he delivers the quarterly result. It's very straightforward, right? So if society as a whole has that demand on an organization, then you will have to have a short-term focus.

⁴ Between November 26 and 29, 2008, 10 members of the Lashkar-e-Taiba, an Islamic militant organisation, carried out a series of twelve coordinated shooting and bombing attacks across the city of Mumbai. Ajmal Kasab, the only attacker who was captured alive by Mumbai Police, later confessed upon interrogation that the attacks were conducted with the support of the ISI, Pakistan government's intelligence agency. Over 160 people were killed and more than 300 wounded in this attack.

⁵ Ashok Kapoor was killed in the terrorist attack in Mumbai on the 19th floor of the Trident Hotel. He was the Non-Executive Chairman of YES Bank, a leading private sector bank that he helped establish in 2004. Prior to his role at YES Bank, Kapoor worked in senior positions at Grindlays Bank and ABN Amro. He was the Managing Director of Rabo Bank India.

I think increasingly society is getting split. There is that “old world” of analysts and the media who are all focusing on this. And there is the “larger world” of citizens’ movements, of the occupy movements, who are saying that it does not work for us. We’re demanding “other things” of organizations. It hasn’t exactly been crystalized what those “other things” are. And I think the real issue has been that over the last several decades, since the large, great depression, financial capital has been in short supply and therefore has commanded the highest premium. This also reflects in jobs. So investment bankers get the highest pay. Why? Because that was regarded as the scarce commodity. I think in the world that we’re moving into, financial capital is no longer a scarce commodity. It will gradually be treated on par with other things. The question is what is that scarce commodity? And my sense is that it is going to go down to things like ethics, values, environment, clean air, clean water, basic human contentment and happiness. So it’s basically the evolution of society from something very short-term to something in the long-term. Till that transition takes place, organizations will have to juggle the balance.

Stakeholders Management and the Real Issues

7. What is the role of the Organization Leadership in a stakeholders-focused Organization?

The role of leadership is important for everything, not just Stakeholder Management. Once again, I think a lot depends on the leadership of the organization. But a lot depends also on the owners of that organization. That is a reality. No matter how inspired or brilliant a leader you might be, the people who give you that mandate, if it is the owners of the company who are giving you that mandate, then you will be guided by them. If it is the Board of the company giving you that mandate, it will be guided by them. So you have to see where you are getting that mandate from. I think that is also true of the politics of a nation. So we blame our leaders, but the question is: Who has given them the mandate? It is the mandate of people. So it’s again a balance between the two.

8. RBS India emphasizes the need to enhance employee engagement by involving employees in community investment initiatives in a variety of ways. What has been their experience?

One of the things which we discovered quite early in the day was that there is really nothing much to distinguish one bank from another. So from an employee perspective whether you work with bank “x” or you work with bank “y” – typically it boils down to how much “x” pays you vs. how much “y” pays you. But increasingly what I found among our younger staff who would come here is that a lot of people would come to me and say, “You know Meera, we’ve got a better job offer.” So I would say, “Okay, I’m very sorry you’re leaving.” And they would say, “No, but we’re not leaving.” So I would say, “Why are you not leaving?” So they would say, “We like it here,” and I say, “Why do you like it here?” A lot of people just said, “We like the atmosphere here, we like being here, we like this and we like that.” But a lot of other people said, “We like your values, we like what RBS stands for.” And when I said, “What does that mean?” A lot of people identified it with the work of the foundation. So if you as a bank do good things, then we

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as people like to work with you because we are good people. That is the implicit message I get.

Example: The Magic Hands Project at Sunderbans⁶

Within the foundation we started a program which was called “Magic Hands.” This was meant for employees who want to volunteer, and get engaged in what we are doing. It started with our existing project in the Sunderbans. When we went there, I asked our partners, “*What is it that our employees can do?*” This was when we had started the Magic Hands Project. They said that one real problem we have over here is medical facilities. Apparently in Sunderbans, which has a population of about 3.5 million people, there is no registered medical practitioner. So the partner organization, even though what we’re doing is livelihood enhancement, also has medical camps. So he said, “*Why don’t you send your people for the medical camp?*” So I thought about it, I said this does not sound like a very good idea, because we have bankers, and not medical students with us. So then he said, “*What can your bankers do?*” He put the question to me. So I thought about it and said, “*So what is it we are doing here?*” As bankers, we should be able to measure what we are doing. So what are we trying to do? We’re trying to lift the economic indicators of the communities where we are working, wherever these villages are. Therefore, we should be able to do impact assessments. We should say what was the baseline when we went in? What is the mid-term? And where have we reached? And in some cases you will succeed, and in some cases you will fail. But that information, just as you are doing in your post-doctoral research, is of value. So we can know the interventions that are successful and those which need to be improved. So over the last three or four years, we have been training people in impact assessments both for bio-diversity and for poverty assessments. And our people have been going out into the field and doing this across the country. Equally that’s what I have done myself. To go and spend time there, see and understand. As an organization, we give four days of paid volunteering time in a year to our staff to go. Of course we pay for them to go by train and whatever it is to stay there, the accommodation is modest. And it is evaluated, and taken into account in the appraisal, but in an informal way. Certainly what counts will be your objectives for the year. We are not yet at a stage where we can say, “*It is wonderful that you spent all this time but by the way you still have to deliver on your performance objectives.*” So it is this and that, and not this or that.

9. Has the involvement from the employees been wholehearted? You said they are given four days off a year for such activities. Is it voluntary?

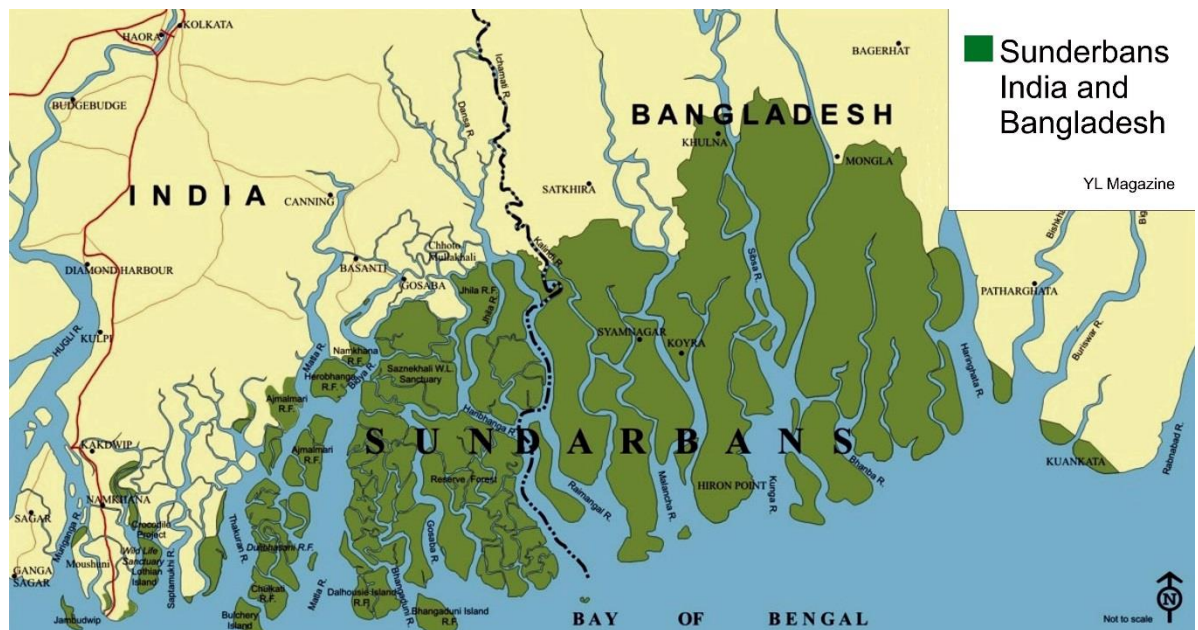
It is completely voluntary. What I have found which is really important to me personally is that over the years, I’ve experienced that people who care deeply about their families, who care deeply about their communities, will also be the same people who deeply care about their clients and their organization. I have found that our best employees are

⁶ A UNESCO World Heritage site, the Sundarbans is a natural region in Bengal region comprising Bangladesh and Eastern India. It is the largest single block of tidal halophytic mangrove forest in the world and covers approximately 10,000 square kilometres (3,900 square miles) of which 60% is in Bangladesh and the remainder in India.

those who have this interest in life, in community and society. So there is a link between social sensitivity and business performance.

10. RBS India has spearheaded a number of initiatives for financial inclusion. The Microcredit Business, Microfinance Technical Assistance, and the Livelihood Support are among the major initiatives. You are also the Chairperson of FICCI's Financial Inclusion Committee. Through these initiatives, do you think RBS India has been able to make a substantial contribution to the originally targeted communities?

There are many and I've been putting them out on Facebook and Twitter. I've done some blogs also. There has been strong and real impact, there's no question about that. Some projects have not worked as well. So I would say our success rate is 70-80 % which given the areas we work in I'm quite pleased. We have done some very good work with "*Pani Panchayats*"⁷ in Gujarat. Our partner organization there is DSC. I have mentioned the Sunderbans Project. There is really superb work going on. Remember, each one of us is only a drop in the ocean, the ocean is a wider one. Many of the things which we have achieved may only affect one or two or three villages. But they can be a catalyst for others.



Example: The Mangroves at Sunderbans

We went into three villages in the Sunderbans area. As an associated activity we wanted the children and women not to go into the estuary.⁸ Basically they used to do prawn-seed cultivation. So we gave them these alternatives and we only took a commitment – Don't

⁷ *Pani Panchayat* is a voluntary activity of a group of farmers engaged in the collective management (harvesting and distribution) of surface water and groundwater (wells and percolation tanks).

⁸ Estuaries form a transition zone between river environments and maritime environments. It is a partly enclosed coastal body of brackish water with one or more rivers or streams flowing into it, and with a free connection to the open sea.

send the women and children into the estuary. It's bad for the environment, but it's also bad for them. Every family we met had lost someone either to a snake bite, or to a crocodile bite, and one or two cases also to tigers.⁹ With skin infections, the children don't go to school. So we said, "*Please don't send them into the estuary.*" We couldn't set up a school, so we didn't say, "*Don't do that.*" We just said, "*Don't send them there, we'll leave you an alternative.*" As an associated thing, we said we wanted to plant these mangroves, because that was good for them. So we paid them and set up nurseries. It's a long story but I'll just go to the end of the three years. After three years I visited the village. It had been hit by the cyclone Aila.¹⁰ We had planted 150 hectares of mangroves, nevertheless 100 hectares survived after the cyclone. And the villages where the mangroves survived had a lesser impact of the cyclone. One of the happiest moments of my life was when we were walking through the village, and suddenly I saw a school, a simple school, just a tin roof, and lots and lots of little children, wearing uniforms, no shoes, spilling out of the school. They all came and greeted me. I could not remember this school being there three years earlier. I said, "*Where has this school come from? It was not here three years ago.*" So they said, "*This is our school*". So I said, "*Yes, but who has set it up?*" They said, "*We have set it up.*" I said, "*How have you set it up?*" I was told that there had been a rich NRI who had given some money. The villagers had put their money also and hired the teacher. Their children were now going to school; those children who are otherwise in the estuary. We never funded the school at all, but the villagers now had an alternative, and had done something. I call that real impact.

There is something even better that happened. A French company called "Danon" was trying to offset its carbon credits in France. They are also very active in Bangladesh and doing very good work with the Grameen Bank.^{11 12} So they came into the Sunderbans area, saw our project, and felt that it could be used to offset carbon credits. They are now working with the same partner organization and planting 6,000 hectares.

So we are like a stone. I think all our efforts, yours and mine, are just like a stone in the pond. We don't know where those ripples will go and what they will affect. So it is like that with the foundation. And as I said, I really wanted to see myself, how the impact of the Foundation is happening. And as I have gone through, I have seen not just what we are doing, because we are only one organization. In this country there are many

⁹ Sundarbans is a Tiger Reserve. The 2011 tiger census estimated a total of 270 tigers in this region. Every year around 50 people are killed in tiger attacks.

¹⁰ A relatively strong tropical cyclone, it caused extensive damage in India and Bangladesh between May 23 and 29, 2009. According to official statistics, over 330 people were killed, more than 8,200 went missing, and about one million people were rendered homeless by Cyclone Aila.

¹¹ A Nobel Peace Prize-winning microfinance organization and community development bank, it was founded in Bangladesh in 1983 by Professor Muhammad Yunus from the University of Chittagong. The Bank makes small loans to the impoverished without requiring collateral.

¹² Danone Foods collaborated with the Grameen Bank and started a social enterprise "Grameen Danone Foods Ltd." in 2006. It has been designed to provide children with many of the key nutrients that are typically missing from their diet in rural Bangladesh. A yogurt called *Shokti Doi*, is one of their very famous products. Its journey has been studied in a Harvard Business School (HBS) case study by Professor V. Kasturi Rangan, Co-Chairman, Social Enterprise Initiative at HBS. It is available at: <https://hbr.org/product/grameen-danone-foods-ltd-a-social-business/an/511025-PDF-ENG>

organizations doing outstanding work. India is really in good shape. For all the negativity we see, there is a lot of positive things.

11. You have been nominated to TERI's¹³ Business Sustainability Council. In one of the interviews you said, *"We must strive continuously to understand the role of business in tackling the critical issues of human development and environmental sustainability in developing countries."* In the Ethics Conference¹⁴ you had said, *"What we do with our environment, and our generation is drawing on a debt for future generations which we know we cannot repay. This is an ethical dilemma which we have to deal with and deals with the issue of consumption as well."* What is the way out of this dilemma? How can banking and finance organizations contribute to sustainability issues?



Meera Sanyal (far left) at the Ethics and the World of Finance Conference at Prasanthi Nilayam

We have to consume less. My sense is it will come upon us. We have no option. And to be honest, this was also one of the reasons I was so inspired by this trip when I have gone into the villages, because clearly I was travelling by public transport and I was going alone. So I could only carry that much. I said to myself, *"For two and a half months I have to pack whatever I need in one bag, I cannot carry more than that."* And I have been struck, first of all, by how little our villagers live on. They have few possessions, but they are very generous with them. And it's not saying that their lives are good or comfortable and that we should all live in villages, not at all. But it is very possible to have a decent life with less. And for myself I have experienced that you can live with very little. To me what was interesting is that with all the things we consume and all the things we have, I don't see people being happy. It is in a way a bit of an existentialism and Vedantic (spiritual) kind of philosophy. The more you have, the more you want, and the less happy you are. While this is all philosophical, the issue is what Mahatma Gandhi said, *"There's enough for our need but not for our greed."*

¹³ Established in August 1998 at New Delhi, the TERI University is the first of its kind educational institution in India with a dedicated focus on the study of environment, energy and natural sciences for sustainable development. It is among the top universities in the field of Sustainability.

¹⁴ A two-day Conference on the theme 'Ethics and the World of Finance' was organized at Sri Sathya Sai Institute of Higher Learning, Prasanthi Nilayam, India in August 2009. Along with Meera Sanyal, over 30 CEOs and heads of private and public sector banks of India had participated in its deliberations. The Governor of Reserve Bank of India – Dr. Duvvuri Subbarao, and world-renowned economist, Dr. Y.V. Reddy, were Guests of Honour. Details on proceedings are available at: http://www.saipublications.com/b009_Ethics_and_the_world_of_finance.html.

The Financial Crisis: In Retrospect

12. How do you perceive the financial crisis that gripped the corporate world across continents since 2008?¹⁵

I think it goes back to our earlier discussion: As a society what do we expect? At its very roots, there was excessive debt at a personal level, which became excessive debt at the bank level, which then became excessive debt for the financial services industry as a whole, and which now has become sovereign debt. So it is really going from that level. Who does one blame? Of course there would be individuals who are culpable in any particular way, but as a society this is what should be held out. It was the bigger car, the bigger T.V, etc. And funded not from what you would call the Protestant Work Ethic,¹⁶ or even the Indian work ethic, which is: You got your coat according to your cloth (living according to one's means). That was simply ignored. The new philosophy was: You had to have more, and it's very good to borrow. If that are the values and messages you are sending out, then who are you going to blame?

13. Prior to 1997, before the big banks came in a big way, the culture of borrowing was not as prevalent in India. People borrowed within their means and paid back silently. Today, we see hoardings all over encouraging people to borrow for vehicles, homes, education, etc. In a way there has been a dent on the culture of living within your means in India. What is your view on that?

I think two things, and you are also seeing it in the economic debate now, for example Krugman.¹⁷ I think he is one of the votaries of saying, You need to have more consumption that will drive more growth. That is one whole economic model of Keynes.¹⁸ That is the Keynesian view of the world. The question which has to be asked is, *"Is it sustainable? Is it sustainable from a planetary perspective? Is it sustainable from an economic perspective?"* You see the crisis in Europe.¹⁹ *"Is it sustainable from an*

¹⁵ Considered by many economists to have been the worst financial crisis since the Great Depression of 1929, it threatened the collapse of large financial institutions. This was prevented by the bailout of large banks by the US and other national governments. But stock markets still dropped worldwide. The housing market also suffered, mainly in the US, resulting in evictions, foreclosures and prolonged unemployment. The crisis played a significant role in the failure of key businesses, declines in consumer wealth estimated in trillions of US dollars, and a downturn in economic activity leading to the 2008–2012 global recession. It is also attributed as the prime contributor to the European sovereign-debt crisis.

¹⁶ The Protestant work ethic emphasizes that hard work and frugality are a result of a person's salvation in the Protestant faith, particularly in Calvinism. This is in contrast to the focus on religious attendance, confession, and ceremonial sacrament in the Catholic tradition.

¹⁷ Paul Krugman is an American economist and Professor of Economics and International Affairs at the Woodrow Wilson School of Public and International Affairs at Princeton University, and Centenary Professor at the London School of Economics. In 2008, he received the Nobel Memorial Prize for his work on international trade.

¹⁸ Keynesian economics is the view that in the short run, especially during recessions, economic output is strongly influenced by aggregate demand (total spending in the economy). Based on the landmark work of British Economist John Maynard Keynes and his book published in 1936, this model advocates a mixed economy – predominantly private sector, but with a role for government intervention during recessions.

¹⁹ The Eurozone crisis is a multi-year debt crisis that has been taking place in several Eurozone member countries since the end of 2009. These states, popularly referred to as PIIGS (Portugal, Ireland, Italy, Greece, Spain), were considered economically weaker and unable to repay or refinance their government debt or to bail out over-indebted banks under their national supervision without the assistance of third parties like the European Central Bank (ECB) or the International Monetary Fund (IMF).

individual perspective?” To me the answer is “no.” And, if it is therefore not sustainable, then don’t do it.

14. But we see all the banks doing it. We know that we are going to face something, but yet our practices are not in alignment with that knowledge. Where will it all end?

Because the incentives are not in alignment with that knowledge. That’s the problem.

15. So where will that change come from? At an organization level?

It has to be at a societal level. The protests which we are seeing of “Occupy Wall Street”²⁰ and the like, what are they saying? They are saying that this current world order does not work. Until your (interviewer) generation comes into power, all our generation has to do is to protect the status quo for 20 years, because by the time your generation comes into power, for you the environment and other problems that we are facing will be obvious. Today we have to prove to someone that you have to preserve the tiger, you need to preserve this spider, you need to preserve this forest. We have to go out and build a business case for this. For your generation, this will be evident. Else we wouldn’t survive. Our generation doesn’t get it. I have talked to some of my very good friends, people who are highly enlightened, who have this world view. Now, I hope that they are right and I am wrong. But on the face of it, it doesn’t stack up to me. I could be wrong. Therefore, I think all we have to do is to manage until a new generation of leaders grows, who sees this other world view. And then we will have a different society.

Personal Value Systems and Their Relevance

16. Do ethics and personal value systems of organizational leaders play a role in business – especially in the volatile banking and finance industry?

Of course, it’s all integrated, you can see that.

17. Have your personal spiritual beliefs of business played a role in your leadership style? Any experience?

Very much so. My father was in the Indian navy, and there’s just my brother and me. One of the things, if I think of my father it’s only this, his standing statement to us was – You must serve your country. That was what we grew up with. Now it sounds in many ways idealistic, it sounds quite strange, why would he say that? But that was our corner stone. And you turn around and say, “OK how do we serve our country?” And he would say, “You serve your country by working hard and every day being honest about what you are doing. That is also serving your country.” For example, he would say, “Always pay your taxes, because they pay the salary of people like myself.” Simple things like that. Now these go to the value systems of children as they are growing up.

²⁰ Occupy Wall Street (OWS) was a protest movement that began on September 17, 2011, in Zuccotti Park, located in New York City’s Wall Street financial district. The main issues raised by the protesters were social and economic inequality, greed, corruption and the perceived undue influence of corporations on government, particularly from the financial services sector. The Movement received global attention for its focus on social and economic inequality worldwide.

But more importantly when you talk about spiritual values, one of the things that I find which I have to do every day, is I walk for an hour every morning. I do half an hour of “*Pranayam*” (an ancient Indian Yogic breathing exercise) every morning, and while I am walking I say my prayers. And I really find that it grounds me for the day because as you are saying your prayers, of course you know, your mind is also thinking about things, I think of the day, I think of the previous day, I think of whatever it is. And you know I close my day with really saying, “*God help me to do my duty and what is right today.*” Basically that is the essence of all our prayers. And I really find it helps my day. For some reason, if this routine is disturbed, then it’s a more difficult day than it would have been otherwise.

18. How do you manage conflicts and crises?

I think, through reflection. What I try and do, and it’s often difficult to do, is I try to take myself out of it. Because we all have an ego, and the ego comes in and that I think aggravates the conflict. So one of the things I try to do every morning is to take myself out of it and see what the issue is? And in the interest of the people, in the interest of the clients, in the interest of the organization, what would be the best solution? And I find that there is a good way to resolve the conflict. Keep your own ego out of the situation.

19. You have been invited by Secretary of State Hillary Clinton to join her International Council of Women Business Leaders, which focuses on the economic empowerment of women for global economic prosperity. In the current banking industry, we see many women leaders at the helm of affairs, unlike the past decades. What do you think has changed? How do you think could you contribute to this issue through your presence at such fora?



Meera Sanyal with Secretary of State Hillary Rodham Clinton

I feel that everywhere in the world, certainly of course in India as well, women take a lot of the load of economic, but also family activity. I was discussing with my son the other day, we were doing a kind of 101 of economics, GDP (Gross Domestic Product), etc. And we were discussing the same thing about the GDP of a farmer. He doesn't know the price of wheat or whatever. It is being produced, there is economic value to it, but it is not entering the GDP data. I think it's the same with the efforts of women. The work is there, the contribution is very real and very material, and indeed I think is very significant from a family point of view. I mentioned my father, but my mother is a lawyer, and much of our education, because father used to be away and at sea a lot, is because of her, she anchored us. And she always said that she invested her education in her children, which I feel the benefit of even today. So there is real value in it. Sometimes it is recognized and sometimes it is not. Why do you recognize me? Because I am working in this position. Does it mean that the value that my mother has contributed is less significant? No, in fact I will straight away tell you that the value she has contributed is much more significant. And that is true of many of our mothers and sisters who are not in the work force.

So, what I will say on this forum and indeed on Hillary's forum is: How do we empower more women to have their efforts recognized? I believe that whether your effort is as a homemaker, as a mother, as a banker, as anything, there is value in it. What we have to do is to find ways to make your life easier, as simple as that.

And many of these villages I have gone to, I have said, "*Which is that activity, which will generate more income for you and reduce your labour?*" Once we were sitting in a village meeting, and we were talking about livelihood alternatives. I was talking to one woman, and she said, "*Behenji Aap Hame Yeh Bataiye, Ki Aap Kya Hame De Sakte Hai Jo Hamara Kaam Kam Kare Aur Hamare Amdani Badhaye*" (Sister, please tell us what you can offer to us that can help us earn more with lesser efforts). And everybody started laughing at her; and I said but actually that is the question. How do we reduce the hard work?

Women everywhere, by the way men also, but women have the double role. Whatever you do, you have to make the food, you have to clean the utensils, you have to get your children ready for school. At whatever level, there is the work of the mother, the wife, plus whatever you are doing. So how do you reduce that effort, and improve the income so that she has either more time for leisure or more time to invest in the children or whatever it is. That's what we have to do.

Respect the work whatever it is, I mean people make a lot about how do more women enter the work force? All women are already in the work force. They are not being paid for it, that's a different state, that doesn't mean they're not in the work force. How do we make their lives easier and better? How do we empower them? How do we give them a voice? That is our focus area.

Author Introduction

Dr. Shashank Shah is an eminent researcher in the area of Corporate Responsibility and Stakeholder Management Strategy and has contributed immensely to the field through original ideas and pioneering analyses. He completed his doctoral and postdoctoral research in Corporate Stakeholders Management at Sri Sathya Sai Institute of Higher Learning (SSSIHL), India, and received the Association of Indian Management Scholars International Outstanding Doctoral Management Student Award 2010 at the Indian Institute of Management, Ahmedabad, in 2011. He was awarded the President of India Gold Medal and the Governor's Gold Medal for standing first in the MBA and M.Phil. Programs at the University.



He has published over 70 research-based papers, case studies, and technical notes in peer-reviewed national and international journals in the areas of Stakeholders Management, Corporate Responsibility, Corporate Governance, Business Ethics, Integral Education, and Humanized Healthcare. These have been published by eminent publishers including Harvard Business School, Sage, Emerald, Macmillan, and Penguin Random House Publications. He has also co-authored four books and two monographs in these areas. His magnum opus, "Soulful Corporations: A Values-Based Perspective on Corporate Social Responsibility" was published by Springer in 2013 as part of the India Studies on Business and Economics Series. He has presented research papers at international conferences at Harvard University, USA, and INSEAD, France; and has been invited to present his work at institutions in Italy, Brazil, Turkey, Malaysia, Japan, and India.

In 2011, Dr. Shah was Visiting Scholar at the Centre for Corporate Social Responsibility (CSR), Copenhagen Business School, Denmark. He has been an Invited Resource Faculty at Executive Development Programs in the CSR area organised by the Harvard University, World Bank and the Govt. of India; and by the School of Management, Indian Institute of Technology Bombay. He is Fellow, European Institute of Spirituality in Economics and Society (SPES); International Advisory and Editorial Board Member, *Journal of Values-Based Leadership*, Valparaiso University, USA; and Reviewer for the *Journal of Human Values* (Sage Publications), and the *Journal of Management, Religion and Spirituality*

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(Taylor and Francis Publications). During his doctoral and postdoctoral tenures, he interviewed over 175 top executives, heads of companies, industry captains, academics, subject experts, and policy makers, and built a veritable knowledge base of insights in the field of Stakeholders Management and Corporate Responsibility of a collective experience of 3,500 human years.

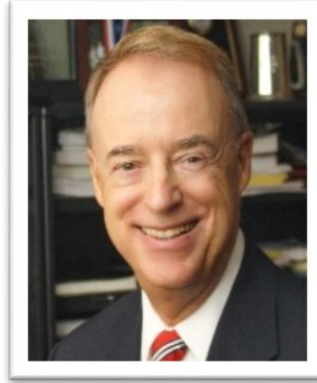
Currently, Dr. Shashank Shah is a Jamsetji Tata Trust Grantee for pursuing advanced research in the field of Corporate Responsibility. He has a joint appointment as Visiting Scholar at Harvard Business School, and Project Director and Postdoctoral Fellow at Harvard University South Asia Institute (SAI), USA. He can be contacted at: shashankjshah@gmail.com.



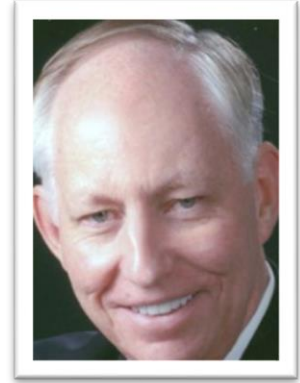
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Servant Leadership and its Relationships with Core Self-Evaluation and Job Satisfaction

Abstract

Servant leadership is a growing topic in the leadership literature. Our study considered servant leadership's relationship to two outcomes, core self-evaluation and job satisfaction. The former is particularly noteworthy because if servant leadership predicts core self-evaluation this would confirm that servant leadership affects important changes in employees as people, a central tenet of servant leadership. In addition, if servant leadership predicts core self-evaluation, this could add to the question of whether core self-evaluation is a non-changeable personality trait or is potentially malleable. We conducted a field study of three firms and found that servant leadership predicts both core self-evaluation and job satisfaction, and that core self-evaluation also predicts job satisfaction. This study contributes to servant leadership, and in general to values-based leadership, by observing a predictive relationship to core self-evaluation, which potentially adds new information about the impact servant leadership can have on individuals. This study confirms the findings of previous authors who found that servant leadership predicts job satisfaction.

Introduction

Servant leadership is not a new idea; it is a tenet of many religions and of Lau Tzu, Plato, Aristotle, Cicero, and many others (Valeri, 2007). In modern times, in the business world, it began with Robert Greenleaf's (1970) article, "The Servant as Leader," and his subsequent formation of a center to promote and teach this form of leadership (Spears, 1995). The underlying notion is that there is a continuum of leadership values ranging

from those who are servants first versus leaders first. The difference is in the values held and related actions of the leaders.

Leaders-first leaders tend to look up toward larger roles and gains for themselves and their organizations. Transactional and authoritarian leaders are styles of leadership of this type (Bass, 1985). These leaders tend to distrust their employees' desires to perform their jobs well. They tend to lead through a clear chain of command, motivate using rewards and punishment, closely monitor their employees' behaviors and output, and expect employees to follow orders without much questioning. Agency theory (Jensen & Meckling, 1976) is consistent with this viewpoint because many of these types of leaders tend to blur the lines between personal and organizational success and to sometimes choose the former over the latter. This viewpoint also presumes that followers might focus more on personal than organizational gain, and without supervision and monitoring the followers will often do so. Leaders-first leadership styles (top-down, of a dominion-over-others nature) have been the most common style of organizational leadership over the centuries (Weber, 1964). The values of these leaders include that leaders are the main people who have ideas and that employees need supervision and extrinsic motivation.

Although servant-first leaders also work toward organizational success, they primarily emphasize the growth and well-being of their followers and communities. Spears (1995) and others consider the following to be characteristics of servant leaders: listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of others, and building community. Servant leaders tend to emphasize vision, integrity, honesty, trust, service, modeling, pioneering, appreciation of others, and empowerment (Russell & Stone, 2002). These attributes and behaviors "...grow out of the values and core beliefs of the individual leaders" (Russell & Stone, 2002).

Several styles of leadership share some of the traits and values of servant leaders. For example, *transformational* leaders give their followers individualized consideration (support, encouragement), motivate them by articulating a clear vision, and encourage their intellectual stimulation (challenge, creativity, learning) (Bass, 1985). *Authentic* leaders are self-aware, lead with their heart, and lead more for the long term, which allows for concern for the growth of followers (Kruse, 2013). *Ethical* leaders emphasize following core values, a vision that includes service to others, practicing virtuous behaviors, and animating and motivating others through these practices (Center for Ethical Leadership, 2014).

Servant leaders go further than the other styles of leaders in emphasizing the development and well-being of their followers as whole people, not just professionally (Rafferty & Griffin, 2006). Although not emphasized in existing servant leadership instruments, servant leaders are supposed to also attempt to be of benefit to society. For example, Greenleaf (1970) wrote:

The best test [of servant leadership], and difficult to administer, is: Do those served grow as persons? Do they, *while being served*, become healthier, wiser,

freer, more autonomous, more likely themselves to become servants? *And, what is the effect on the least privileged in society; will they benefit, or, at least, not be further deprived?* (p. 6)

Existing servant leadership literature has established many positive outcomes, including employee job satisfaction and productivity (Liden, Wayne, Zhao, & Henderson, 2008), but our study focuses on an outcome variable that has not, to our knowledge, been directly tested in the field: core self-evaluation. We chose this outcome because we believe it is a key process that is both likely to be affected by servant leadership, and which in turn has been linked to many desirable individual and organizational outcomes.

In this study, we first summarize some of the ways that leader behavior and organizational culture/climate impact followers. We then discuss the servant leadership literature and existing findings from this literature. We move to discussing our dependent variables, core self-evaluation and job satisfaction. We hypothesize that servant leadership enhances both and that job satisfaction also varies with core self-evaluations. We present findings from a field study conducted at three firms that provides supporting evidence for these hypotheses, and close with a discussion of our findings and their implications for servant leadership and for practice.

Literature Review

Impact on Followers of Related Leader Behavior and Style

We could find no studies where leadership theories proximal to servant leadership directly predicted core self-evaluation (Judge, Locke, & Durham, 1997), so we expanded our review of the literature. Before progressing, it is worth noting that core self-evaluation is a self-concept measure that has four components: self-esteem, generalized self-efficacy, locus of control, and neuroticism. We will review core self-evaluation shortly but in this section we italicize outcomes proximal to these components. While it is beyond the scope of any one paper to summarize the leader behavior literature generally, leadership models proximal to servant leadership have been found to positively relate to outcomes proximal to core self-evaluation's outcomes. For example, transformational leadership has been found to be positively and significantly associated with employees' productivity (Qing, Newman & Lamb, 2012; Thamrin, 2012), career success and work engagement (Vincent-Harper, Muser, & Janneck, 2012), and getting "...followers to transcend their self-interest for the benefit of their company..." (Effelsberg, Solga, & Gurt, 2014). Also, both servant leadership and transformational leadership are positively related to organizational commitment and work engagement; servant leadership through follower *need satisfaction* and transformational leadership through perceived leadership effectiveness (van Dierendonck, Stam, Boersma, de Windt, & Alkema, 2014). In fact, some are now combining the two leadership approaches into "transformational servant leadership" (Peregrym & Wolff, 2013).

Positive findings have also been noted for leader-member exchange theory. For example, behaviors such as supporting, delegating and leading by example most impact the quality of leader-member relationships (O'Donnell, Yukl, & Taber, 2012), and that high

quality leader-member exchange relationships increase productivity (Cogliser, Schriesheim, Scandura, & Gardner, 2009).

Other literature has found that emotionally perceptive leaders enhance employees' job performance (Vidyarthi, Anand & Liden, 2014), that perceived behavioral integrity of managers influences employees' job satisfaction, organizational commitment, and satisfaction with the leader (Davis & Rothstein, 2006), that ethical leadership increases employee job satisfaction and organizational commitment (Yates, 2014), and that authentic leaders "...improve their followers' positive psychological capital; their *self-esteem* ... hope ... trust ... resiliency ... and optimism. Authentic leadership has been theorized to be related to *intrinsic motivation*..." (Cerne, Jaklic & Skerlavaj, 2014, p. 67).

There are various mechanisms, mediators, and moderators through which leader behavior and/or style can affect subordinates. For example, Liden, et.al. (2008) wrote:

Leadership research over the past few decades has suggested that the relationships employees develop with their leaders are critical for understanding the way in which employees can fulfill their potential and become self-motivated (Manz & Sims, 1987). When leaders nurture self-efficacy and self-motivation and stress community involvement, employees in turn become more committed to organizational values (Shamir, House, & Arthur, 1993), are more willing to maintain high performance levels (Wayne, Shore, & Liden, 1997), and are more likely to model their leaders' concern for the community in which the organization operates (p. 162).

Liaw, Chi and Chuang (2010) found that employee-perceived supervisor support directly and indirectly enhanced employees' customer orientation. Ghadi, Fernando and Caputi (2013) found that meaning in work partially moderated the relationship between transformational leadership and work engagement. Babcock-Roberson and Strickland (2010) found that work engagement fully mediated the relationship between charismatic leadership and organizational citizenship behaviors.

Dvir, Eden, Avolio, and Shamir (2002) found that transformational leadership had positive impacts on follower development and particularly follower *empowerment and self-efficacy* as measured through taking a critical-independent approach. This logic and method is also consistent with an internalized *locus of control*.

Gardner, Avolio, Luthans, May, and Walumba (2005) theorized that authentic leaders, primarily through positive modeling, increase follower self-awareness such as values, identity, and motives, as well as increasing authentic follower behavior and follower workplace well-being. They also argued that an inclusive and ethical organizational climate facilitated such relationships.

House and Shamir (1993) argued that the linkage of a follower's *self-esteem* with a leader's goals are central to charismatic leadership. Similarly, Shamir, House, and Arthur (1993) theorized that charismatic leadership benefits follower *self-esteem and self-efficacy*.

These studies are indicative of and consistent with the idea, expounded in the current study, that the dynamics of servant leadership should have positive effects on the four

elements of core self-evaluation. While these studies are not directly measuring core self-evaluation, they are also consistent with the many scholars who believe concepts such as self-esteem, self-efficacy, empowerment and positive affect have malleable components, and that while they may also have personality-related elements, they can be developed through a follower-centric approach to leadership.

Organizational Culture/Climate Impact on Employees

Servant leadership is more than the values and actions of an individual leader; it can also characterize the culture or climate of a firm. To cite just a few examples:

Fang (2007) found in a meta-analysis that a constructive organizational culture positively affects nurses' job satisfaction at the $p < .001$ level and the relationship is stable over time. Mahal (2009) reported that organizational culture affects employees' motivation. Harwicki (2013) found that servant leadership influenced both the organization's culture and employee performance, and that the organization's culture influenced employee performance. Pierce and Gardner (2004) developed the concept of organization-based self-esteem to describe feelings of self-esteem derived from an individual's workplace experience and context.

Taken together, diverse findings from leadership and culture suggest that the values and actions of servant leaders and firms that embed servant leadership into their culture might provide many desirable outcomes for employees. In fact, Liden, Wayne, Liao, and Meuser (2014) found exactly this: a serving culture positively influences individual and unit performance, employee creativity, and customer service behaviors, and negatively influences turnover intentions.

Servant Leadership

Servant leadership was only a theory and the subject of leadership training before 1999. In addition to Greenleaf (1970), noted above, the topic of servant leadership has been written about by a number of well-known authors in the business field, including Blanchard (2006), Covey (1994), and Senge (1997). In addition to the defining elements of servant leadership noted in the Introduction, "[t]he very concept of servant leadership is based on the values of humility and respect for others. The primary functional elements of servant leadership grow out of proper leadership values" (Russell, 2001).

More recently, empirical studies have found that servant leadership is positively and significantly related to many outcome variables at the individual, team, and organizational levels. Laub's (1999) dissertation created the first scale for measuring servant leadership. Using this scale in work organizations, servant leadership has been positively related to, e.g., job satisfaction, overall and intrinsic (Chu, 2008; Johnson, 2008; Svoboda, 2008), public secondary school performance (Herbst, 2003; Lambert, 2004), teacher job satisfaction and organizational commitment (Cerit, 2009; Cerit, 2010), school climate (Black, 2008), team effectiveness (Irving, 2005; Irving & Longbotham, 2007), LMX-7 (leader-member exchange in-group) (Freitas, 2003), organizational and leader trust (Joseph & Winston, 2005), organizational climate

(Lambert, 2004), job safety (Krebs, 2005), lower absenteeism and attrition (Rauch, 2007), and individual spirituality (Beazley, 2002; Herman, 2010).

Several subsequent scales for servant leadership have been created since Laub's (1999) and have found similar outcomes. In addition, Liden, et.al. (2008) and Harwicki (2013) found servant leadership correlated with individual job performance. Sen & Pekerti (2010) found that servant leadership engenders trust in followers mainly through the behaviors of covenantal relationship (close bonds with followers), post-conventional morality, and personally transforming influence. Murari & Gupta (2012) found that the foresight, persuading, awareness, and stewardship aspects of servant leadership increase employee empowerment. They also found that stewardship, persuading and conceptualizing aspects of servant leadership increase organizational commitment, work environment satisfaction, and job involvement. In addition to the consequences and actions typical of servant leaders, Washington, Sutton, & Feild (2006) empirically found that "[f]ollowers' ratings of leaders' servant leadership were positively related to followers' ratings of leaders' values of empathy, integrity, and competence" (p. 700). This would give us a model that a leader's values lead to a leader's actions, which lead to results for employees and their organizations.

Overall, findings for servant leadership are both promising and robust across many outcome variables and scales.

Core Self-evaluation

Core self-evaluation (CSE) purports to portray a person's fundamental self-concept (Judge, Locke, & Durham, 1997). Judge, et.al. (1997) advanced core self-evaluation as a relatively stable cluster of four related personality traits: generalized self-esteem, generalized self-efficacy, (internal) locus of control, and (low) neuroticism. These traits are measured separately in some studies and as a composite in other studies, for the latter often using the twelve-item Core Self-evaluation Scale (CSES) instrument (Judge, Erez, Bono, & Thoresen, 2003) used in this study. Although, theoretically, core self-evaluation can be looked at either as "...a broad, latent trait that is the common source of the four specific traits..." (Judge, Erez, et.al., 2003, p. 304) or as an aggregate score derived from the four traits (Johnson, Rosen, & Levy, 2008), core self-evaluation produces similar results regardless of which way it is conceived or measured.

While Judge et al. (1997) and others have argued that core self-evaluation is a stable personality trait (Dormann, Fay, Zapf, & Frese, 2006), others contend that core self-evaluation is malleable and can change slowly over time or with immediate experiences. For example, Styvaert (2011) found that core self-evaluation gradually changes over time. Kernis and Goldman (2002, p. 106) reviewed the literature on the variability of generalized self-esteem and found that "Self-concept and self-esteem are ... influenced by contextual factors such as feedback, the presence of others, and role salience." Variability can be long-term (gradual changes over years) or short-term: "...influenced by potentially self-relevant events that are externally provided (e.g., a compliment or insult) or self-generated (reflecting on one's appearance) ..." (p. 114).

Bandura (1982) named four sources of generalized self-efficacy: enactive mastery, vicarious experience, verbal persuasion, and emotional or psychological arousal. All four of these sources can be influenced by an immediate boss and an organization's culture. For example, on-the-job training and coaching can increase enactive mastery; seeing others in the workplace being effective in general, and seeing that the culture rewards that (vicarious experience), can influence an employee's self-efficacy; bosses and co-workers giving positive feedback and coaching (verbal persuasion) can also influence an employee's self-efficacy; as can pride in the company or unit in which one works (psychological arousal). These actions of leaders and co-workers are what we would expect from a servant leader. Although short-term changes in the workplace will rarely affect generalized self-efficacy, Bandura (1997) notes that continued mastery of specific tasks over time will lead to an increase in generalized self-efficacy.

Deci and Ryan (1987) found that operating in a highly controlled environment can lead a person to increasingly depend on interpersonal feedback related to the standards and expectations of that environment. That is, they create a contingent self-evaluation. Transactional leaders tend to lead controlled environments much more than transformational and servant leaders. Liden, Panaccio, Meuser, Hu, and Wayne (2012, p. 370) contend that, "...servant leadership behaviors are most likely to positively influence self-esteem and self-efficacy."

We concur with the above scholars, and believe organizational variables such as servant leadership can influence core self-evaluation. We would not argue that core self-evaluation is as malleable as attitudes or moods, but rather that core self-evaluation can, over time, be enhanced somewhat through the transformative experience of working for a servant leader and/or in an organization with a climate of servant leadership, and negatively modified in a more hierarchically controlled (leader-first) work environment. The previously cited articles theorizing leadership's relationships to constructs such as self-esteem, self-efficacy, and empowerment suggest that many mainstream leadership scholars hold similar views.

When measured separately, a meta-analysis determined that core self-evaluation traits are positively and significantly related to job performance, ranging from .19 to .26, and job satisfaction, ranging from .24- .45 (Judge & Bono, 2001). The former is approximately equal to the correlations of conscientiousness, which, until core self-evaluation, was "...suggested as the primary dispositional predictor of job performance" (Judge & Bono, 2001). Further, the CSES composite score, "...demonstrate[s] incremental predictive validity..." compared with "...several well-established measures of individual differences..." (Rode, Judge, & Sun, 2012). This includes the Big Five instrument (Costa & McCrae, 1992) as well as "...three self-focused individual difference constructs ... on a broad range of job performance facets ... and job attitude measures..." in the US and China. (Rode, Judge, & Sun, 2012).

Core self-evaluation has been found related to in-role and extra-role job performance or employee productivity (Chang, Ferris, Johnson, Rosen, & Tan, 2012; Erez & Judge, 2001; Joo, Jeung, & Yoon, 2010; Judge & Bono, 2001; Judge et al., 2003; Judge, Van Vianen, & De Pater, 2004; Kacmar, Collins, Harris, & Judge, 2009;), job satisfaction

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(Bono & Judge, 2003; Chang, et al., 2012; Dormann, et al., 2006; Judge, Locke, & Durham, 1997; Judge, Locke, Durham, & Kluger, 1998; Judge, Van Vianen, & De Pater, 2004), employee engagement and job involvement (Shorbaji, Messarra, & Karkoulian, 2011; Yan & Su, 2013), and reduced effects of individuals' stress at work (Brunborg, 2008; Harris, Harvey, & Kacmar, 2009). In addition, a leader's core self-evaluation is apparently related to transformational leadership (Quigley, 2003), another values-based style of leadership which shares many traits and behaviors with servant leadership.

Finally, several scholars have explored the mechanisms through which core self-evaluation affects job performance. Erez & Judge (2001), Joo, Jeung, & Yoon (2010), and Judge, Van Vianen, & De Pater (2004) found that motivation mediates the relationship between core self-evaluation and performance, accounting for up to half of the impact of core self-evaluation on performance. In addition, Erez & Judge (2001) found that goal-setting motivation, which leads to higher activity level at work, moderates and increases the core self-evaluation - performance relationship. Kacmar, et.al. (2009) similarly found positive relationships such that for those with high core self-evaluation, high perceived leader effectiveness and low perceived organizational politics moderate the core self-evaluation -performance relationship. Grant & Wrzesniewski (2010) found that other-oriented persons (high pro-social behaviors, agreeableness and duty) moderate and intensify the core self-evaluation -performance relationship.

Job Satisfaction

Job satisfaction has been studied extensively and in many contexts. The four sections above demonstrate that leader values, behaviors, and attitudes, organizational climate, servant leadership, and core self-evaluation can each significantly affect job satisfaction. We are measuring job satisfaction mainly as a control variable to be sure that (a) we are measuring our primary variables correctly (their positive influence on job satisfaction matches the literature), and (b) the relationship between servant leadership and CSE is in addition to the influence of job satisfaction on both variables.

Hypotheses

Various traditions in the leadership literature suggest that values and behaviors of and proximal to servant leadership should be associated with increased productivity and satisfaction. For example, we showed above that transformational, emotionally perceptive, and authentic leaders, and leaders with perceived behavioral integrity and good leader-member relationships, tend to have higher performing and more satisfied employees. We also showed above that core self-evaluation as a whole and as four separate components have significant positive relationships with employee performance and job satisfaction. In addition, we showed that the CSES instrument has incremental predictive validity for job performance and satisfaction over several well-established measures of individual differences, including the Big Five personality traits. Finally, basing their contention on others' studies, Liden, Panaccio, et al. (2014, p. 370) contends that, "...servant leadership behaviors are most likely to positively influence self-esteem and self-efficacy."

The unique aspect of this study is its examination of how servant leadership is associated with core self-evaluation, which has not been studied to our knowledge. As we described above, higher core self-evaluation is associated with greater productivity and job satisfaction, thus if servant leadership predicts core self-evaluation we can infer its efficacy for enhancing job satisfaction and productivity. Thus, we argue:

Hypothesis 1. Servant leadership will be positively associated with individual core self-evaluation.

Hypothesis 2. Servant leadership will be positively associated with job satisfaction.

Hypothesis 3. Individual core self-evaluation will be positively associated with job satisfaction.

Methods

Participants

We surveyed 512 working adults mostly in white collar jobs in three U.S. companies. The three organizations were chosen based on our business contacts. One is a large financial institution and the other two are small technical consulting firms. In return for having their organization participate we offered each company a formal report about their level of servant leadership. We made sure that the survey was sent out by a non-manager (to reduce perceived pressure to bias responses), the survey was done completely anonymously, online, and sent to the holder of the database for the servant leadership instrument we used, not the participants' companies. The survey instrument was sent three times over about three weeks to all employees (including executives) of each firm or to the part of the firm that participated. The response rate was 70%.

Our initial sample contained 427 workers, 69 managers/supervisors, and 14 executives. Our final sample, retaining only non-management employees and dropping two individuals who did not report gender, left us with 425 usable observations. Of those who reported gender, 62% were female. Fifty-eight percent of respondents had at least six years of job tenure, and 62% of respondents were between the ages of 30 and 49.

Instruments

The survey included two instruments: The Organizational Leadership Assessment (OLA) (Laub, 1999) and the Core Self-evaluation Scale (CSES) (Judge, et al., 2003).

The OLA was the first servant leadership instrument and has been validated in several studies, even by those who created other servant leadership instruments to find its components (Barbuto & Wheeler, 2006; van Dierendonck & Nuijten, 2011; van Dierendonck, 2011). Parris and Peachy (2013) reported that no other servant leadership instrument has been cited in more published empirical studies than the OLA. It is a self-report instrument; each member of an organization rates the leadership of the organization and the organization as a whole. That is, it measures the *perception* of servant leadership.

The OLA consists of sixty questions to measure servant leadership and another six questions to measure job satisfaction. Each item is on a five-point Likert type of scale. Thirty-eight servant leadership questions ask about the leader's style and 22 about the organization's climate. Given the literature review above demonstrating that both leader style and behavior and organizational climate can affect individual job satisfaction and performance, and that in each case servant leadership at both levels operate in the same manner, we felt it important to use an instrument that combined both levels of servant leadership.

The OLA is given online through Laub's OLAGroup organization (see OLAGroup.com). All responses are returned to the OLAGroup and the raw data are sent to the researcher. The OLAGroup also produces a formal report about the level of servant leadership for any organization taking the instrument that has 70% or higher participation.

The OLA has been studied and found reliable by several researchers. Laub (1999) found the instrument reliable with $\alpha = .98$. Horsman (2001), Ledbetter (2003), Miers (2004) and Thompson (2002) found similarly high alphas. The OLA can be considered to have face validity and concurrent validity given that its results are essentially similar to the results of the other servant leadership instruments (see literature review above) and are closely related to Greenleaf's (1970) theory. Finally, the OLA's face validity combined with its reliability is suggestive of the measure's construct validity.

Although the OLA's six job satisfaction items are original to Laub (1999), Laub found them to have a reliability of $\alpha = .81$. Laub's servant leadership and job satisfaction scales have a Pearson correlation of .64, $p < .01$ (Laub, 1999). Laub (1999) and others purposely tested to learn about the relationship of servant leadership to job satisfaction and found reasonably high correlations in different populations (Anderson, 2005; Chu, 2008; Drury, 2004; Hebert, 2003; Johnson, 2008; Svoboda, 2008; Thompson, 2002).

The CSES (Judge, et.al, 2003) is a brief (12 items) measure of the four dimensions of self-evaluation (self-concept): generalized self-esteem, generalized self-efficacy, locus of control, and emotional stability (low neuroticism). These four dimensions were each related to job satisfaction and Judge, et.al. (1997) theorized that combining the four measures would yield a more powerful measure. In a meta-analysis of the four separate traits with both job satisfaction and job performance, Judge & Bono (2001) found that each of the four traits had a significant impact on both job satisfaction and job performance. In 2003, Judge, et.al. published the CSES instrument to measure core self-evaluation as a single construct.

A later review of the literature (Judge, 2009), after several years of research with the CSES by various authors, and a still later meta-analysis (Chang, et.al, 2012) continue to demonstrate the efficacy of the CSES for both job satisfaction and job performance. In fact, Judge (2009) stated that "... high scores on core self-evaluations ... are related to a broad array of work and no-work criteria, including increased levels of job and life satisfaction, better job performance, higher work motivation, and higher income ..." (p. 59).

Variables and Analyses

Our model employed servant leadership (from OLA, 60 items, $\alpha=.99$) as the independent variable and core self-evaluation (CSES, $\alpha=.84$) and job satisfaction (from OLA, $\alpha=.90$) as dependent variables. Each individual in the study reported their core self-evaluation, job satisfaction, and the level of servant leadership they perceived. We studied the correlations among the three constructs to test whether they are significantly related.

In addition, we employed regression analysis to test whether servant leadership predicts core self-evaluation. This would test whether servant leadership has a significant positive impact on employees and would also demonstrate that core self-evaluation is at least somewhat malleable. The regression analysis also tested whether servant leadership and CSE predict job satisfaction. This would give us confidence that our measures are correct since the literature has already found this and further validate the findings of previous studies.

To conduct the regression analysis, we employed several control variables. We controlled for gender, with males coded 1 and females coded 2. and for firm. Additionally, we used job satisfaction as a control variable when predicting core self-evaluation, and similarly, we employed core self-evaluation as a control when predicting job satisfaction. We took this added approach because our data was completely reported by individual subjects in one survey administration. Thus, our findings could be prone to mono-method bias. Most causes of such biases (such as social desirability) would affect scores on any psychological constructs such as servant leadership, CSE, and job satisfaction. Our analytic approach, by adding the control variables into the equation first, attributed any such generally-shared variance to the control variables, leaving the variance explained by servant leadership much cleaner and less contaminated by any potential mono-method biases. Accordingly, we used stepwise hierarchical regression to test our hypotheses. In Step 1, we included firm and gender; in step 2, we included job satisfaction as a control when predicting CSE and CSE as a control when predicting job satisfaction. In step 3, we added servant leadership but took out the control added in step 2, and finally, in step 4, we re-introduced the control variable from step 2. This allowed us to compare the impact of servant leadership on core self-evaluation and job satisfaction with (i.e., step 4 vs. step 2) and without (i.e., step 3 vs. step 1) the control variable.

Results

Descriptive statistics and correlations can be seen in Table 1. There were significant differences in demography across the three firms; firm 1 respondents were more likely to be male ($r = .13, p < .01$) while firm 2 respondents were more likely to be female ($r = -.11, p < .05$). Firm 3 respondents reported lower levels of servant leadership ($r = -.13, p < .01$).

Across all three firms, servant leadership was positively correlated with job satisfaction ($r = .80, p < .001$) and core self-evaluation ($r = .50, p < .001$), and core self-evaluation was positively correlated with job satisfaction ($r = .56, p < .001$). While the pattern of correlations is certainly consistent our hypotheses, we conducted regression analyses to

include important controls and examine the relationship more closely.

Table 1: Descriptives and Correlations

	Mean	s.d.	1	2	3	4	5	6
1 Firm 1	.92	.27						
2 Firm 2	.05	.22	-.77***					
3 Firm 3	.03	.17	-.60***	-.04				
4 Gender	1.62	.49	.13**	-.11*	-.06			
5 Servant leadership	239.31	51.46	.04	.05	-.13**	-.05		
6 Job Satisfaction	25.32	4.19	.06	-.02	-.08	.07	.80***	
7 Core Self-Evaluation	3.81	.63	.03	.02	-.07	-.00	.50***	.56***

Note: n=425. + indicates $p < .10$. * indicates $p < .05$. ** indicates $p < .01$. *** indicates $p < .001$

Table 2: Regression Analysis

Dependent Variable Step	Core Self-Evaluation				Job Satisfaction			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
<i>Predictor variables</i>								
Firm 1	.11	.04	.01	.02	.14+	.07	-.03	-.03
Firm 2	.11	.07	.01	.05	.08	.02	-.09+	-.09*
Gender	-.00	.04	.02	.04	-.08	-.07+	-.03	-.04
Core Self-Evaluation						.56***		.22***
Job Satisfaction		.56***		.45***				
Servant Leadership			.50***	.14*			.80***	.69***
R ²	.01	.32	.25	.33	.01	.32	.64	.67
F	.80	48.96***	35.08***	40.32***	1.81	50.06***	184.39***	172.62***

N=425. All coefficients are standardized.

* indicates $p < .05$. ** indicates $p < .01$. *** indicates $p < .001$.

Regarding Hypothesis 1, servant leadership predicted higher core self-evaluation both before ($b = .50, p < .001$) and after controlling for job satisfaction ($b = .14, p < .05$). Thus, Hypothesis 1 was supported. Regarding Hypothesis 2, servant leadership predicted higher job satisfaction both before ($b = .80, p < .001$) and after controlling for core self-evaluation ($b = .69, p < .001$). Thus, Hypothesis 2 was also supported. Further, this effect was quite substantial; even after controlling for core-self evaluations, servant leadership explained an incremental 35% of variance in job satisfaction. Regarding

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Hypothesis 3, core self-evaluation predicted job satisfaction both before ($b = .56, p < .001$) and after the inclusion of servant leadership ($b = .22, p < .001$). Thus, Hypothesis 3 was also supported.

Discussion

One of servant leadership's distinguishing characteristics as a leadership theory is its emphasis on a leader's value of working to develop their followers. While other values-based leadership theories such as transformational and ethical leadership surely include follower development as a factor of effective leaders, servant leadership casts employee development into a primary role. We believe that servant leadership provides many benefits to followers, some of which are constructs subsumed by or proximal to core self-evaluation (self-esteem, self-efficacy, locus of control, and neuroticism). Thus, we conducted a field study of three firms surveying the relationship between follower perceptions of servant leadership and their own core self-evaluation. We also measured job satisfaction as a control since it has been found to be related to both servant leadership and core self-evaluation.

Our findings supported our hypotheses that the three constructs are significantly correlated with each other. In addition, by using regression analysis, we also found that servant leadership appears to predict core self-evaluation and job satisfaction and that CSE appears to predict job satisfaction.

Research Contributions

The current study found that servant leadership predicts core self-evaluation. This addresses the first part of Greenleaf's (1970) definition of servant leadership: that it positively impacts the lives of the individuals being led.

The current study potentially builds on the core self-evaluation literature by showing that core self-evaluation might be somewhat malleable. We contend that core self-evaluation has not been studied as a dependent variable nearly enough in organizational research. This is probably because core self-evaluation advocates (Judge, et.al., 1997) consider it akin to a personality trait. Given that personality traits are, if not immutable, highly stable over time by definition, it is not surprising that researchers might be discouraged from considering variables that might predict core self-evaluation, with the possible exception of individual difference and demographic variables. However, if core self-evaluation were fixed, we probably would not have found the pattern we observed in our data.

Implications for Practice

The current study builds on the values-based and servant leadership literature by relating the construct to an important individual characteristic that has been studied intensively. No study to our knowledge has examined servant leadership, or any values-based leadership, and core self-evaluation together.

Our findings indicate that servant leadership can be an important values-adding instrument for enhancing the development, growth, and self-concept of employees. At minimum, servant leadership, as with other values-based leadership styles, has been

found to have a very strong relationship with job satisfaction, job performance, work motivation, and positive work behaviors. These outcomes have been studied mainly in the context of enhancing the organization. By examining CSE, we also have made a tentative step towards establishing servant leadership's significant role in enhancing constructs like employees' generalized self-esteem, generalized self-efficacy, locus of control, and positive affect. In other words, servant leadership may contribute to an employee's positive self-concept by enhancing overall worker happiness, feelings of empowerment, sense of self-confidence, and overall positive sense of self. This takes us back to the heart of Greenleaf's (1970) indicators of servant leadership. While more research needs to be conducted on the topic, this is clearly an impressive list of employee outcomes that may well be associated with servant leadership.

Altogether, our findings show that servant leadership, a values-based leadership approach, appears to contribute to both individual employees and the organization by enhancing employee core self-evaluation and job satisfaction.

Future Research Directions

Given that this is probably the first study of the relationship between a values-based leadership (servant leadership) approach and core self-evaluation, and that core self-evaluation appears to be enhanced by servant leadership, it would be important for additional studies to validate this finding.

Given that there have been so few studies using core self-evaluation as a dependent variable generally, it would be important for additional studies to do so; that is, to test more definitively whether core self-evaluation is a malleable or stable trait.

Given that a number of studies have found that both servant and related leadership styles and climates, as well as core self-evaluation, appear to predict individual level job satisfaction and job performance, and also given that job satisfaction and job performance have tended to be highly correlated across many studies, it would be useful for additional studies to investigate more about the relationships among these four variables. What exactly is the relationship between servant leadership and the core self-evaluation of employees? How exactly is it that core self-evaluation and servant leadership can produce increased job satisfaction and job performance? What are the mechanisms in these relationships?

Future scholars should also consider a longitudinal research design and procuring data on constructs through multiple, varied sources. Finally, more attention can be paid to elements of servant leadership, specific dimensions of CSE, and possible moderators/mediators of this relationship.

Limitations

Our study has two primary limitations. First, the study was cross-sectional in nature, and as a result we are limited in what we can conclude about servant leadership as a causal mechanism for increasing core self-evaluation. However, we did observe a correlational pattern consistent with such a relationship.

The other significant limitation regards the percept-percept nature of our independent and dependent variable. We were unable to obtain data from a different source regarding servant leadership, thus both servant leadership and core self-evaluation were assessed by the same individual employees. This is one reason why the controls are so important to the current study. The main problem with mono-method research is that significant findings like those observed here could be attributable to some positive g-factor (e.g., positive affectivity, job satisfaction, social desirability bias, etc.) that leads to a spurious correlation between x and y. Such a bias, however, would almost undoubtedly also bleed into job satisfaction. Thus, entering job satisfaction (or core self-evaluation) first in a stepwise model has the effect of partialling out shared variance attributable to any unobserved nuisance variable such as a g-factor. Because we found a positive relationship after including the control, we have some confidence that our findings are not attributable to such a nuisance variable, though we cannot rule out the possibility completely.

Another issue is effect size. We note that the change in variance explained by servant leadership was small (1% of incremental variance) with the inclusion of all of the control variables. However, our inclusion of job satisfaction as a control for core self-evaluation, and vice versa, affected this. When, for example, job satisfaction was not controlled for, the amount of reported variance in core self-evaluation explained through servant leadership (i.e., step 3 vs. step 1) was 24%. When core self-evaluation was not controlled for, the amount of reported variance in job satisfaction explained through servant leadership (i.e., step 3 vs. step 1) was 63%. Because of the mono-method issue and the study's lack of a longitudinal design, the current study cannot conclusively resolve whether servant leadership causes job satisfaction or core self-evaluation, but it provides a probable step in that direction.

Finally, generalizability to other settings and other measures is always a possible limitation; however, employing three firms in a field study addresses generalizability concerns to some extent.

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Corporate Governance in the Emerging Economies of the Caribbean: Peculiarities, Challenges, and a Future Pathway

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Abstract

Building on corporate governance research and responsible leadership theory this paper examines, through a multiple case approach, three major cases of corporate failures in the emerging economies of Barbados, Jamaica, and Trinidad and Tobago, member states of the Caribbean Community trade bloc. The paper accordingly provides valuable insights into the dynamics of corporate governance in the Caribbean and proposes a responsible leadership approach as a framework to mitigating agency-problems and addressing the changing business contexts of the region. The paper suggests that researchers and practitioners need to develop a more holistic approach towards understanding corporate governance by going beyond traditional governance mechanisms and controls, and incorporating responsible leadership levels of analysis into the equation. It also establishes that regulators, boards, management, and auditors are critical to avoiding corporate failures and that good corporate governance is fundamental to the performance and sustainability of firms and economies as a whole.

Introduction

The importance of corporate governance has been globally recognized evident by the emergence of international standards and responses to the corporate governance debate from all regions of the world. The enactment of new legislation and corporate governance codes and regulations in some countries are also indicative of its increasing importance. Examples of these responses include the development of the OECD Principles of Corporate Governance; the Commonwealth Association of Corporate Governance (CACG) Guidelines for Corporate Governance, and the United States' Sarbanes-Oxley Act of 2002. These measures were not only a response to myriad

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corporate scandals, but also the result of the appeal from international institutional investors who demanded improved corporate governance in corporations and countries as a condition to invest. The more recent global financial crisis of 2008 as a result of the collapse of many banks and financial institutions further propelled corporate governance on the agenda of all major economies (Crane & Matten, 2010). Understandably, achieving good corporate governance became a central theme in most of the governance related discussions and initiatives in these economies. Despite this growing global corporate governance movement, the Caribbean region's response has however been very limited notwithstanding its own corporate governance challenges.¹

This article therefore examines the major corporate governance crises in three of the major member countries of CARICOM – Barbados, Jamaica, and Trinidad and Tobago, respectively. In each of the cases, failure is attributed primarily to poor internal and external corporate governance practices and have raised questions concerning the roles of regulators, boards, executives, and auditors. The importance of good corporate governance practices for ensuring firm performance and sustainability as well as economic stability is also strongly established. The paper provides valuable insights into the dynamics of corporate governance in the Caribbean and proposes a responsible leadership approach as a framework to mitigating agency problems and addressing the changing business contexts of the region. It suggests that researchers and practitioners need to develop a more holistic approach towards understanding corporate governance by going beyond traditional governance mechanisms and controls, and incorporating responsible leadership levels of analysis into the equation. The article is organized as follows: the first section gives an overview of corporate governance while the second examines the corporate governance landscape of the Caribbean. The third outlines the methodological approach employed in the study, and examines the three cases in detail. An analysis of the commonalities in these cases together with a proposed approach to achieving good governance in the Caribbean is discussed in the fourth section. In general, the paper contributes to corporate governance research in emerging markets and applies the theory of responsible leadership (RL) within the context of corporate governance.

Overview of Corporate Governance

Corporate governance, at its most basic level, establishes the rules to deal with issues related to the separation of ownership and control and so defines the framework in which relationships between a company's management, its board of directors, its shareholders, and other stakeholders interact (CIPE, 2008). For shareholders, corporate governance can provide increased confidence of an equitable return on their investment; while for stakeholders, it can provide an assurance that the organization manages its impact on the environment and society in a responsible manner (Maier, 2005).

¹ "Caribbean" in this article refers to the 15 emerging economies that are part of the Caribbean Community (CARICOM) established in 1973 to promote economic integration and cooperation as well as to ensure that the benefits of integration are equitably shared. The 15 Member States are: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent, and the Grenadines, Suriname, and Trinidad and Tobago. The population of CARICOM is just over 16 million and predominantly English-speaking.

Corporate governance also encompasses the combination of laws, regulations, listing rules, and voluntary private sector practices that enable the company to attract capital, perform efficiently, generate profit, and meet other legal obligations and general societal expectations (Maier, 2005). It is pertinent to note, however, that there is no universally-accepted definition of corporate governance. This is partly attributable to context specificity, emphasis on different aspects by different professional groups, and theoretical perspectives. Nonetheless, governance is relevant to the performance of both private and public sector organizations, and many of the principles and concepts of governance are applicable to both sectors (Uhrig, 2003).

It has been established that companies can derive various benefits by practicing good corporate governance. A well-governed entity will be more efficient and more likely to produce effective outcomes. Good corporate governance improves access to capital and financial markets and attracts greater investment as well as it strengthens management by shaping a sound company strategy that will generate better profit margins. Empirical research has revealed that over 84 percent of global institutional investors are willing to pay a premium for the shares of a well-governed company over one with a comparable financial record, but that is poorly governed (CIPE, 2005). In addition, good corporate governance minimizes the incidence of corruption and improves the management of risks (Tricker, 2012). It also helps prevent systemic banking crises even in countries where most firms are not actively traded on stock exchanges (CIPE, 2005) as is the case of the Caribbean region. Good corporate governance also involves companies taking into serious consideration their environmental and social footprints by being responsible corporate citizens (OECD, 2004).

Unlike developed economies where the link between good corporate governance and publicly-traded shares are obvious, in emerging markets, such as the Caribbean, there is a tendency to overlook its importance. This is largely due to the limited role of the stock market for raising capital and the widespread dominance of smaller firms that do not have listed shares in addition to large family-owned, state-owned, and/or foreign-owned companies whose shares are also not widely traded locally (Oman, Fries, & Buiter, 2003). Yet given the highly interconnected economies that exist and the opportunities that emerging markets provide for investors, corporate governance in such regions cannot continue to be ignored. Further to facilitate a sustained development of these economies, good corporate governance is fundamental.

There are a number of principles as well as structural and behavioral factors that are presented in the literature as ideals for good corporate governance. The question of what constitutes good corporate governance, however, is not as important or as relevant as the question of whether or not governance is present and whether it is the most appropriate form for the particular entity (Uhrig, 2003). This is why it is easier to identify the lack of governance through failure than the presence of sound governance mechanisms and structures through success. Good corporate governance, nevertheless, is commonly presented as entailing the following characteristics: (a) Shareholders elect directors who represent them; (b) Directors vote on key matters and adopt the majority decision; (c) Decisions are made in a transparent manner so that shareholders and

others can hold directors accountable; (d) The entity adopts accounting standards to generate the information necessary for directors, investors, and other stakeholders to make decisions; and (e) The organization's policies and practices adhere to applicable local laws (CIPE, 2008).

The Corporate Governance Landscape of the Caribbean

As mentioned earlier, the CARICOM community is comprised of 15 emerging economies where organized markets are nascent and credible governance structures have historically been limited (ECCB, 2003). In each Caribbean state, there are several pieces of legislation designed to enforce order, discipline, regulate businesses, protect the public, and enhance transparency, disclosure, and accountability to ensure an efficiently functioning economy. But due to the individuality of circumstances in each member state, there are disparities within the regulatory system ranging from penalties for offences, effectiveness, and interpretation. These disparities could make doing business difficult, as well as unintentionally allow inadequate controls for regulating a company's behavior and so pose greater risks to the region's financial stability (CTIR, 2005).

Developments in the area of corporate governance in the Caribbean have been limited to the financial sector. These were largely a result of the financial crisis in Latin America, Asia, and Russia that led to an increase in global sensitivity to risks in the international financial markets (ECCB, 2003). In addition, concerns with respect to money laundering and terrorist financing have also triggered pressure for governance related developments in the region. These drove Central Banks to improve levels of supervision and regulation of financial institutions and the adoption of international standards. Nevertheless, within the non-financial sectors adoption of good corporate governance measures has been inadequate. This is because corporate governance is generally considered in the context of promoting investor protection, but less than one percent of the Caribbean population could be deemed as being an active investor (ECCB, 2003:10). Thus corporate governance has not played an important role in regional corporations on account of the lack of institutional-and-retail-investor participation (ECCB, 2003). Moreover, before the CLICO/CFL fiasco of 2009, the Caribbean did not experience the types of crises and losses of investors'/depositors' funds that have occurred in other regions. This, in itself, served to retard the pace in which corporate governance has developed in the region.

On a whole, as a region, the Caribbean faces some inherent corporate governance problems and peculiarities based on the small size of its countries and economies as outlined in Table 2 below. These peculiarities suggest that a formal governance framework in each of the islands is required and that there is a need for an overarching Caribbean response on corporate governance issues. The recommended Caribbean Corporate Governance Code in 2003, for example, was an appropriate regional response to be implemented through the Caribbean Single Market and Economy (CSME), but for various reasons this initiative never materialized (CTIR, 2005). However, there is a higher probability that individual national codes will be established instead given the launched of governance codes in Jamaica (2006) and Trinidad and Tobago (2013).

Table 1: Governance Peculiarities and Challenges in the Caribbean²

GOVERNANCE PECULIARITIES	GOVERNANCE PROBLEMS / CHALLENGES
Overreliance on the Same Pool to Select Directors (Small Director Pool)	<ul style="list-style-type: none"> • Widespread Cross-Directorships • Concept of the Independent Director is difficult to apply • Widespread Conflicts of Interest
Small Number of Public Companies	<ul style="list-style-type: none"> • Low volume stock markets • Under-resourced SECs (unable to attract and retain highly skilled persons) • Unsophisticated governance practices • Concentrated number of shareholders
Dominance of Private Companies	<ul style="list-style-type: none"> • Highly unregulated private sector • Development of Boards and Directors remain limited • Board governance is generally not professionalized
Dominance of Large Family-Owned Firms	<ul style="list-style-type: none"> • Little strategic changes overtime • Limited number of outside Directors • Higher instances of CEO Duality/Executive Chairpersons
Heavy State Involvement in Economic Activities	<ul style="list-style-type: none"> • Governance is conformance driven • State-Owned Enterprises with politicized Board Members
Preference for Commercial Bank Financing	<ul style="list-style-type: none"> • Stock Markets unable to grow/expand
No Overarching Regional Regulator(s)	<ul style="list-style-type: none"> • No commonality or coordination in time of regional crises • Poor monitoring and enforcement of governance related requirements
Weak Legislative Frameworks	<ul style="list-style-type: none"> • Limitation on power/authority of regulators • Limited enforcement of laws • Loop holes conducive for very risky venture
Culture of Poor Enforcement of Laws	<ul style="list-style-type: none"> • Limited consequences for non-compliance

In the current context, it is the banking sector that has the highest supervision while other sectors such as insurance, trust business, credit unions, and pensions are still lagging behind. This is because commercial banks play a dominant role in the financing of privately-owned entities. The supervision of banks, however, has been heavily focused on protecting customer deposits rather than shareholders' funds or with general matters of corporate governance (CTIR, 2005). There are nine (9) Central Banks among the fifteen (15) CARICOM member states with each having its own governance guidelines that have been used to guide the behavior of banks, insurance and other financially related institutions in their respective jurisdictions. There are also a number of Security Exchanges across the region – Barbados, Trinidad & Tobago, Jamaica, Guyana, and the

² *Source:* Derived from an analysis of data from the Caribbean Trade and Investment Report: Corporate Integration & Cross-Border Development, 2005 and Report on the Caribbean Corporate Governance Forum, 2003.

Eastern Caribbean – with clear listing rules and regulations. These governance guidelines and listing rules have all been heavily influenced by international developments (CTIR, 2005).

Despite the region’s peculiarities and challenges, good corporate governance will provide the Caribbean with many benefits that can increase economic stability and sustained development. These benefits include enhanced self-regulation of companies, positive societal recognition due to a transparent internal governance structure, and a reduction in the supply side of corruption (ECCB, 2003).

Methodological Approach

This paper is interested in the causes and consequences of three major cases of financial collapse in the Caribbean. It is exploratory in nature and aims not only to provide clarity to the dynamics that existed in these cases but also to propel further research in the area. In this context, the article seeks to provide in-depth insights as opposed to establish relationships between variables. A multiple case study approach was therefore adopted to allow an understanding of complex issues and is considered a robust research method, particularly, when a holistic, in-depth investigation and explanation of a social phenomenon is required (Yin, 2013). Data derived from archival records, secondary literature and desktop research have been employed to examine the three cases. Each element assisted in the corroboration of information as well as the creation of the case summaries.

Case 1: Trade Confirmers Limited (Barbados)

The first case to be considered is the collapse of *Trade Confirmers (Barbados) Limited*. Information for this case was obtained from the Report of the Commission of Inquiry into the Causes of the Collapse of Trade Confirmers (Barbados) Ltd, 1988. Trade Confirmers (Barbados) Limited (TCBL) was incorporated on March 31, 1982 under the Barbados Companies Act with an authorized share capital of \$5,000,00. Based on the Memorandum of Association, TCBL offered a variety of financial services. These included carrying on the business of financiers, discounting trade bills, acting as a confirming house, drawing bills of exchange, granting loans to individuals and firms, acquiring shares of other companies and guaranteeing the performance of their contracts, and carrying on the business of insurers. After one year of operation, TCBL was designated a Financial Institution on April 8, 1983 on recommendation of the Central Bank of Barbados. This new status allowed the Central Bank to exercise a measure of control over TCBL by conducting periodic inspections of its books and accounts.

TCBL launched a successful advertising and sales campaign boosted by the promise to pay above-market interest rates on deposits, particularly, higher than those offered by the established commercial banks. By the end of August 1983, TCBL had received deposits to the total of US\$2.4M. Almost four (4) years later, TCBL went into receivership on October 9, 1987. On February 29, 1988, a Commission of Inquiry was appointed to investigate and report on:

1. The causes of the collapse of Trade Confirmers (Barbados) Ltd;

2. Whether the business of Trade Confirmers was carried on negligently or with intent to defraud depositors or other creditors, and shareholders, or in any way that was unfairly prejudicial to, or unfairly disregarded, their interests; and
3. To make such recommendations as considered appropriate.

The Commission found that TCBL was under-capitalized from the beginning of its operations and in breach of various financial regulations. The Central Bank inspection in May 1984, one year after becoming a financial institution, revealed that the funding of TCBL was provided by fixed deposits totaling US\$4.3M, share capital amounting to US\$973K and Bank borrowings amounting to US\$2.8M. The excess of deposits to share capital was a concern for the regulators as well as the narrow base of the deposits. Nine (9) customers held deposits of \$100K or more and two (2) had balances of approximately US\$800K. This coupled with the fact that the majority of deposits (83%) were for periods of two years and less made the deposit base very volatile. Withdrawal of either or both of these deposits could have placed the institution in a serious liquidity situation.

During this first inspection, it was discovered that loans and advances were at US\$8.7M. This represented a loan-to-deposit ratio of 204% and clearly indicated that TCBL was severely over-lent. The inspectors also found that there was a lack of up-to-date financial information on borrowers and that many of them had poor credit ratings at other financial institutions. TCBL was also guilty of breaches of the *Rate of Interest Act*, the *Hire Purchase Act*, the *Exchange Control Act*, and the stipulations in relation to unsecured loans to directors. In fact, two directors had already obtained advances from the company which were unsecured. In November 1984, a second inspection was conducted and revealed that very little had changed in the operations of TCBL. The number of deposits had decreased from 97 to 91 and borrowings from commercial banks had increased by 37%. In addition, approximately 40% of the loans portfolio was classified as either “adverse,” “sub-standard,” or “doubtful.”

The incompetence and negligence of the auditors were also prevalent in this case. The Inquiry found that both the audit senior and the audit partner had no experience in auditing financial institutions. Audit working papers that were reviewed during the commission showed a considerable lack of planning and failure to consider issues such as materiality, income recognition criteria, and loan loss provision.

The negligence, incompetence, and irresponsible attitude of the Board of Directors and management also significantly contributed to TCBL’s collapse. Although the company was in a dangerous and risky position, the Board declared and paid a seven percent dividend in 1985 and 1986. The undercapitalization and the difficulty the company was entering with high-risk customers should have prompted a more prudent and responsible decision. The Commission of Inquiry eventually concluded that:

- The business of TCBL was carried on by the Directors in a manner that unfairly prejudiced and unfairly disregarded the interest of the depositors, shareholders, and creditors.

- The Directors were negligent in failing to exercise due care and diligence in the management of the company.
- The Chairman and the Managing Director withdrew funds of the company without the authority of the Board of Directors.
- The Managing Director caused fictitious entries to be made in the account books of the company and that several of these transactions appeared to be fraudulent.
- The auditors failed to adhere to generally-accepted auditing standards in the acceptance and execution of the audit.
- The Central Bank of Barbados failed to exercise its powers under Section 36 of the *Central Bank Act*, allowing them to place restrictions on Trade Confirmers.

Although the Commission of Inquiry provided its findings to the Director of Public Prosecutors, no one has been charged and/or prosecuted to date.

Case 2: The Jamaica Financial Crisis

From the mid-1980s, Jamaica took steps to liberalize its financial sector with a view to creating an environment conducive to efficient financial intermediation and the strengthening of the Central Bank's ability to influence money and credit variables (Kirkpatrick & Tennant, 2002). By 1990, the Central Bank had removed the ceilings placed on banking system credit, and announced the unification of the cash reserve and liquid assets ratio. Savings rates were also totally deregulated, enabling commercial banks to set their own rates. In addition, the foreign exchange system was liberalized and the exchange rate subsequently was determined by market conditions and the movement of foreign exchange in and out of the country became unrestricted (Kirkpatrick & Tennant, 2002).

These liberalization policies resulted in significant changes in Jamaica's financial landscape. According to Kirkpatrick and Tennant (2002:1935), the financial sector experienced rapid asset expansion with significant operations among commercial banks and non-bank financial institutions. The assets of the commercial banks represented 50% of the total assets of the financial sector by late 1997. The number of non-bank financial institutions also increased from 8 in 1985 to 25 in 1993, with assets increasing in nominal terms from US \$0.25B in 1986 to US 0.44B in 1993 (Peart, 1995:15).

In addition to the increased in non-bank financial institutions, there was a significant increase in the number of large financial conglomerates during this period. These conglomerates, according to Green (1999:4), were created by insurance companies to exploit the financial arbitrage provided by the existence of differential cash reserve requirements and differences in the level of supervision over the various subsectors of the financial system. Typically, these conglomerates were comprised of a merchant bank, a commercial bank, a building society, an insurance company, and other firms/subsidiaries. The business models were complex with inter-company shareholdings, interlocking boards of directors, common management, and extensive

inter-group transactions (Kirkpatrick & Tennant, 2002). These entities expanded aggressively with innovative financial services and failed to maintain the required prudent financial practices. However, as a result of the interlocking nature of these conglomerates, there was a high risk of contagion, which made the entire sector vulnerable to financial instability. Further, the private sector's allocation of banking system credit rapidly increased throughout the period from US\$0.53B in 1985 to US\$0.84B in 1993 (Kirkpatrick & Tennant, 2002:1936). There was, in fact, an unsustainable credit boom in which loans and investments were made without proper risk assessment or appropriately valued collateral.

It was, therefore, not surprising that by the mid-1990s, the initial boom of the financial sector began to show clear signs of burst. Private sector credit that grew by almost 70% in 1993 drastically declined to 25% in 1996. The profitability of the sector was also on the decline with a reduction in the return on assets of commercial banks. The banking system's capital base had also deteriorated to 3% compared to 8% of the international standard for capital adequacy (Green, 1999: 21). In addition, most of the insurance companies were plagued by the mismatch of assets and liabilities. In the early 1990s, the life insurance industry entered into the aggressive advertising campaigns for short-term and equity-linked products by offering high rates of return. Imprudent investment of these short-term savings in long-term assets, mainly real estate, resulted in illiquidity problems for the life insurance industry. The illiquidity problems in the life insurance industry served as the catalyst for the financial crisis of 1997. The illiquidity problems in the life insurance industry that was precipitated by the downturn in the real estate and stock markets rapidly spread to affiliated commercial banks that were subsequently forced to turn to the Central Bank for liquidity support. In 1995, one commercial bank received US\$0.11B in liquidity support and in 1996 approximately US\$0.16B was given to two other banks. As the problems in the sector worsened, depositors withdrew their savings from what were perceived to be weak institutions, mainly indigenous with local management, and deposited these funds with branches of foreign banks (Green, 1999:24). These events culminated in 6 of the then 9 commercial banks which accounted for 60% of the deposits; 5 life insurance companies which accounted for 90% of the premium income; one third of all merchant banks; and several building societies being insolvent. In order to address the escalating problems within the sector, the government established the Financial Sector Adjustment Company Limited (FINSAC) in January 1997 to deal with the troubled institutions. By the end of 1997, the Government of Jamaica assumed control of a number of failed financial institutions, including CNB, Eagle Commercial Bank, Workers Savings and Loan Bank, Island Victoria Bank, and Jamaica Citizen Bank (Kirkpatrick & Tennant, 2002; Swaby, 2011).

The Jamaican crisis was arguably induced by financial liberalization that facilitated the financial sector's vulnerability to systemic failure. With the removal of interest rate ceilings and credit controls, banks were able to finance riskier ventures for higher returns, however, this also increases the probability of the occurrence of agency conflicts which may lead to a lower level of managerial prudence and hence greater financial fragility (Kirkpatrick & Tennant, 2002). In the Jamaican case, these tendencies were evident. There was deterioration in the quality of loan portfolios as well as high levels of

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non-performing loans. In addition, there were several instances of financial imprudence due to the following:

- **Inexperience and inadequate skills for screening and monitoring higher-risk lending;**
- **Agency conflicts between managers/owners and depositors;**
- **Innovative, but risky attempts to maintain market share;**
- **Related-party transactions; and**
- **Managerial overspending.**

These can be further delineated as follows: (a) the absence of or failure to comply with proper internal control procedures, (b) poor risk management and inadequate portfolio diversification; (c) poor quality of management and strategic planning, (d) the failure to exercise due diligence and care; (e) a high incidence of connected party lending; and (f) breach of fiduciary duty and fraud (CTIR, 2005).

Case 3: The CLICO/CLF Meltdown (Trinidad & Tobago)

CLICO was the largest insurance company in the Caribbean, the flagship of its parent company, CL Financial (CLF). In turn, CLF was the largest privately-owned conglomerate in the Commonwealth Caribbean with operations spanning its core business of insurance, but which also included financial services, real estate development, manufacturing, agriculture and forestry, retail and distribution, energy, media, and communications (Browne, 2011). CLF operated in 32 countries through its associated and joint venture companies, and through more than 65 subsidiaries spanning the Caribbean, Florida, Europe, the Middle East and Asia. Until 2009, it controlled assets in excess of TT\$100B (Soverall, 2012: 167). CLF also owned 55% majority ownership of Republic Bank, Trinidad and Tobago's largest commercial bank, as well as Methanol Holdings of Trinidad Ltd., which operated M5000, then the world's largest methanol plant. It also controlled the British American Insurance Company (BA) which is one of the main insurance companies in the Eastern Caribbean. In addition, the four largest financial institutions in CLF managed assets of over TT\$38B which constituted approximately 25% of Trinidad and Tobago's GDP (Soverall, 2012: 167)).

This impressive business portfolio was unfortunately plagued with a flawed business model. CLICO was a subsidiary of the parent company, CL Financial. However, CLICO functioned as the primary source of deposits that were used to finance CLF's expansion through investments and acquisitions held in the name of other entities in the group (Soverall, 2012). The nature of the ownership structure of these enterprises significantly varied. Some were wholly-owned and managed by CLF, others were simply investments that CLF did not participate in managing, and some were a mixture of both. In some cases, CLF borrowed from other subsidiary financial institutions to invest, and in most cases it used CLICO, Clico Investment Bank Limited (CIB), British American Insurance Company (BA), or Caribbean Money Market Brokers (CMMB) as the conduit to purchase investments or borrowed from them to do so. In short, CLICO became the guarantor for

many of CLF's assets most of which were heavily pledged and, therefore, limited in terms of the potential proceeds from asset sales.

By operating with such a model, the Central Bank of Trinidad and Tobago (CBTT) alleged that CLICO operated both an external Ponzi scheme in which the insurance company took in new money from policyholders and mutual fund investors, as well as an internal Ponzi scheme in which money was diverted or misappropriated away from CLICO to fund CIB, CLF, and other group entities with little or no prospect of return (Henry, 2009). In other words, CLICO took large numbers of deposits on a short-term basis paying high interest rates and used them for long-term investments which resulted in significant cash flow problems that precipitated its ultimate collapse.

However, the warnings of this collapse emerged years before. A 1998 Report of the Office of the Supervisor of Insurances had raised the red flags of the affairs of CLICO. The Report indicated that CLICO had failed to satisfy its statutory fund, a basic safeguard used to ensure the soundness of insurance companies. The fund recorded a TT\$62.4M deficit in 1992, a \$1.3M deficit in 1993, a \$64.7M deficit in 1995, a \$574.1M deficit in 1996, and a \$690M in 1997 (Bagoo, 2010). The 1998 Report stated that CLICO was "technically insolvent," broke the law by paying dividends when its statutory fund was in deficit, apparently understated liabilities through the failure to submit acceptable actuarial certificates, and was using policyholders' funds to offer guarantees to affiliates. The report further revealed that the lag in the company's efforts to satisfy the statutory fund became a perennial problem. CLICO had also requested the Office of the Supervisor of Insurances to approve a debenture for TT\$571M from CLF. The Office however refused noting the company's low returns and the lack of free assets to support the debenture as well as the company defaulting in 1996/1997 on payment of \$4M on an existing debenture issued to CLICO in 1992. The 1992 debenture was a result of CLICO's loan to CLF which increased from \$350M in 1995 to \$571M in 1996 (Bagoo, 2010). The Supervisor of Insurances therefore questioned the ability of CLICO to pay an additional sum of \$158M per annum plus interest on this new debenture. The Report stated that it was disturbing that CLICO had continued to use policyholders' funds to make unsecured loans to its parent company (CFL) that was heavily leveraged and with little capital reserves. Despite this report, and therefore the Central Bank's awareness, no steps were taken to address these glaring breaches.

There are always underlying vulnerabilities in the origin of a crisis which may include a combination of factors ranging from poor-risk management, mismatches between assets and liabilities, excessive leveraging of available capital, poor liquidity management, inadequate capital (whether or not capital grows insufficiently as the institution's liabilities expand), hubris among management, and outright fraud. In the case of CLICO/CLF, there were: a mismatch between assets and liabilities, excessive leveraging of balance sheet assets, a preponderance of intragroup transactions, an absence of an effective risk management framework, and plain capital inadequacy (Soverall & Persaud, 2013). These, in turn, were compounded by a weak legislative and regulatory infrastructure in which CLF – the holding company – was not subjected to adequate formal regulatory oversight and practiced poor internal governance when it did pay

attention to such detail (Soverall & Persaud, 2013). These five factors are also related to a lack of good governance practices among the boards of directors, executives, external auditors, and regulators of CLICO/CFL. The consequences of years of persistent bad management and governance within CLICO/CLF together with inaction by regulators were eventually manifested in 2009. The global financial crisis of 2008 was simply the catalyst for the inevitable meltdown of CLICO/CLF.

The collapse of CLICO/CLF forced the intervention of the Government of the Republic Trinidad and Tobago (GORTT) because the financial condition of CLICO, CLICO Investment Bank (CIB), and British American Insurance Company (Trinidad) Limited (BA), subsidiaries of the parent company, CL Financial, threatened the interest of depositors, policyholders, and creditors of these institutions and posed danger of disruption or damage to the financial system of Trinidad and Tobago (GORTT, 2009). This intervention was formalized through a Memorandum of Understanding (MOU) between the GORTT and CLF dated January 30, 2009. The overarching aim of the MOU was to protect the interest of depositors, policyholders, and creditors of these institutions as well as to correct the financial problems of CLICO, CIB, and BA.

In a move towards correcting the financial condition of these companies, CLF agreed to sell all its shareholdings in Republic Bank Limited (RBL), Methanol Holdings (Trinidad) Limited (MHTL), and Caribbean Money Market Brokers Limited (CMMB). CLF also agreed to the selling of all or any of its other assets as may be required to achieve the said correction (MOU, 2009). In addition, the proceeds of the sale of assets would be applied to satisfy the statutory fund requirements for CLICO and BA under the Insurance Act of 1980 and the balancing of the third-party assets and liabilities portfolio of CIB. However, in the event that there was a shortfall after the application of the proceeds realized from the sale of the assets, CLF warranted to provide collateral which could include a secured charge on the fixed and floating assets of CLF, CLICO, and BA; this amount was to be sufficient to secure any financial assistance to be provided by GORTT in respect of that shortfall for the purpose of maintaining public confidence and stability in the financial system (GORTT, 2009). Moreover, according to the MOU, CLF agreed that “CLICO and BA will restructure its business and operations to conform to traditional life insurance business lines in a manner approved” by the Central Bank of T&T, including “a reconstitution of the Board of Directors, Board Committees and senior management” whose selection were to be approved by the government (GORTT, 2009:4). The corrective measures also included the need for CLICO/CLF to fundamentally change and adopt a more robust and less risky business model, and to change its corporate governance structure (Williams, 2009).

From the Commission of Enquiry into the failure of CLICO, it was further revealed that the Central Bank had a number of concerns about the quality of CLICO’s corporate governance, specifically the infrequency with which the CLICO Board met and the limited number of independent directors on its board (Commission of Enquiry, 2012). The board seemed to be simply a rubber-stamp of decisions made by the Executive Chairman. Furthermore, CLICO operated without an Audit Committee or Risk Committee as well as without an Investment Committee (Commission of Enquiry, 2012). Therefore, there was

poor monitoring of decisions, risks, and investments. Moreover, conflicts of interest were prevalent.

Discussion

These three cases underscore the importance of internal and external governance practices in the financial sector. Internally, it is evident that the role of management and the core principles of management, and the management of risk were inadequately exercised in these cases. Prudent leadership from the boards of directors would have ensured better monitoring of management's behavior as well as adequate risk management which would, in turn, have protected the interests of depositors, shareholders, and other stakeholders. The directors, however, failed in their fiduciary duties and neglected to fulfill their roles with the duty of care and skills required. Therefore, whilst corporate governance frameworks existed from a statutory standpoint, in practice, compliance with these was highly unobserved. Further, both management and boards of directors in these cases may not have possessed the required competency to govern their respective institutions within the complexities of the ever-evolving innovative financial activities.

Externally, there were a number of key regulatory gaps. Regulators failed to properly supervise and take appropriate actions in each of the cases examined. This might be a result of a combination of factors such as incompetence, lack of resources, and political interference. Without robust supervision and timely actions, the vulnerabilities increased overtime leading to these crises. Arguably, the smooth functioning of financial institutions will always depend on the quality of oversight by regulatory bodies. In addition, the legislative framework in the jurisdictions in which these cases occurred did not only failed, in certain aspects, to provide regulators with the level of supervisory authority needed but also lagged in comparison to the rapidly evolving operations and complexities of financial institutions. The regulatory gaps together with the deficiencies among the various boards, management teams, and auditors clearly demonstrate the importance of good corporate governance practices for firm performance and sustainability.

Table 2: Common Governance Problems in the Three Cases

	TRADE CONFIRMERS	JAMAICA'S CRISIS	CLICO/ CFL
COMMON			
Ineffective Regulatory Oversight & Auditors	✓	✓	✓
Weak Legislative Frameworks	✓	✓	✓
Negligent Boards	✓	✓	✓
Interlocking Boards	X	✓	✓

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Absence of Independent Directors	✓	✓	✓
Excessive Intergroup Transactions	✗	✓	✓
Conflicts of Interest	✓	✓	✓
Poor Risk Management	✓	✓	✓
Mismatches between Assets & Liabilities	✓	✓	✓
Inept Senior Management	✓	✓	✓

From a theoretical perspective, the agency theory offers valuable insights to understanding the behavior of managers and directors in these cases. The “model of man” underlying the agency theory is that of the self-interested and opportunistic agent rationally maximizing his/her own personal economic gain. The model is individualistic and is predicated upon the notion of an in-built conflict of interest between owner/principal and manager/agent. Moreover, the model is one of an individual calculating likely costs and benefits, and thus seeking to attain rewards and avoid punishment, especially financial ones (Donaldson & Davis, 1991). Based on this premise, agents may commit “moral hazards” merely to enhance their own wealth at the cost of their principals (Jensen & Meckling, 1976). Assuming that the principal and the agent are mainly concerned about maximizing their personal wealth, agency theory argues that the agent may not always act in the best interests of the principal as evident in the decisions and actions of management in three cases examined. Examples include the managers in *Trade Confirmers* who defrauded depositors, creditors, and other shareholders; or in the case where the financial institutions in Jamaica engaged in significantly increased risk-taking, leading to the deterioration in the quality of loan portfolios and revealing a divergence of interests between managers/owners and depositors; or with the CLICO/CFL in terms of management using policyholders’ deposits and investing in exceedingly high levels of vulnerable ventures, ultimately exposing these depositors to unprecedented risks/losses. A major structural mechanism to curtail such managerial “opportunism” is the board of directors. This body provides a monitoring of managerial actions on behalf of shareholders. Such impartial review will occur more fully where the chairperson of the board is independent of executive management. Where the chief executive officer is chair of the board of directors, the impartiality of the board is compromised. However, in each of the cases examined, it is evident that the board of directors did not provide impartial oversight of management and thus failed to represent and protect the interests of principals. In short, in each of the cases the agents committed “moral hazards” as argued in the agency theory.

Historically, the region’s pursuit of good corporate governance has been generally slow with limited pressure from government, the media, civil society, or even the professional and academic communities. Prior to the CLICO/CLF meltdown, the region had not experienced any corporate failures that had region-wide consequences as demonstrated in the cases examined. Thus it was reasonable to expect that in the years following the CLICO/CFL meltdown, there would have been pressure from various constituents for

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game-changing corporate governance reforms across the region. However, this has been relatively limited. The CLICO/CFL meltdown finally prompted calls by Caribbean leaders for greater regional cooperation on matters of regulation and supervision of such firms. CARICOM leaders recognized the need to not only effect appropriate reform in financial sector policy, but also the need to enhance national regulatory and supervisory systems, including rationalization and consolidation of these systems across the region for ensuring safety, soundness, and stability in the financial services sector (CTIR, 2010). Furthermore, in recognizing that there is significant financial integration across the region based on both organic growth and mergers and acquisitions, cross-border supervision – according to these leaders – needs to be critically enhanced by the regional regulatory organizations: the Committee of Central Bank Governors (CCBG), the Caribbean Association of Insurance Regulators (CAIR), the Caribbean Group of Securities Regulators (CGSR), and the Regional Competition Commission (CTIR, 2010).

Although enhancing the regulatory and supervisory systems will aid in improving the quality of governance practices, there are doubts concerning the extent to which a positive behavioral change would occur among managers and directors. This is based on the observation that where stiffer governance regulations or laws and penalties have been enacted, a decline in corporate scandals did not necessarily occur. For instance, following the series of major corporate and accounting scandals affecting Enron, Tyco International, Adelphia, Peregrine Systems, and WorldCom in the United States, the Sarbanes-Oxley Act (SOX) of 2002 was passed. This act established new or enhanced standards for all U.S. public company boards, and management and public accounting firms. As a result of SOX, top management must individually certify the accuracy of financial information. In addition, penalties for fraudulent financial activity became much more severe. SOX increased requirements for the independence of outside auditors who review the accuracy of corporate financial statements, and increased the oversight role of boards of directors (Kimmel, Weygandt, & Kieso, 2011).

Yet it was primarily irresponsible governance and leadership which caused the 2008 global economic crisis. This underscores the inherent limitations of regulatory and compliance driven measures, and forces us to consider other strategies to achieve effective governance and leadership (Pless & Maak, 2011). SOX has neither prevented frauds nor instituted fairness, but it has created the perception that stricter governance laws were needed to safeguard investors. As a result, SOX-type regulations were subsequently enacted in other countries such as Canada (2002), Germany (2002), South Africa (2002), France (2003), Australia (2004), India (2005), Japan (2006), and Italy (2006). Nonetheless, it is still highly contentious whether a fundamental change in the attitude and behavior of boards and executives has not occurred. This suggests that strategies aimed at improving governance must give closer attention to the ethical dimensions of good governance.

It is based on this perspective that a compliance-regulatory focus needs to be significantly complemented with the building of a practice of Responsible Leadership (RL). RL represents a concept that bridges the fields of social responsibility and leadership and can be appropriately applied in the study and practice of corporate

governance. Although the definition of RL is evolving, it can be considered as intentional actions taken by leaders to benefit the stakeholders of the company/and or actions taken to avoid harmful consequences for corporate stakeholders and the larger society (Stahl & Sully de Luque, 2014:238). RL crosses levels of analysis by considering individuals, groups, and organizations as a whole and compared to related forms of leadership such as ethical or values-based, RL has a unique applicability to the upper levels of organizations (Waldman & Balven 2014). This includes executives, and certainly the board of directors, who are charged with directing and controlling the decisions and behavior of the organization. Therefore, at the core of RL is the focus on how individual perceptions, decisions, and actions, particularly those at senior levels, impact on the social and financial performance of their organizations (Stahl & Sully de Luque, 2014).

Responsibility is one of the core pillars of corporate governance and requires that directors carry out their duties with honesty, probity, and integrity (GCGF, 2008) while recognizing the rights of stakeholders established by law or through mutual agreements. This encourages cooperation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises (OECD, 2004). This core pillar has been given limited attention in the attempts to improve corporate governance in the region. RL not only addresses corporate scandals, but it extends in scope to consider the changes in and new demands of business contexts (Waldman & Galvin, 2008). RL therefore takes a stakeholder approach to governance whereby the importance of ethics and social responsibility to organizational effectiveness through engagement of diverse stakeholder groups accentuates the duties of businesses and boards of directors beyond profitability and shareholder returns (Singhapakdi, Vitell, Rallapalli, & Kraft, 1996) This is in contrast to the still dominant, limited economic view that a business's sole responsibility is to maximize profitability and returns to shareholders. While companies use the stakeholder language, their actions reflect the dominance of shareholder primacy in a rapidly changing world where sustainability is paramount.

Pless and Maak (2011) maintained that RL and stakeholder approaches are not just inextricably linked, but RL provides a convincing perspective on how to connect leadership to stakeholder engagement. By making leader-stakeholder relationships the center of attention, RL focuses on the responsibilities that leaders have in relation to different stakeholder groups (shareholders, investors, regulators, customers, employees, communities, environment etc.). With this general demand for corporate sector involvement in socio-economic solutions, firms need leaders who embrace a system of decision-making that enables them to assess decisions in relation to relevant stakeholders. This approach should become integral to the culture and moral fiber of the organization and uniformly applied across its operations. It also suggests that even board governance has to be approached in this manner to create a RL approach to business.

Stakeholders demand that businesses and their leaders take active roles in fostering responsible behavior, internally and externally to the organization, such as creating responsible organizational cultures, pursuing sustainability, and acting like good corporate citizens (Maak, 2007). The scope of RL is directly linked to the increasing

attention by various stakeholders to the role and responsibility of business leaders in the pursuit of a global common good. In this context, the scope of good corporate governance changes. Neither boards of directors, management, or regulators should focus only on shareholder interests because society now demands that the interests of all key stakeholders be considered in a balanced manner. Profit remains critical, but the way in which it is derived becomes the key challenge with the new demands of and changes in business contexts. An RL approach is integral to responding to these contexts.

This article provided insights into the state of corporate governance in the Caribbean by examining three major governance failures experienced in the region and proposes a responsible leadership approach to corporate governance because it is much more relevant to the changing business contexts of the region. Further research is certainly required, but the paper creates a framework to continue the discourse on Caribbean corporate governance.

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Applying Kouzes & Posner's Leadership Concepts to Poverty Alleviation Work in the Developing World



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Abstract

Many people in the developing world struggle with significant poverty. People who feel trapped in a cycle of poverty often describe feeling inferior and powerless. Those who are relatively wealthy and in leadership roles may suffer from a different pathology that some have described as a “god-complex” in which a sense of superiority may develop, leading to the belief that they have been chosen to decide what is best for the poor. As the leaders of organizations that do poverty alleviation work in the developing world contemplate what approach to take when formulating their leadership style, they would do well to base their decisions on the writings of Kouzes and Posner in their seminal book titled, “The Leadership Challenge.” While this book was not written specifically for leaders working in the realm of poverty alleviation in the developing world, its leadership concepts are particularly well-suited for use in that context.

Poverty in the Developing World

Many people in the developing world struggle with significant poverty, poor access to quality healthcare, inadequate and unsafe food and water supplies, lack of safe housing, rampant unemployment, financial barriers to high quality affordable education, poor infrastructure to promote commerce and lack indoor plumbing, electrical power, internet connections and more (Corbett & Fikkert, 2009).

While most people might think of the material consequences of poverty — such as those described above — or a lack of money to pay bills, buy food, or pay rent, Corbett and Fikkert (2009) describe the deep psychological toll that poverty has on those who find

themselves in its grip. Based on excerpts from research conducted by the World Bank (2000) in which poor people were asked to describe what poverty means to them, the descriptions they provided were striking. Participants described poverty using such words as “humiliation,” “shame,” “depressed,” “low self-esteem,” “inferior,” and “powerless” (Corbett & Fikkert, 2009, p. 52-53).

While people who feel trapped in a cycle of poverty often describe the above mentioned inferiority and powerlessness (Corbett & Fikkert, 2009, p. 64), those who are relatively wealthy may suffer from a different pathology that some have described as a “god-complex” in which a subtle sense of superiority occurs leading to the belief that they have been chosen to decide what is best for the poor (Christian, 1994).

While few in the developed world would admit to consciously acknowledging the presence of a god-complex, those attitudes can influence how we might think about the poor or what should be done to help them. Some may be motivated to do charity work; more because of the way it makes the volunteers feel than for any lasting benefit for the poor they claim to serve. Subconsciously, there may be a desire to show others how kind, generous, and noble they are instead of doing the hard work of getting at the root causes of the poverty and partnering with the poor to overcome those forces. It is also not uncommon for well-intentioned people from the developed world to try and be helpful, but at times those efforts can actually create more dependence and perpetuate poverty (Corbett & Fikkert, 2009).

In order for people stuck in a cycle of poverty to ever gain a sense of value and human dignity, they need more than a handout that might meet an acute need and make their benefactors feel good about themselves. Those who truly want to help the poor need to focus on ways to empower them to move towards independence and to overcome obstacles that have been impediments to progress in the past. No person feels good about relying on the charity of others to provide the necessities for his / her family. There is something much more fulfilling and affirming about obtaining provisions through honest work using personal talents and skills to generate an income. While it is certainly important that the necessities of life are secured, it is also vital to recognize that what a person must do to get those necessities shapes one’s self image and sense of worth (Corbett & Fikkert, 2009).

There are many situations where people are trapped in poverty and have never really known anything else. Many of these examples can be found right in the US. Sometimes their default coping mechanism is to want, or even expect, a handout. Perhaps someone has had a challenging upbringing and drops out of high school. Maybe she also got pregnant as a teenager and now finds it very difficult to secure a good full-time job that will hire a high school dropout and generate enough income to cover her family’s expenses. As a result, she starts working low-paying, part-time jobs and receiving welfare checks. The only apartment she can afford is in a subsidized, low-income public housing project. If the young woman’s income reaches a certain threshold, she may lose those welfare benefits and then there may not be enough additional income to cover the loss of public assistance. This can cause the person to become entrapped in a cycle of poverty where reliance on handouts (public assistance) is necessary, but may

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concomitantly trigger a sense of dependence, low self-esteem, and hopelessness that things can never get better.

This same type of scenario is also very possible in the developing world where access to free public education is often lacking, so its inhabitants fail to acquire and develop literacy and other important skills that are essential in well-paying jobs. Desperate people with no obvious path out of poverty often end up becoming dependent on the charity of others. While the assistance that is received from aid organizations may temporarily meet some needs, it likely will do nothing to eliminate ongoing poverty-based needs in the future (Corbett & Fikkert, 2009).

Applying Kouzes and Posner's 5 Leadership Practices in the Developing World

As the leaders of organizations that do poverty alleviation work in the developing world contemplate what approach to take when formulating their leadership style and strategic plans, they would do well to base their decisions on the writings of Kouzes and Posner in their seminal book titled, "The Leadership Challenge" (2007). While this book was not written specifically for leaders working in the realm of poverty alleviation in the developing world, its leadership concepts are particular well-suited to providing a foundational framework that such leaders can build on that will ensure that the people they intend to help are actually involved in the process of working towards poverty alleviation and not just the unintentional victims of assistance that actually does more harm than good.

Kouzes and Posner (2007) have conducted extensive research on what makes some leaders highly effective at what they do. This research has served as the impetus for developing what they call the "Five Practices of Exemplary Leadership" (Kouzes & Posner, 2007, p. 14). These leadership practices have been described as follows:

- 1. Model the Way**
- 2. Inspire a Shared Vision**
- 3. Challenge the Process**
- 4. Enable Others to Act**
- 5. Encourage the Heart (Kouzes & Posner, 2007, p. 14)**

When an analysis of these five leadership practices is overlaid onto the needs and dynamics at play in those struggling with poverty in the developing world, it can be argued that leaders who base their leadership style on Kouzes and Posner's framework may be perfect agents of change in the ongoing effort to alleviate poverty for many.

Like Cashman (2008), who writes about the importance of leaders understanding their true core purpose in life and using their leadership gifts to focus on service "to improve the lives of everyone and everything (they) touch" (p. 77), Kouzes and Posner's writing has a very similar service- and values-based emphasis. Woven throughout their *Five Practices of Exemplary Leadership* is the theme that leadership is all about relationships. The status and characteristics of those relationships lie at the very center

of determining what sort of results any initiative might produce. Kouzes and Posner (2007) describe it this way: “A leader-constituent relationship that is characterized by mutual fear and distrust will never, ever produce anything of lasting value. A relationship characterized by mutual respect and confidence will overcome the greatest adversities and leave a legacy of significance” (p. 24).

Successful and inspired leaders who are working in developing nations to try and alleviate poverty and assist people in breaking out of the cycles that keep them there, by the very nature of their work will need to overcome great adversity, including multi-generational beliefs and practices that have led to the present reality.

As appropriate relationship-based programs are developed and implemented that are designed to empower those in need, hope will rise and profound change can occur. A closer look at each of Kouzes and Posner’s (2007) *Five Practices of Exemplary Leadership* and their associated *Ten Commitments of Leadership* (there are two commitments for each of the five practices) may reveal many practical suggestions for leaders who face the challenge of inspiring the transformational change that is vitally important when trying help people move towards self-sufficiency and improved feelings of self-worth.

Exemplary Leadership Practice #1: Model the Way

1. “Clarify values by finding your voice and affirming shared ideals.
2. Set the example by aligning actions with shared values” (Kouzes & Posner, 2007, p. 26).

Effective and trusted leaders must have credibility and respect from their constituents. Credibility and respect are earned through long-term relationships and showing consistently over time a commitment to principles and values that are deemed important to all relevant stakeholders. These ideals must be evident in both the speech and actions of leaders and be done in such a way that others who work or come in contact with the leaders have a clear picture of what these leaders and their organizations represent (Kouzes & Posner, 2007).

If leaders from affluent countries in North America or Europe worked in developing nations to try and alleviate poverty, it would take some time to earn the trust and respect of the indigenous people. If these leaders from far-away lands acted too condescending or mistreated the locals, any advice that they offered, even if done with noble intentions, would likely be ignored or rejected.

It would be important for the leaders to come alongside the poor to understand the forces at play in their lives that hold them back from reaching their potential. Instead of hiding away in some affluent ivory tower where advice and charity is dispensed from afar, the leaders should be in the trenches learning from those in need and working diligently to develop strategies that have buy-in from those struggling with poverty.

As trust and understanding develops between the leaders and the people they intended to assist through their lives of service, the leaders would have opportunities to both

model a different way of thinking and functioning to the indigenous people that might start to instill hope, while showing the ways the leaders' staffs should approach their missions and interact with the local citizens. Each time a new team member joins the poverty alleviation effort, the leaders would have another opportunity to model the correct way to show respect and honor the people they serve, so that not only can monetary-based poverty be alleviated, but also the poverty of the soul that leads the poor to believe that they are inferior and powerless (Corbett & Fikkert, 2009).

Exemplary Leadership Practice #2: Inspire a Shared Vision

1. "Envision the future by imagining exciting and ennobling possibilities.
2. Enlist others in a common vision by appealing to shared aspirations" (Kouzes & Posner, 2007, p. 26).

Kouzes and Posner (2007) describe the best leaders as those who see things in ways that are different from others. They see how things are now, but envision a future filled with possibilities about what could be. These leaders have a strong belief that a better future is possible and have the ability to inspire others to join them on the journey to making those possibilities into realities.

Because leaders are only leaders if they have constituents, it is imperative that leaders have the ability to inspire a shared vision that can serve as a rallying cry to prompt the group moving together towards their common goals. In regard to this concept, Kouzes and Posner (2007) say,

To enlist people in a vision, leaders must know their constituents and speak their language. People must believe that leaders understand their needs and have their interests at heart. Leadership is a dialogue, not a monologue. To enlist support, leaders must have intimate knowledge of people's dreams, hopes, aspirations, visions, and values (p. 17).

While the previous passage was not written specifically with leaders in mind who work in developing nations, one could easily believe that it was taken from a textbook on best practices in poverty alleviation.

The centrality of relationship-building is once again woven throughout this second of five practices of exemplary leadership. In order for impoverished individuals to be willing to do the hard work necessary to break the cycle of poverty that holds them down and not just settle for the next handout, those people will need to believe that the alternative path offered to them by leaders from outside of their immediate environs is credible, possible, and worth the difficulty that will need to be overcome to implement the new way of thinking and functioning. Unless leaders have invested time and energy into getting to know the people, understand the specific challenges they face, and developed the kind of relationship that generates trust, leaders' visions of what is possible will not be shared by the people mired in poverty.

While leaders in developing nations must work hard towards gaining the trust of the people they are there to serve, they must also gain the trust and respect of their staff.

Just as the leaders come alongside indigenous peoples to understand their struggles, hopes, and dreams, so too must the leaders connect with their staffs and invest time in relationship-building with them. Significant societal changes can only happen when all of the leaders' constituents are on the same page and have been given the opportunity to provide input into the organizations' plans for change.

In best practices, the leaders set the general goals and articulate core objectives of a mission, but each of the constituents is empowered to help flesh out the details as they begin to adopt the vision as well. Once everyone has coalesced around the central vision of the leader, it becomes a shared vision (Kouzes & Posner, 2007). This shared vision may generate possibilities that various constituents had previously never believed were possible. When a leader generates the spark of new possibilities and others begin to share and take ownership of the vision as well, true transformation can occur that is beyond what any one person could hope to do.

Exemplary Leadership Practice #3: Challenge the Process

1. "Search for opportunities by seizing the initiative and looking outward for innovative ways to improve.
2. Experiment and take risks by constantly generating small wins and learning from experiences" (Kouzes & Posner, 2007, p. 26).

Kouzes and Posner (2007) point out that no great leaders are known for just keeping everything the same. They see the challenging issues before them and create an atmosphere that is conducive to innovation and reimagining how things can be done better. Leaders are thought pioneers who also encourage creative solutions from their team members. They know that they won't always be the one with all of the answers, so they remain open to ideas and inspirations that might come from many different sources that could be either internal or external to their organizations. Not all ideas are successful, but leaders are not afraid to try something new, learn from it if it fails, and then try something else. As each successive small victory occurs, momentum builds and eventually the team's confidence grows to the point where they believe they have the ability to tackle very large challenges (Kouzes & Posner, 2007).

Once again, this component of the *Five Practices of Exemplary Leadership* is very relevant for leaders working in developing nations. Certainly, the challenge of overcoming generations of poverty is monumental and no one person can fix it alone or very quickly. In fact, the problem may seem so overwhelming that many refrain from even trying to intervene.

All leaders who are willing to step into a role that requires working in the realm of poverty alleviation are going to first have to spend considerable time immersed in the culture with which they have agreed to partner and genuinely attempt to understand the nature of the contributing issues. Obviously, if rampant poverty exists, the current approach has likely been a failure for most people, so leaders will eventually need to challenge the status quo process for how things are done. The best leaders in this type of scenario will have trusted advisors who emanate from the indigenous population to ensure there is a sound understanding of the cultural context for what has been done in the past and

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possible unexpected consequences of introducing new approaches that might seem totally logical and appropriate for a visitor to a new culture, but be deemed offensive or inappropriate for an indigenous person.

Creative people who are not part of the indigenous population may have ideas that appear obviously helpful to an outsider, but may have never been considered by those who are immersed in their own impoverished state. Great leaders recognize that sometimes a slightly (or profoundly) different perspective on an issue can be the impetus for an idea that revolutionizes the way things are done.

Transformational and sustainable change can occur if leaders working in the developing world challenge the process by doing the following:

- Surround themselves with people from the indigenous population who have good insights into the challenges faced by their people and knowledge of what solutions have been tried in the past.
- Also surround themselves with people from outside that local population who honestly care about empowering the indigenous people to ensure an infusion of fresh new ideas.
- Learn from past successes and failures, both within their own organization and other organizations that work in a similar geographic area or do similar relief work in other developing nations.
- Build on the success of small victories to reshape the culture from one of defeatism and despair, to one of great hope and a “can do” attitude.

Exemplary Leadership Practice #4: Enable Others to Act

1. **“Foster collaboration by building trust and facilitating relationships.**
2. **Strengthen others by increasing self-determination and developing competence” (Kouzes & Posner, 2007, p. 26).**

Kouzes and Posner (2007) report that in all of the research they have done on best practices among outstanding leaders, a common denominator is that those effective leaders were not hoarders of power. They created an environment in their organizations that was based in trust and focused on “we” instead of “I” when describing their successes (p. 20). The employees who were in these enlightened organizations felt empowered to participate in the strategy-making process and were more engaged in their work because they felt like valuable members of the team. The best leaders actively sought input and participation from all of their stakeholders and did not cluster power and decision-making to a small group of people near the top of the corporate hierarchy.

This type of work environment helps the employees to feel a higher level of commitment and personal strength and reinforces the idea that their leaders believe they are capable of doing high quality work. All of these workplace attributes result in each employee having a greater sense of ownership in the mission of the organization and promotes a positive sense of self-esteem and personal value. When leaders demonstrate high levels of trust and take steps to reinforce the value of everyone’s contributions, people feel

strong and capable and start to believe that they can do more than they ever thought was possible (Kouzes & Posner, 2007).

This fourth practice of exemplary leadership could be very powerful for an indigenous person in the developing world to encounter when interacting with a leader from the developed world. As has been previously established, those who find themselves trapped in states of poverty develop profound feelings of worthlessness and low self-esteem (Corbett & Fikkert, 2009). There is certainly a long history of people from the developed world exploiting and causing significant harm to people in the developing world. Leaders who serve in developing nations with a sincere desire to empower and include the local people in decision-making could begin to change the very fabric of a society still dealing with the ravages of slavery and other colonial abuses.

As indigenous people work with those from the developed world to analyze the causative factors that have created poverty in their culture and together develop economic, educational, healthcare, and other strategies to gradually address the factors that have been identified, a sense of empowerment and a profound reduction in feelings of hopelessness and despair can occur for current generations and a totally different, more positive reality can be created for future generations. There may be no greater application in the world of the practice of enabling others to act, than for enlightened leaders to employ this approach with those in the developing world who have so much potential to reinvent their current reality if only they are mentored by those who believe in them and help them manifest their abundant potential.

Exemplary Leadership Practice #5: *Encourage the Heart*

1. “Recognize contributions by showing appreciation for individual excellence.
2. Celebrate the values and victories by creating a spirit of community” (Kouzes & Posner, 2007, p. 26).

Kouzes and Posner (2007) make a strong case for the real impact leaders can have when they make a concerted effort to be ongoing sources of encouragement and support for the people within their organizations. They point to multiple case studies of leaders who created a positive work environment by giving people handwritten “thank you” notes, initiated various mechanisms to recognize team members’ contributions and accomplishments, and invested time in relationship-building that enabled them to know about important events in their team members’ lives – both struggles and victories. They describe organizational events where fun and games occur, but point out that these events can be sources of great value to organizations’ cultures as they bring people together in a way that creates genuine comradery and builds cohesiveness. They point out that these various approaches to encouraging team members, “... when done with authenticity and from the heart, build a strong sense of collective identity and community spirit that can carry a group through extraordinarily tough times” (Kouzes & Posner, 2007, p. 23).

When whole cultures of people have spent their entire lives crushed under the weight of poverty and all of its inherent struggles, both physically and psychologically, one cannot

underestimate the value of working with leaders who come from developed nations and place a strong emphasis on emotional connectivity.

When every day is a struggle to survive, encouragement can provide the small ray of hope that someone might need to have the strength to face another day. Despair is pervasive when people have to wonder how they will feed their families, provide clothes and shelter, and generate enough money to pay for healthcare or schooling for their children. It could be lifesaving to work with a leader that generously dispenses genuine encouragement, while regularly reminding them that their lives matter and that hope exists for a brighter future.

No matter where people live, their race, ethnicity, financial status or any other defining characteristic, all people need to feel that their lives have value, purpose, and that others care about them. Many of the poor in developing nations have probably been exposed to people with greater resources and perceived power who have not been benevolent; these people have instead exploited them and contributed to their feelings of inadequacy.

If leaders from developed nations came to a developing nation and showed the people genuine concern and became a source of encouragement, the impact of this on the indigenous people could not be overstated. As such, those leaders who connect with indigenous people and who have invested time in relationship-building while communicating messages that express genuine belief in their value and the enormity of their untapped potential while encouraging hope for a better future, would likely grow to have an amazingly dedicated and loyal team that would tirelessly support the leaders' efforts to improve the conditions in their country.

Concluding Thoughts

Being trusted as leaders is a privilege that carries with it much responsibility. It could be argued that when leaders find a large proportion of their constituents coming from vulnerable populations in developing nations, there are even higher ethical standards that must be followed. When leadership skills, such as those espoused by Kouzes and Posner (2007), are applied to massive global problems like poverty alleviation in the developing world and all of its associated comorbidities, the potential to leave an amazing legacy is heightened. Collins and Hansen (2011) report that the best of the leaders they studied did not define success by traditional materialistic standards, fame or power. Instead they report that,

They defined themselves by impact and contribution and purpose. Even the uber-ambitious Bill Gates, who became the wealthiest person in the world, wasn't primarily driven by gratifying his personal ego.... After working tirelessly for a quarter of a century to make Microsoft a great company, creating powerful software and contributing to the vision of a computer on every desk, he turned with his wife, Melinda, to the question, 'How can we do the most good for the greatest number with the resources we have?' And they set forth the audacious aim, among other goals, to eradicate malaria from the face of the earth (p.33-34).

Most leaders that decide to work in developing nations will never be able to achieve something as monumental as the eradication of malaria from the earth, but leaders can make a difference in the lives of the people they come in contact with and then if those people are empowered to change the course of their lives, they can become teachers and mentors to show other indigenous people the way out of the cycle of poverty. One relationship at a time, communities can be changed and generational curses broken. Leaders may never see the full impact of the positive ripple effects they have had that spread out over time and space, but their lives will be well-lived if they used their leadership skills to alter the destiny of even one person who otherwise would have been sentenced to a life spent anguishing in poverty. Each person, regardless of where they are born or into what level of financial means they arrived, is worth the effort.

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Ethics and Spirituality of Sustainability:¹ *What Can We All Do?*

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Abstract

This article approaches the topic of sustainability in a broad, interdisciplinary fashion – in the manner of our *total footprint* on the planet, not just our *carbon footprint*. It proposes to bring together the two allied areas of sustainability and spirituality in a dialectical manner, with ethics as a balancing force and spirituality playing the role of the proverbial invisible hand guiding our quest for sustainability. It takes the view that, in essence, spirituality and sustainability are vitally interlinked. When the spiritual dimension of our being is underdeveloped, we turn into pleasure-seeking automatons, plundering the planet in a mindless race called progress. This makes us self-centered and greedy for material wealth which leads to social disharmony and over-exploitation of natural resources. When we live a life of greater self-awareness, we tend to consume less and, more so, less mindlessly. With this understanding comes the liberating realization that *there is no sustainability without spirituality*.

For material development to be sustainable, spiritual advancement must be seen as an integral part of the human development algorithm. Our societies are human nature writ at large; therefore, we believe that the solution to society's current chaos lies in the spiritual transformation of each one of us. The choice we face is between conscious change and chaotic annihilation. We believe that the most important eco-spirituality struggles will be won or lost during this decade. While policymakers and governments can play their respective roles, each one of us has to do our part by consciously adopting spirituality and sustainability as a way of life. Only an individual life rooted in the continuous harmony with nature – a life based on moral and spiritual awareness – can preserve the sanctity of the planet.

Introduction

This article explores the inherent relationship between sustainability and spirituality, and the role of ethical leadership in honoring and maintaining this interconnectedness. We believe that unless people's moral and spiritual qualities are nurtured and developed, the best of sustainability efforts will not work. Our political and economic thinking needs

¹ Partially based on author's forthcoming books: *Spirituality and Sustainability: New Horizons and Exemplary Approaches*. Springer, USA: 2016 (with Marques and Mitroff); and *Leadership Today – Practices for Personal and Professional Performance*. Springer, USA: 2016 (with Marques).

to be attuned to spirituality rather than materialism – no economics is any good that does not make sense in terms of morality. We need to refuse to treat economics and politics as if people do not matter. After all, we are “Homo moralis” and not “Homo economicus.” We believe that the way to achieve sustainable, harmonious living in all spheres is through lived morality and spirituality at the personal level. The journey for world transformation starts indeed at the individual level. The article demonstrates that true ecological sustainability, in contrast to the cosmetic variety we too often see around us, depends upon our deeper understanding of fundamental spiritual values such as interconnectedness and oneness, non-violence and compassion, contribution and selfless service.

Likewise we have to start viewing our organizations as “living systems” rather than as “machines for producing money.”¹ Thus true sustainability is not possible without a deep change of *values* and commitment to a lifestyle at the individual level and the organizational level. It cannot be achieved simply as an expression of economic functionality or legislative contrivance. Therefore, to the question, “How to improve the state of the Planet?” we reply: “Everybody can do something!”²

The Context: The Current State of the Planet

Human activities are changing the climate in dangerous ways. Levels of carbon dioxide which heat up our atmosphere are higher than they have been in 800,000 years. 2014 was planet’s warmest year on record. And we have been setting several records in terms of warmest years over the last decade. One year does not make a trend but 14 out of 15 warmest years on record have fallen within the first 15 years of this century.

Climate change is no longer just about the future we are predicting for our children or grandchildren. It is about the reality we are living with every day, right now. While we cannot say any single weather event is entirely caused by climate change; we have seen stronger storms, deeper droughts, longer wild fire seasons. Shrinking ice caps forced National Geographic to make the biggest change in its atlas since the Soviet Union dismantled.³

Environmentalists continue to point out that the current state of our planet is alarming – from the standpoint of economic development, social justice, or the global environment– and that sustainable development has hardly moved beyond rhetoric since it was first used in the 1980s. It is fairly evident to anyone who has a nodding acquaintance with world affairs that humanity is hardly closer to eradicating extreme poverty, respecting the dignity and rights of all peoples, or resolving environmental challenges, climate change,

¹ Arie de Gues, *The Living Company: Habits for Survival in a Turbulent Business Environment* (Boston, MA: Harvard Business Review Press, 2002), 91, 176.

² David Biello, State of the Earth Still Seeking Plan A for Sustainability: How to improve the state of the planet: “everybody can do something.” *Scientific American*, Oct. 12, 2012. Retrieved July 31, 2015: <http://www.scientificamerican.com/article/planet-seeks-plan-for-sustainability/>.

³ Climate Change and President Obama’s Action Plan. Video retrieved on August 3, 2015: <https://www.youtube.com/watch?t=182&v=r4ITx56WBv0>.

or the extinction of plants and animals.¹ And to add insult to the injury, strangely, we find ourselves in an era of “sustainababble” – marked by wildly proliferating claims of sustainability. Even as adjectives like “low-carbon,” “climate-neutral,” “environment-friendly,” and “green” abound, there is a remarkable absence of meaningful tests for whether particular governmental and corporate actions actually merit such description.²

For many experts, the increasing level of carbon dioxide in the environment is the most worrisome. The Emissions Database for Global Atmospheric Research (EDGAR) – a database created by European Commission and Netherlands Environmental Assessment Agency – released its recent estimates, providing global past and present day anthropogenic emissions of greenhouse gases and air pollutants by country. According to these estimates, the US has the second highest CO2 emissions, trailing behind China, and one of the highest CO2 emissions per capita.³ This situation calls for creative solutions both at the collective and the individual level. At the same time, we cannot wait for and rely on legislative measures alone; something fundamental needs to change in terms of how we live and in terms of our world view.

Crown of Creation or Bane of Creation?

As humans, we always pride ourselves to be the crown of creation, the most evolved creatures. Let’s say, somehow, chimpanzees came to know about this contention. They would probably say, “If this is what being evolved means, we don’t want to evolve. If being evolved means destroying our own kind, mindlessly plundering the planet, and destroying the setup that supports us, we are happy being perceived as less evolved species.”

Our dignity as humans should lie in protecting those who are weaker than we. Those who have more power ought to be kinder to those who are weak. All spiritual traditions teach us not to do to others what we don’t want to be done to us. No living being wants to be hurt, to die. The golden principle applies to all living beings. Why this cruelty to animals? Moreover, this cruelty to animals is not environmentally sustainable. That time does not seem to be too far when we will have to stop this, if only as an environmental necessity.

Observation and reflection dictate that the universe was not created for humans alone. In the grand scheme of things, all forms of life are equally precious and so are their needs.

It is a matter of great disgrace that as humans, we are the least sustainable of all species. Although we like to consider ourselves as the “crown of creation,” given our track record, perhaps, the “bane of creation” would be a more fitting epithet. Every part of the creation contributes its dutiful share in the mutual maintenance of the universe. A coconut plant, when young, can grow mostly on wastewater. After 5-6 years, it carries the

¹ Ibid.

² Robert Engelman cited in Michael Renner, “The Seeds of Modern Threats,” in *World Watch Institute State of the World 2015: Confronting Hidden Threats to Sustainability* (Washington, DC: Island Press, 2013), 2.

³ EDGAR: Trends in global CO2 emissions: 2014 report. Retrieved August 1, 2015: http://edgar.jrc.ec.europa.eu/news_docs/jrc-2014-trends-in-global-co2-emissions-2014-report-93171.pdf

sweet water safely stored in a shell over its head, as its gift to the universe, faithfully producing 50-75 coconuts for the next 50-60 years. Consider the life of a tree: requiring very little by way of care and maintenance, it absorbs CO2 and produces oxygen. Every part of its existence is useful to the universe in the form of shade, fruits, lumber, and so forth. The world's forests absorb almost 40 percent of manmade CO2, according to University of Leeds research conducted in 2011.

Vedānta: The Art and Science of Harmonious Living

The article unfolds the vision of Vedānta, the non-dual philosophy as enunciated in the Upaniṣads and the Bhagavad Gītā, the spiritual texts of India. The understanding of this truth, that we are essentially One Limitless Reality, “strikes at the very root of narrow views based on selfishness and is the foundation of higher ethics. This higher Self is of the nature of Bliss, as displayed in our instinctive love of Self; and to recognize it in others is to bring social harmony for no one will be inclined to harm himself. It paves the way for spiritual and moral perfection.”¹ The Gītā (13.28) puts it succinctly: “He who perceives the one Lord dwelling in all beings as their Self cannot harm another, for the Self cannot harm itself.”² True awareness is when you feel the suffering of every living being in your heart. This is the key message of the Gītā.

Why focus on the Upaniṣads and the Gītā, above all? The Upaniṣads have been extolled as “Himalayas of the Soul.”³ Upaniṣads are spiritual treatises of Hinduism that contain the culminating wisdom of the Vedas. They are also known as Vedānta (*Veda + anta*: the end, *anta*, of the Veda). Literally, the Sanskrit word *Upaniṣad* means “sitting down near”: *upa* (near), *ni* (down) and *shad* (to sit). That is, knowledge received by sitting down humbly near a teacher. Alternatively, the word *Upaniṣad* could denote: *upa* (near), *ni* (definitive, doubt-free), and *shad* (to loosen or to destroy). In short, the word, *Upaniṣad*, signifies Self-knowledge, for our self is the nearest thing to us. So it represents that knowledge which destroys ignorance most certainly, bringing the seeker closer to the Ultimate Reality of his/her own self or existence. A treatise that contains such knowledge is therefore called, Upaniṣad.

The greatest Indian philosopher and commentator of sacred Hindu texts, Ādi Śaṅkarācārya, takes this derivation and equates the term Upaniṣad with self-knowledge (*ātma-vidyā*) or the knowledge of the Absolute (*Brahma-vidyā*). This is also referred to as “secret knowledge” or “esoteric knowledge.” The secrecy is not so much a matter of unwillingness on the part of the teacher to *reveal* this teaching as it is to ensure *preparedness* on the part of the student to *receive* this knowledge.

Consider the opening verse of *Īsopaniṣad* which states, “Behold the universe in the glory of God: all that lives and moves on earth. Leaving the transient, find joy in the Eternal:

¹ K. A. Krishnaswamy Iyer, *Collected Works of K. A. Krishnaswamy Iyer* (Holenarasipur: Adhyatma Prakash Karyalaya, 2006), 239.

² *Ibid.*, 251. This is Mr. Iyer's rendition of Gita's verse 13.28. This author has not come across such a unique and apt interpretation anywhere else.

³ Juan Mascaró, translated and selected, *The Upanishads* (New York: Penguin Books, 1965/1979), 43.

set not your heart on another's possession."¹ The importance of this verse is evident from the fact that Gandhi held this opening verse in such high esteem that he believed that it contained the essence of Hinduism. *Iṣopaniṣad*, one of the ten principal Upaniṣads, is a short text of just 18 verses. Gandhi believed that the entire Bhagavad Gītā could be seen as a commentary on just that initial verse.² When asked to sum up the meaning of life in three words or less, Gandhi responded cheerfully, "That's easy: Renounce and enjoy."³ The message of the Upaniṣads is: Reality is One, without a second. And there is an absolute identity, oneness, between the truth of an individual (*ātman*) and the truth of the universe (*Brahman*).

If the value of a wisdom text lies in enabling us to lead a better spiritual and social life, then the Gītā meets these two tests supremely. As Sir S. Radhakrishnan, Spalding Professor of Eastern Religion and Ethics at University of Oxford (1936–1952), has stated:

The two tests of the value of any religious Scripture are whether it helps man to find himself and attain peace and whether it contributes to social harmony. It seems to me that the religion of the Gita satisfies these two tests, the *spiritual* and the *social*.⁴

The Vedas base their philosophy of universalism on the understanding that the whole existence forms one single unitary movement despite the variegated diversity. We can see the operation of this awareness in an Indian wisdom text that states: For the magnanimous, the entire world constitutes but a single family (*udāracaritaṅāṁ tu vasudhaiva kuṭumbakam*).⁵

Five-Fold Offerings to the Universe: Pancha Mahā Yajñās

Ethical conduct in the Upaniṣads revolves around the five *Yajñās* or offerings/sacrifices. These sacrifices are described as a person's duty towards gods, seers, ancestors, fellow humans, and animals. The *Pancha Mahā Yajñās* are extremely versatile religious cum spiritual disciplines. They have a religious (ritualistic) dimension as well as a spiritual (non-ritualistic) dimension. We provide the spiritual version of these "offerings" as follows:

These Pancha Mahā Yajñās are:⁶

¹ Juan Mascaró, translated and selected, *The Upanishads* (New York: Penguin Books, 1965/1979), 49.

² Thomas Weber, "Gandhi's Moral Economics: The Sins of Wealth Without Work and Commerce Without Morality," in Judith M. Brown and Anthony Parel, eds., *The Cambridge Companion to Gandhi* (Cambridge, UK: Cambridge University Press, 2011), p. 138. See also: Eknath Easwaran, *The Upanishads, Translated for the Modern Reader* (Tomales, CA: Nilgiri Press, 1987), 205.

³ Eknath Easwaran, trans., *The Upanishads, Translated for the Modern Reader* (Berkeley, CA: Nilgiri Press, 1987), 205.

⁴ Sir S. Radhakrishnan, as cited in D. S. Sarma, *Lectures on the Bhagavad Gita*, with an English translation of the *Bhagavad Gita* (Maylapore, The M.L.J. Press; 4th edition, 1945), viii. [emphasis added].

⁵ *Mahōpaniṣad*—VI.73 (a). Alternative rendering: "For those who live magnanimously, the entire world constitutes but a family." See: Dr. A. G. Krishna Warriar, trans., *Maha Upanishad* (Chennai: The Theosophical Publishing House, n.d.). Accessed: July, 31, 2015: http://advaitam.net/upanishads/sama_veda/maha.html.

⁶ The section on Pancha Mahā Yajñās draws upon Swami Paramarthanandaji's discourse, *The Spiritual Journey*. Retrieved July 20, 2015: <http://talksofswamiparamarthananda.blogspot.com/>.

1. *Deva Yajña* (Offering/Service to the Lord)
2. *Bhūta Yajña* (Offering/Service to the Animals and Plants)
3. *Manushya Yajña* (Offering/Service to all Human Beings)
4. *Brahma Yajña* (Offering/Service to all Seers/Saints and Scriptures)
5. *Pitru Yajña* (Offering/Service to Parents/Elderly and Ancestors)

In its ritualistic form, the *Deva Yajña* is regular worship of the Lord. In its spiritual form, it represents our reverential attitude towards the five basic elements, *Pancha Mahā Bhūtāni* – Space, Fire, Air, Water and Earth. The worship is offered to the Lord in the form of a Universal Being, *Vishva Rūpa* Iṣhvara. *Bhūta Yajña* is a reverential attitude towards all plants and animals and our contribution to the protection of nature, protection of the environment, and protection of an ecological balance. Non-ritualistic *Manushya Yajña* is in the form of all kinds of social service that we perform through varieties of organizations, charities, and associations. *Brahma Yajña* is our reverential contribution to the preservation and propagation of scriptural learning by supporting the teachers, *Ācāryas*, and the spiritual institutions which support and propagate such activities. Finally, *Pitru Yajña* is whatever we do for the preservation of the family and for the protection and honoring of our ancestors and our senior citizens in general. A society is considered mature only when it takes care of its elderly people properly with respect and reverence.

Turning the Wheel of Cosmic Co-Creation: Life as an Offering!

In order to grow spiritually, enjoin the Vedas, one has to convert one's whole life into an offering to the Divine, as a cosmic sacrifice (*yajñārthātkarmano*: 3.9). According to the *Gītā* (3.10–3.13), all beings are a part of the cosmic wheel of creation, sustained by the principles of mutual contribution and mutual maintenance. Therefore, every action should be performed in a spirit of sacrifice, *yajña*, which sustains all beings, as an offering to the Universal Lord. They are great thieves, according to the *Gītā*, who do not help in the turning of this cosmic wheel of sacrifice (3.12). Thus, the *Gītā* does not stop at concern for humans alone; it is cosmic in its scope and universal in its view.

The *Gītā* (18.5) mandates threefold acts of sacrifice (*yajña*), charity (*dañam*), and austerity (*tapas*) and considers these as the “purifiers of the wise.” “*Yajña*” literally means a sacrifice or an offering. The highest form of offering is living a life of sincerity – a life led by *being good* and *doing good*. A sincere life is characterized by doing what we love and loving what we have to do. “*Dañam*” means charity and denotes much more than writing a check to a favorite cause or organization. At the deepest level, it means the gift of “expressed love.”

The Vedic philosophy of India has always emphasized the human connection with nature. The sacred literature of India – The Vedas, Upaniṣads, Puraṇas, Mahābhārata, Rāmāyaṇa, and Bhagavad *Gītā*, – contain some of the earliest teachings on ecological balance and the need for humanity's ethical treatment of Mother Nature. The Vedic seers recognized that the universe is intelligently put together which presupposes knowledge and intelligence. The Vedic sages underscored interdependence and

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harmony with nature and recognized that all natural elements hold divinity. They posit the Lord as the maker as well as the material of the world, thus investing all creation with divine nature. Vedas do not view it as an act of “creation” per se as many theologies postulate, but an *expression* or manifestation (*abhivyakti*) of what was unmanifest before.

How can God be both the material (*upaḍāna*) and efficient (*nimita*) cause of the universe? Are there any parallels of this phenomenon in the familiar world? The Vedas provide two examples to show how the maker and the material can be one. The first example is of a spider and the spider web. Spiders produce silk from their spinneret glands located at the tip of their abdomen.¹ The second example is dream objects and their creation by the dreamer. During a dream, the “dreamer” is non-different material and efficient cause (*abhina nimita upaḍāna kāraṇa*) of dream creations. When a dreamer dreams about being afraid of seeing a lion, the outside world – lion, jungle, and so forth – are the creations of the dreamer’s mind. The emotion of fear is also within the dreamer’s mind.

The great practical advantage of viewing the Lord as both the material and the maker of the universe is attainment of spiritual outlook regarding the entire creation. When everything becomes divine in our eyes, we develop a reverence for all life. Equipped with this understanding of One Self in All and All in One Self (*sarvātmabhāva*), we can live a life of harmony, benevolence, and compassion toward all existence. In the following section, we explore the necessity of adopting a plant-based diet as a matter of compassionate and sustainable necessity.

Sustainable Diet: Animal vs. Plant Based?

One of the cardinal principles of sustainability is that, in the name of progress, we should not *upset* the *setup* carelessly. At its most fundamental level, that entails paying attention to what we eat for our bodies are “food bodies” and we are what we eat. Sri Ramana Maharshi, the great Indian sage of 20th century, used to say that of all the yogic rules and regulations, the best one is taking of *sāttvic* foods in moderate quantities. This view is consistent with that expressed in the Bhagavad Gītā, and indeed most of the sacred literature of India. According to the Bhagavad Gītā (17.8), *sāttvic* foods are those foods which nourish the body and purify the mind – foods that contribute to longevity, purify one’s mind, and provide strength, health, happiness, and satisfaction. Such foods are sweet, juicy, fatty, and palatable. On the other hand, the Gītā (17.9-10) continues, foods which are too bitter, sour, salty, pungent, dry, and hot can lead to pain, distress, and disease of the body. According to the *Chāṅdogya Upaniṣad* (7.26.2), “When the food is pure, the mind becomes pure. When the mind is pure, the memory becomes firm. When memory is firm, all ties are loosened.”²

¹ Spider Web. Retrieved July 31, 2015: https://en.wikipedia.org/wiki/Spider_web.

² Swami Nikhalananda, trans. and ed., *The Upanishads: A One Volume Abridgement* (New York: Harper & Row Publishers, 1964), 347.

What is the moral and metaphysical basis of a vegetarian diet? It is the understanding that no living being wants to get hurt or to die. Our self is the dearest of all to us. Love of self comes as a natural endowment that perhaps has its roots in the instinct of self-preservation. An important verse in Brihadāranyaka Upaniṣad states that we do not love our husband, wife, son, or any other being for their sake, but for our own sake: “It is not for the sake of all, my dear, that all is loved, but for one’s own sake that it is loved.”¹ However, in our bid to convey our self-interest, we often tend to forget the simple fact that, likewise, everyone’s self is also most dear to him or her.

Metaphysically speaking, all life is one. There is single essential Reality that pervades the entire universe and enlivens all beings. According to the Hindu Vedic tradition, all creatures form the limbs of a single, all-pervading divine being. To benefit any one limb is to benefit the divine being and to harm any is to harm the integrity of the divine being. Therefore, every one of our actions should be performed for the welfare of all beings. All the great spiritual traditions of India, drawing upon this root idea, dictate that a spiritual aspirant must abstain as much as possible from causing any harm to any living being. However, at the same time, it is recognized that life inherently involves harm of some form or another.

Life Feeds on Life

It is an inevitable principle of life that life feeds on life. Our duty is to minimize it. As a Vedic verse puts it, “Life lives by living off another life” (*jīvo jīvena jīvati*). It is true that vegetarians, too, cause harm by killing plants or using animals to plough the fields, so inadvertently harming other beings in the process of raising crops. However, this seems minimal compared to the routine cruelty that is involved in raising, transporting, and slaughtering animals for food. For want of a nervous system, the plants cannot feel the pain, but the animals can. Like us, these animals can feel the pain and do not wish to be physically hurt or killed.

It is true that no one in reality can have a completely harmless existence. But that does not mean that we should abandon the core value of harmlessness. We must minimize the harm we cause to other creatures as far as possible. The Buddha said, “All tremble at violence; all fear death. Putting oneself in the place of another, one should not kill or cause another to kill.”²

Clearly no one is arguing that Eskimos and others who have no other means of sustenance should adopt a vegetarian diet. However, abstaining from eating meat is possible for nearly all of us, given the choices that the modern life accords. This is the minimum all of us can do.

¹ *na vā are sarvasya kāmāya sarvam priyam bhavati, ātmanastu kāmāya sarvam priyam bhavati*: Swāmī Mādhavānanda, *Brihadāranyaka Upaniṣad, with the Commentary of Śaṅkarācārya* (Kolkata, India: Advaita Ashrama, 2008), 246–247.

² Acharya Buddharaḥhita, trans., *Dhammapada: The Buddha’s Path of Wisdom* (Kandy, Sri Lanka: Buddhist Publication Society, 1985), 43.

Live and Let Live

Nonviolence, *ahimsā*, forms the basis for the vegetarianism within Jainism, Hinduism, and Buddhism though it goes well beyond just being vegetarian. This core principle is derived from the Vedic injunction “*mā himśyaṭ sarva-bhūtaṅi*” – do no harm to living creatures. This recommendation is also repeated in the Upaniṣads. A commitment to a nonviolent way of life emanates from the profound understanding of the moral and metaphysical basis of life. It is only when one is able to perceive and “realize one’s self in the Self of all” can one become nonviolent in the truest sense. The Christian dictum of “love thy enemy as thyself” – because our self is dearest to us – the practice of loving all, including our enemies, as “ourselves,” hinges on realizing the fundamental oneness of all life.

It is well beyond the scope of this article to recount the health hazards of eating meat. They are very well documented in the current scholarly and popular literature on health and nutrition. In the final reckoning, it all depends upon our personal beliefs and choices. These choices, being habit-driven, are not always easy to change, even if one is willing. The spirit is *willing*, says the Bible, but the flesh is *weak*. Observation and reflection make it clear that as human beings we are not the most rational creatures when it comes to forming our beliefs and making our choices. If life were rational, nobody would choose to smoke. For some, the decision to become vegetarian happens instantly. They read some study on the risks of eating meat or watch documentary footage of a factory farm, and meat is off their menu for good. For others, the decision may come in fits and starts.

We cannot appeal to the cheetahs and lions in the jungle to become vegetarians. They are instinctively programmed as such by nature. As humans, we have choices and can certainly choose to become vegetarian/vegan as a healthy decision both for ourselves and for the environment. We can also choose to become vegetarian/vegan out of love, kindness, and compassion.

Once this author heard a sage say, “I can live without fish. Why bother fish?” Exactly! Why bother the poor fish or a chicken or a cow. Of course, one can find a thousand reasons to rationalize and continue doing what one is doing in terms of one’s eating habits. It has been observed that “when the reason is against man, man turns against reason.” Choosing not to cause the suffering of other living creatures for the satisfaction of our taste buds and appetites is the minimal expression of compassion we all can offer.

Concluding Remarks

Let’s seek and share the underlying truth of mutuality that does not lead to unnatural differences and disharmony. That is the truth of our identity behind diversity—the essential oneness of all that exists. By seeking the truth that is equally good to all existence, we will be able to revere all life and truly redeem our human existence. Only then can we ensure equally the happiness and welfare of all beings. That will be our true gift of sustainability to the universe. Eleanor Roosevelt, with an insightful futuristic vision,

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has said, “The future is literally in our hands to mold as we like. But we cannot wait until tomorrow. Tomorrow is now.”

The choice is ours.

We conclude this essay with a poem which encapsulates the key message of living a sustainable life. The poem emerged as the author walked by an old oak tree, with its characteristic urgency and poignancy.



Conversations with a Tree!

Today during morning walk,
I paused near a wise old tree;
It greeted me, as always, gently;
Unassumingly with an inviting look!

I have heard it whisper,
as I pass by it, everyday:
"I produce oxygen;
What do you?"

Today, there was urgency in its voice,
As if it had lots of questions for me;
Which needed to be addressed,
As a matter of life and death!

Still kind in its manner,
Gentle in its demeanor;
Solemn in its voice,
The tree continued....

Rain or sunshine,
Extreme cold or hot;
I bear my lot, patiently;
Without complaining or comparing!
Do you?

By way of my own care and concern,
I need very little on a daily basis.
Always making sure to contribute,
More than I consume.
Do you?

I offer my gifts of shade and shelter,
Anonymously and generously;
And my fruits and flowers,
To all and sundry, selflessly!
Do you?





I am content in being the way I am,
Without needing to compare or compete;
To outshine or be better than the next tree;
In the mindless race called success!
How about you?

I abide placidly in the present;
Without brooding over the past,
Or pining for the future;
Living fully in the Now, authentically!
Do you?

On yearly basis at least,
I renew myself:
Letting go of the old leaves;
To make room for the new ones!
Do you?

I do not hate my fellow trees,
Nor do I destroy my own kind.
Merely because they are different,
Or hold a different viewpoint!
How about you?

My virtues are: Patience, Generosity,
Acceptance, Forbearance, Caring,
Compassion, Contribution, Usefulness,
Selflessness, Sustainability, Self-renewal!
What are yours?

With my drab, rough exterior,
I stay nimble and pliant inside.
Always ready to adapt and to cater:
Whatever circumstances transpire!
Do you?





I genuinely hold my head high,
Upright in my humility and gratitude;
Always glorifying my Creator,
By serving selflessly Its Creation!
Do you?

In life and in death,
I stay valuable, making sure that
Every part of me is somehow useful,
For the sake of others!
How about you?

My leaves, my stem,
My roots, my bark;
All parts of the Divine Exchange,
You humans call Eco-System.
How about yours?

Even when I die,
I am of service to you;
As firewood to keep your house warm,
And to cook your supreme meal!
Do you?

Above all, I have the
Virtue of Eternal Silence,
And never get bored
with my own existence!
How about you?

As I listened to this wise old tree,
I kept wondering:
What have I done to the Garden
Entrusted to my care?!



About the Author

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Dhiman has also served as the Chair for a special MBA Program for Mercedes-Benz executives, China. He holds a PhD in Social Sciences from Tilburg University, Netherlands, an EdD in Organizational Leadership from Pepperdine University, Los Angeles, and a Master's degree in Commerce from Panjab University, Chandigarh, India, having earned the Gold Medal. *He has also completed advanced Executive Leadership Programs at Harvard, Stanford, and Wharton.* He is recipient of the prestigious 2004 ACBSP International Teacher of the Year Award and the Steve Allen Excellence in Education Award, 2006.

Dr. Dhiman's work has been published in multiple national and international journals, and he has authored, co-authored, and co-edited ten books on management and leadership during last 7 years. His current research on fulfillment, which is also the theme of his book, [*Seven Habits of Highly Fulfilled People*](#) (Personhood Press, CA,

2012/2014), is focused on transformative habits of mind for attaining lasting joy and fulfillment in both personal and professional life. In his most recent book, [*Gandhi and Leadership*](#) (Palgrave Macmillan, USA, 2015), Dr. Dhiman offers perceptive insights into the spiritual and moral mainstay of Gandhi's exemplary leadership and its abiding influence on the world today. Some of his forthcoming titles include *Holistic Leadership: A New Paradigm for 21st Century Leaders*. (Palgrave-MacMillan, USA: 2016); *Spirituality and Sustainability: New Horizons and Exemplary Approaches*. (Springer, USA: 2016); and *Leadership Today - Practices for Personal and Professional Performance* (Springer, USA: Fall 2016).

On April 18, 2013, Dr. Dhiman also served as the **opening speaker at TED-x Conference @ College of the Canyons, CA**. He serves as a Chair of ACBSP Peer Review Team (PRT) and accreditation mentor to several universities in the USA, Canada, Europe, and India. He has been recently elected as the President of International Chamber for Service Industry (ICSI), 2014-2015. Dr. Dhiman is the founder and Director of [*Forever Fulfilled*](#), a Los Angeles-based Wellbeing Consultancy that focuses on workplace wellness and self-leadership.

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Developing Whole Leaders for the Whole World

Abstract

How do we holistically develop leaders with the capacity and character to tackle the most pressing moral challenges in our modern world? While it may be easier to focus on one thing such as strengths, experiences, or mentors, the reality is that developing a leader's capacity to lead well includes many interrelated components. Based on our experience and research, the six components of the Holistic Leadership Development Model (HLDM) are presented, along with strategies for creating rich conversations that connect the components in a meaningful way for leaders. The six areas are (1) experiences and learning; (2) strategic networking; (3) developing others; (4) integrated fulfillment; (5) leading under pressure; and (6) calling and purpose. While we are not suggesting that these are the only areas to consider when developing leaders, focusing on these six creates conversations and development plans for leaders that they perceive as capturing the reality of the challenges they face in developing their leadership capacity. Guides for evaluating one's own leadership development and for having rich development conversations are included.

Introduction

Developing Whole Leaders for the Whole World

What does leadership have to do with the most pressing moral imperatives in our world today? Every complex challenge we face as human beings requires leaders who are willing to go first and enter into the difficult dialogues that are necessary to generate a better and more sustainable future for so many. The challenges are replete: poverty, famine, political corruption, sexism, radicalism, racism, classism, slavery, religious freedom, and certainly climate change would all make the list of polarizing topics that require leaders who are willing to proceed with conviction while being willing to admit they don't have all the answers. Without strong and thoughtful leaders, these issues divide us, or cause us to focus our attention on activism without thoughtfulness about who will go first to listen and lead well. Whether we are talking about global issues or local organizations, developing leaders with the character and competence to lead in this complex world requires a radical rethinking of what it means to intentionally prepare this generation of leaders. If history tells us anything about leadership, it is clear that someone will step up and lead. But in the face of increasing desperation and pressure, we will likely witness persons in positions of authority who may do more harm than good. Injecting intentionality around those who we prepare to lead, and in how we prepare them, could make all the difference in and for our world.

The Whole Leader

Leadership in our modern world is challenging. Leaders are on constant display, scrutinized publicly, and render decisions that have a lasting impact well beyond the boundaries of their direct leadership. While the challenges for leaders have changed, one thing has remained. Leaders are people who have made a choice to assume risk and pioneer change; they have taken on the responsibility of paying attention to matters that non-leaders can ignore. Ideally, we would have unlimited resources to support leaders: well-stocked coffers to hire support staff and purchase the latest tools and systems, past experiences to help them navigate into the unknown, and replacements to keep moving without altering course. The reality is that we can't prepare our leaders for every contingency, but we can provide them with a foundation of skills, awareness, and planning that will help them in the journey ahead. Two things are certain: if we were charged with preparing individuals to navigate global challenges, we must prepare them both adequately and competently. Simply focusing on abilities alone would not only be imprudent, but could be reckless.

Decades of research and practice concerning developing leaders has taught us much about the different pieces of the leadership development puzzle. Our experiences suggest that those pieces are not only important, but interdependent. In 2010, we launched a leadership development process that was premised on the assumption that preparing a leader requires the combination of certain motivational factors, experiences, networks, personality, and strengths. Each component builds upon the other and creates an authentic accounting of what it means to be a leader – more than any one piece could convey. Our experience with over 4,400 leaders from 18 different organizations –

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including Fortune 100 companies, not-for-profit organizations, faith-based institutions, and universities – suggests that in order to prepare leaders for the reality of the journey, leaders need the opportunity to intentionally reflect on many things. Conversations that foster connections between who they are, what they are doing, and where they are going are not only necessary for them to learn how to lead, but can make the difference between allowing them to become unfocused and adrift or encouraging them to lead with a sense of direction and purpose.

Seeing a Leader

Seeing and developing a leader with the capacity to lead well into our complex world requires a willingness to open up developmental conversations that allow them to get real, to express both conviction and doubt, and to transparently examine their experiences, learning, strengths and weaknesses, and the purpose and motivations behind their actions. As we have engaged in intentionally developing an individual's leadership capacity in a holistic way, we have seen that certain leadership questions create transformational conversations for the leader. Through our observation and study of the journey of leaders, we have developed a holistic leadership development model that is characterized by the fundamental assumption that the various components of a leader's developmental process are only fully understood in reference to their life experiences. As one leader commented, "It's difficult to identify my strategic network of support and feedback because I haven't spent the time necessary to clarify my purpose. Others have a difficult time investing in me if they don't know where I want to go next." When leaders are given the opportunity to reflect on their past, present, and future development, a common set of questions emerge that are inevitably interdependent. They are interdependent because of the conversations that surround them; the answers they generate cannot be separated.

Without a holistic perspective we risk creating conversations that are irrelevant to the real questions leaders are asking. A holistic approach increases the complexity of the process required to develop a leader, yet this process is more relevant to the experience of the person. Developing a leader requires cultivating the capacity to lead. If we fail to connect purpose with identity, or intellect with goals, we create an incomplete developmental process and possibly render the leader apathetic and disconnected. When combined, these separate but related components capture the complexity and reality of what it means to be a developing leader.

The Holistic Leadership Development Model

The Holistic Leadership Development Model (HLDM) is divided into six interdependent components and is based on three foundational principles. The first is that leadership development does not occur in a vacuum. Leaders develop through interactions with people and their surrounding environment. Leaders are naturally looking for ways to learn from these experiences and people, and to leverage that learning in the future. Secondly, the development of a leader is a non-linear process. Linearity would suggest that the development of a leader occurs in a prescribed and predictable pattern. To the contrary, the components of a leader's development can occur simultaneously and be

repetitive while not necessarily being random; the lessons to be learned and the experiences gained teaching those lessons are not always expected. Finally, leadership development is comprised of a variety of interdependent factors that are mutually impactful. The six factors in the HLDM are listed below in Figure 1. While this does not imply that other critical components in a leader's development do not exist, we have found that these six to be the most critical.

Figure 1. Holistic Leadership Development Model (HLDM)



The HLDM Framework

Purpose

The underlying purpose of the HLDM is to provide a leader with the tools necessary to support developmental conversations connecting the separate, but interrelated, components of experience and learning. Just as scaffolding enveloping a building provides access to otherwise unreachable areas, development tools create conversations that might be otherwise difficult to start in the context of work. Our approach to holistic leadership development focuses on growth through the building of self-awareness, applying that awareness to common leadership challenges, and encouraging leaders to commit to doing certain things differently. The structure of our method is based on six leadership development tools that highlight the key components of what it means to be a leader—and to lead well. We then provide a process for discussing these developmental assessments through feedback utilized in reflection and conversations that serve as catalysts for additional understanding and development.

Process

The following is a description of the categories of development conversations we encourage leaders to engage in that would support their holistic development. Each

description is followed by a core question and descriptions of low, medium, and high levels of intentionality. Very few leaders will rate high in all six categories and their developmental challenges can change over time. For that reason, the following ratings are meant to encourage leaders to consider how they might be more intentional. In each case, leaders who rate high in each category of preparation are those who not only can identify people, experiences, or purposes, but have documented these events and encounters and have shared them with others. Our experience guiding hundreds of leaders through this process is that they will begin to create conversational linkages on their own. Our task as coaches and leadership development facilitators is to provide the structure for these conversations as well as stress the need for ongoing reflection and action.

Table 1. Six Descriptions of HLDM

Category	Conversation
Experiences and Learning	The experiences a leader has had in the past or wants to have in the future, and the lessons learned from such experiences.
Strategic Network	A purposeful documentation of the support, feedback, career, and mentoring network that a leader possesses.
Developing Others	The intentional process of investing in the growth and development of others. This is the only strategy that is focused on someone other than the leaders themselves.
Integrated Fulfillment	The process of a leader identifying his or her specific, overarching purpose in the major domains of life and work. Several common examples include work, finances, family, health, and faith.
Leading Under Pressure	Self-awareness of how a leader appears in situations where something significant is at stake. This often includes high pressure situations that involve conflict with others or internal struggles to maintain composure when risk is elevated.
Calling and Purpose	The extent to which a leader has identified the purpose for which s/he has been interjected into a situation (i.e., to specifically lead or otherwise) and is a respondent to a transcendent summons beyond personal life or work.

Experiences and Learning

We know that most of a leader's development happens through experience and relationships, and through moments that push them to the edge of their comfort zone. However, many leaders have never had the opportunity to audit their past experiences, lessons learned, and methods of learning – all of which impacted their growth and development. While aspiring employees are routinely asked about the numbers of years of experience they have had in order to satisfy the requirements for a certain position of employment, the significance and meaning of those years is rarely if ever included. When individuals are asked to relate their past experiences, the primary objective is to discern if what they have learned will benefit—their current or future leadership roles. From the perspective of the developing leader, it is obligatory to identify and understand the

experiences a leader would like to have next. While our most common method for documenting a leader's experience is derived from his/her résumés, what we are most interested in is the experiential story outlining the depth and breadth of their experiences.

Example: A mid-level manager is in a career transition looking for a job that will move her from the manufacturing industry to a position in telecommunications. In her first interview, she is asked to describe her relevant past experience in relation to the new role. She now has the choice to provide her former job titles and HR descriptions, or to describe experiences she had in past positions that were the deeper catalysts in her development. Those experiences included things like owning a project from scratch, dealing with problem employees, and managing without formal authority. The story of her experiences, the lessons she learned, and how those lessons will impact her motivation and performance is the more impactful story she chooses to tell.

- ***Core Question:*** *What specific experiences in your past have had the greatest impact on the leader you are today, what did they teach you, and what do you want to experience next?*

Low: You have limited awareness of the high impact experiences of the past and no connections to lessons that could be applied today.

Medium: You can speak of your past experiences and learning, but mainly in vague terms and without the specific knowledge that you could apply to a specific case today.

High: You can easily identify at least three experiences that are formally documented and can explain lessons learned and/or competencies developed in you.

Strategic Networking

When we talk with leaders about developing their strategic network, we often hear that this task feels selfish or awkward and sometimes is met with resistance. People often think of this as a painstaking task of working a room and being that person bothering strangers with a stack of business cards and 30-second elevator pitches. To the contrary, your strategic network is a group of people who support you, provide you feedback, open up opportunities and insight, and know your purpose. When considered this way, the purpose and meaning for a leader's network changes. The key word in this strategy is that it is strategic. It is not just a random list of people in the leader's life. They are people who are included in the strategic network because they serve a particular purpose. A leader's network of relationships will help him or her prepare for the journey, elicit critical feedback, and provide the necessary emotional support to undertake the necessary risks inherent in leading. Understanding where you need to grow your strategic network and why it exists can make the difference between succeeding and failing. Intentionally positioning the right people around you could make the difference in sustaining your capacity to lead and to lead well.

Example: Two colleagues are approaching a meeting where they have the opportunity to pitch a new system for tracking volunteer participation in a global leadership initiative. The stakes are high for this presentation because future funding for the organization may hinge on the effectiveness of the system. Both have served in this organization for five years, but only one of them has taken the time to identify the specific names of people who provide critical feedback, unwavering support, and connections to future job opportunities. Of these two individuals, who is likely to go into the presentation with more confidence, clarity, and courage?

- ***Core Question:*** *Do you have a network of people in place who will support you each time you take a calculated risk and who are able to create opportunities for you and provide you with corrective feedback?*

Low: You do not have a documented list of names of people who support you, mentor you, provide feedback, and help you develop as a leader.

Medium: You acknowledge having a network of support, but lack documentation.

High: You maintain a list of names of people in your strategic network, connect with each of them regularly, and revisit this list annually.

Investments in Others

Leaders develop leaders – a simplistic concept with a daunting responsibility. A leader’s agenda is full, and taking the time to invest in the learning and growth of others oftentimes requires sacrifice. Few would deny, however, that we are surrounded by people who expect us to make the same investment in them the way that we would want others to make in ourselves. While a strategic network is in place to help one lead courageously and thoughtfully, part of that network includes people requiring attention themselves. The good news is that we have already identified the key components of what it means to develop leaders in a holistic way; we need only apply those principles to that short list of others around us.

Example: A retired leader who spent her career as a first-level manager within a high tech firm in India is walking her dog in downtown Chicago, Illinois. While waiting at a street corner, she is recognized by a middle-aged man she had managed 20 years prior at the beginning of his career. To her surprise, he recalls a series of conversations she had with him regarding his skills, character strengths, developmental goals, and blind spots. Specifically, he thanks her for her candor in those conversations, and for sacrificing her time to see him for the leader he would become. As they part, she is thankful for the reminder that even though she doesn’t recall the details of those conversations, her investment in him made a difference.

- ***Core Question:*** *Beyond family and friends, who are the people in whom you are investing and what are you doing to encourage their learning and development?*

Low: You have not documented a short list of five to seven people in whom you are investing, and you have not had a developmental conversation with these people.

Medium: You have identified those on your short list of investments, but you have not had developmental conversations with these people within the past six months.

High: You have a documented list of at least seven people in whom you are investing (co-workers, peers, managers, direct reports), and you have had a conversation with them in the past six months regarding their own growth and development.

Integrated Fulfillment

Goals and objectives are only important in reference to an overarching purpose for which they are established. Without denoting a specific purpose, the outcomes become the central focus while intentionality and direction suffer. And, if they suffer, we not only lose our ability to prioritize what is important, but also risk apathy and disconnection with our followers. In essence, *why* we are trying to get something done is just as important as *what* we are doing. Being intentional about why we set goals requires us to think deeply about our purpose before we take action. Leaders face tremendous pressure to get things done, sometimes at the expense of the questions that will not only clarify the direction for the leader, but also for those who they lead. Without this intentionality and calculated deliberation, leaders may lack the necessary parameters to thwart becoming overwhelmed by work stressors; they may further lack the guidance to discern when to accept or reject an offer or a suggestion.

Example: Joe is a husband and father of two boys. While his family is the most important thing in his world, he is spending less and less time with them because of the demands of his job. His mentor asks him a challenging question: *If you felt like you were meeting your expectations for your family and work, what would be different?* The answer comes to him quickly. He would be more present with his family, and in order to do that, he will stop saying yes to every request misaligned with his purpose and expectations at work. He realizes that taking more thoughtful action will not only allow him to be more present at home, but more effective at work.

- ***Core Question:*** *Are you able to acknowledge the purposes defining your actions in the key areas of your life, and is there alignment between these actions and purposes? (Examples of key areas might include work, family, finances, and health).*

Low: You have not identified the overarching purpose of your work and other key areas of your life, and therefore, you are not taking specific action to fulfill those purposes.

Medium: You have undertaken some actions that align responsibility and purpose, but you have neither identified the primary reason for your own existence nor the actions needed to set higher goals.

High: You are readily able to identify your purpose in the key areas of your life and provide examples of specific actions you are taking to fulfill your purpose in each area.

Leading Under Pressure

If you could function better and develop more fully under pressure, how would you be different and what impact would it have on people around you? Consider times when you have been in a position of leadership and expectations were significant, chaos was evident, and conflict was present. How did you perform in this type of situation? We all handle pressures differently, but it seems that under such conditions, we tend to either focus on ourselves and what we want above the needs of others, or we are so focused on what others want and feel that we lose ourselves in the process. In both of these extremes, a leader lacks the information and balance required to lead well. The best leaders are able to analyze a situation, channel their reactions accordingly, and understand their personal needs while weighing the impact on others. A leader's understanding and awareness of the tendency to placate others or attain a particular objective at all costs in high-pressured situations are critical components in their development. Pressure is a daily reality for leaders and requires a different level of composure and awareness.

Example: A fundraising director, working for a global NGO focused on planting trees in regions where deforestation has threatened the sustainability of communities and climates, is asked to speak to a group of potential donors. While his plan was to talk about climate change and deforestation, thirty minutes before his presentation he realizes that much of his audience will be more engaged if the topic also includes a discussion of the impact on the people in the room. In that moment, he knows his challenge will be to maintain his conviction regarding climate change and the environment in the threatened region, while maintaining an openness to the opinions of those with whom he may not fully agree.

- ***Core Question:*** *How do you present yourself as a leader during times of intense pressure and what should you change to better handle conflict, stress, and anxiety while involved in these situations?*

Low: You are not aware of your actions or feelings in high-pressure situations and are unable to identify those things that could be done differently.

Medium: You are aware that you do certain things under pressure that are not helpful to you or to others, but you are unable to correct your actions.

High: You are aware of both your good and bad habits exhibited under pressure and how they impact others, and you have identified specific actions that will help you be the leader you would like to be and that others need you to be.

Calling and Purpose

For many leaders, calling and purpose are not abstract ideas that are detached from their daily lives, but serve as the fundamental answers to such life-altering questions as: Who am I? What am I good at doing? What are my limitations? When might I be called upon to serve knowing both my strengths and weaknesses? A “calling” has often been described as a transcendent summons on our lives to serve those who have been marginalized. While having some similarities with a calling, purpose is more about our unique design as leaders. For example, while a sail may be designed for the purpose of trapping wind, it might only be used to do just that, or to rather serve as a shield to protect us from wind and rain if needed. For leaders, openness to listening to that call that transcends self while also understanding their own unique design, strengths, personality, and convictions is a key part of their leadership. Calling and purpose are not necessarily about certainty, but invoke a willingness to serve wherever and whenever we are needed, using the gifts we have. That openness to other callings in our lives may include considering actions that may test the limits of our competencies or strengths, but nonetheless, should be heeded. The greatest challenge for leaders when considering calling and purpose is how closely these concepts are tied to their own individual identities, and therefore, success or failure can be perceived as a personal victory or defeat. What is needed is for these leaders to have the courage to challenge that entire assumption. Nevertheless, the consideration and documentation of calling and purpose can have a transformational impact on so many other variables in our lives and in the lives of others.

Example: A young leader is asked to take on a leadership role based in Seattle, Washington. This leader has always felt a draw to work in Southeast Asia and specifically with populations of people who are in the greatest need. Her dilemma is to either do what she has always wanted to do and go to Asia, or to respond to a call to work in an organization that serves a similar population of people, but from her home base in the United States. She feels a sense that she is being called to serve in the role in Seattle even though it will delay or even derail her personal desire to go to Southeast Asia.

- ***Core Question:*** *Why are you here, what are you really good at doing, what do you want, and who are you called to serve as a leader?*

Low: You have not considered who you are called to serve as a leader and you are not sure how your purpose is connected to that calling.

Medium: You are either aware of who you are called to serve around you or of what you want next, but not both. You may be able to articulate something about your calling and your purpose, but your description is not very specific.

High: You have a very good idea of the needs of others that you are called to serve, and you have considered how your strengths, purpose, and limitations might fit with that calling or the ways they may be challenged as a result of responding to that calling.

Facing the Tensions in Holistic Leader Development

Preparing a generation of leaders who will lead with conviction and care requires us to rethink how we have been developing them in the past. The assumption that the right leader will emerge to tackle our global and local challenges is naïve and could be outright dangerous. Similarly, if we choose leaders without developing them holistically, the assumption that skill and competence in business or political behavior will be sufficient is similarly precarious. What we have proposed is a holistic process for developing a whole leader – a leader who is aware of his or her strengths and limitations, surrounded by those who will provide support and feedback. These individuals are driven by a calling to transform workplaces and our world into better places. While it may make perfect sense to connect that leader’s strengths, calling and purpose, experiences, and networks as we seek to develop them, tensions inevitably emerge when we allow leaders to make these connections themselves.

First, holistic leadership development requires us to walk a fine line between a leader’s work purpose and his or her existence. While some leaders will naturally integrate the two when asked to think about their development in a more holistic way, many are fearful of a conversation that evokes deeper thought than merely a discussion about work performance. However, in order to truly understand how all of the contexts of a leader’s life interact and impact his or her ability to lead, a holistic model is necessary. For that reason, training leaders to develop a greater sense of discernment and understanding is absolutely critical to the success of this process. To accomplish this, we suggest that leaders must strengthen their business and organizational savvy while simultaneously enhancing and expanding what we describe as “the heart of a therapist.” The skillsets of each are required to take leadership development conversations from something prompted to conversations that are real and meaningful.

Second, holistic leadership development requires us to allow leaders to make the connections themselves without coercion. For that reason, the skills of contemplation, reflection, patience, and active reflection become critically important. While the process we are suggesting may seem complex as it is multi-faceted, it is only complex when we force it to be that way. Leaders are making connections regarding their relationships, daily work, and their purpose, but they oftentimes haven’t been provided with an intentional way to connect them. When they have a chance to audit the different components of their development, to reflect on them over time, and to talk with a coach, manager, or trusted other, the connections will emerge without much effort.

Ultimately, leadership development happens in relationships, conversations, and through mentoring. Holistic leadership development is inherently relational. However, in business contexts, relational development often connotes weakness and lacks value. When we avoid the relational reality of support networks, friendships, and mutual investments made between leaders, we turn the six categories we have suggested into mechanical tools with defined boundaries. The challenges facing our world require radical and courageous thinking that transcends traditional boundaries. That same kind of radical thinking is required to develop the thoughtful and courageous leaders who will lead in the future. This begins with encouraging leaders to have transparent, honest, and

holistic conversations about where they are going and why. While the challenges leaders face are complex, the leadership development conversations could not be simpler. They start with one conversation at a time, with those invested in helping the leaders see themselves, identify the issues, and become aware of opportunities to learn and grow. Leadership development happens because someone sufficiently cares to invest in another and has initiated the challenging and deeply valuable conversations that connect who we are, what we do, and why we lead. Integrating those stories develops our courage and conviction to create change and transforms us into the leaders that others need us to be.

Selected Bibliography

The following references may be used to conduct further research into each of the specific dimensions of the Holistic Leader Development Model. While these developmental components may not always be integrated in the literature, the following authors provide a broader framework for what we currently know about how a leader develops and grows both in the workplace and in personal in relationships.

To understand experience and learning as it applies to development discussed in this article, review McCauley, Ruderman, Ohlott, and Morrow (1994) to understand how stretch assignments, or challenging experiences, are essential to a leader's developmental process because they allow for an individual to gain insights, enhance strengths, and develop skills (McCall, 2010). Specifically, on-the-job experiences contribute more to the development of senior managers (McCall, Lombardo, & Morrison, 1988) compared to traditional classroom training.

The purpose of networking in regard to increasing diverse connections with a focus on the confluence of connections and the extent to which those connections extend in society can be found in Ibarra (1993) and Wolff and Moser (2009). Day (2000) covers how networking is beneficial to personal and professional development – internal and external to the organization.

To further explore the importance of understanding calling and purpose, Dik, Duffy, and Elridge (2009) discuss how individuals have a deeper sense of meaning in their work when they understand their calling. Similarly, Duffy and Sedlacek (2007) suggest that people who reported having a calling were more comfortable making career decisions and choices. Other benefits may include objective and psychological success, such as external recognition and rewards, increased confidence, and even a change in identity (Hall & Chandler, 2005). Working with individuals to understand how they personally understand their calling and purpose can be explored in McKenna and Haney (2011) where they found people perceived their calling and purpose in varying ways – external, internal, and/or transcendent.

It is essential that current leaders take an active role in and are intentional about developing others, Gentry and Sosik (2010) and Gentry, Weber, and Sadri (2007) find

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that managers who serve as mentors are seen as more promotable both from their self-ratings and from direct report evaluations. Furthermore, other research (Allen, Lentz, & Day, 2006) indicates that supervisory mentor experiences improve the mentor's job performance and that of their work group as well as increase their own talent capabilities.

The foundation of Integrated Fulfillment is built on the theories of goal-setting. Locke and Latham (2002), as well as Latham and Pinder (2005), will provide the key components to goal-setting theory and motivation.

Our research on leading when under pressure is premised on the theories of differentiation in leaders, which can be found by reading Friedman's (1985, 2007) work. In addition, McKenna and Yost (2004) explain how leadership development relies heavily on experiences gained and the lessons learned through novel, challenging, and high-risk situations.

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Appendix 1

Ground Rules to Conversations about Development Strategies that Matter

The following guidelines are designed to help one create developmental conversations with others that are holistic, honest, and valuable. The questions in Appendix 2 provide the content for the conversation.

1. **Avoid the temptation to close the loop.** Allow the conversation to take the path it needs to take. In other words, do not try to lead the conversation in a direction you think it should go; rather, let the leader define the responses to the questions and be open to where they may lead.
2. **Get comfortable with paradox.** The conversations may not always end in perfect solutions, one great idea, or clear outcomes. These questions are meant to take leaders to a place of deep thought and connect complex factors of their lives in ways they may have not thought of before.
3. **Embrace the silence.** Sometimes silence may feel awkward, but resist the urge to always fill it. These conversations take time to process may necessitate moments of reflection. It can be during silence that the most progress is made. Embrace it.
4. **Be courageous.** Taking part in conversations that matter to people can be challenging. It takes courage from everyone involved to have a discussion that is meaningful and truly targets the aspects of development.
5. **Stay open.** It's a conversation. It requires everyone involved to be open to wherever it needs to go. Each conversation and each person will have a different story, path, and intentions that form who they are as a leader and where they will go.

Appendix 2

Deeper Reflection and Developmental Conversation Questions

The following 18 questions are designed to help you create rich developmental conversations in each of the six developmental categories of the Holistic Leader Development Model.

Experiences and Lessons

1. What's the story behind your résumé?
2. What one role from your past is having the most impact on your job today, and how does that propel you forward or hold you back?
3. What do you want your job to look like in one year from now, and what do you need to do or learn to get there?

Strategic Networking

4. Who has your back? And how would you know you had the right people in your strategic network to take your next calculated risk?
5. If you were looking for a job tomorrow, who are the people you would call and why?
6. If you could add one person to your strategic network, who would they be, what role would they play, and what would change?

Your Others

7. Think of one person who invested in you. What role did the person play in your life and how did their investment transform you?
8. Who is looking at you for leadership and/or support? And what do they need from you?
9. Considering the "others" around you for whom you are responsible, what is one thing you could do differently to make a lasting investment in them?

Integrated Fulfillment [*Identify one area of your life (finances, work, health, family, faith)*]

10. What is your overarching purpose in that area of your life?
11. To what extent do you feel you are fulfilling a purpose in that particular area of your life?
12. In what way is that purpose impacting your ability to lead?

Leading Under Pressure

13. Who is being impacted most by how you act and present yourself under pressure?
14. If you could lead more effectively when you are under pressure, what would you be like? (e.g., "I would be more _____.")
15. What would be the impact on others if you were more like what you described in question number 2?

Calling and Purpose

16. When you were a child, what did you want to be when you grew up? What does this tell you about who you are today?
17. At this point in your life, to what extent are you doing what you are supposed to be doing, regardless of the expectations of others?
18. If you took the risk of believing that you are on the earth for a reason, why are you here?

About the Authors

Dr. Robert B. McKenna is the Executive Director of the Center for Leadership Research & Development and Chair of Industrial-Organizational Psychology at Seattle Pacific University. He is also the founder of Real Time Development Strategies and creator of BadBobby.com, an online leadership development portal designed to help leaders and their teams become intentional about their learning and growth while actually making that process engaging and fun. Much of his focus is speaking to leaders in corporate, university, and ministry settings in the areas of leadership and character development, calling and purpose, and helping organizations develop leaders in the workplace and in real life. While his clients have included both for-profit and not-for-profit organizations such as the Boeing Company, Microsoft, Heineken, Foster Farms, the United Way, and Children's Hospital, his primary focus has been on helping leaders in times of adversity and significant personal challenge. Dr. McKenna's most recent publications include numerous articles and chapters on leadership character, calling, and effectiveness, and leadership under pressure. His book, *Dying to Lead: Sacrificial Leadership in a Self-Centered World*, focuses on the tension leaders face between leading resolutely and being willing to sacrifice for others. Dr. McKenna can be contacted at rmckenna@spu.edu.

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Shortlist Your Employer: Acquire Soft Skills to Achieve Your Career and Leadership Success to Excel as a CEO

— M.S. RAO —

Abstract

This unconventional paper lays emphasis on soft and hard skills to shortlist your employer. It shares seven timeless tools to fast-track your career and seven time-tested steps to achieve your all-round success; explains career capital and outlines tips to build your career capital; differentiates between soft and hard skills with a plethora of examples and illustrations; and distinguishes between Indian and Chinese CEOs. It suggests that strong support from the C-suite leaders is essential to build career capital to keep leadership talent ready in the pipeline. It enlightens that there is no permanent employment, but only permanent employability. Lastly, it calls for equipping with soft skills to enhance your employability to grow as a CEO.

“The biggest mistake that you can make is to believe that you are working for somebody else. Job security is gone. The driving force of a career must come from the individual. Remember: Jobs are owned by the company; you own your career!”

— Earl Nightingale

Introduction

Conventionally, employers shortlist job aspirants to fill their vacancies. However, this unconventional article underscores how to shortlist your employer. If you are meritorious and equipped with employability skills, you can shortlist your employer. If you are equipped with hard and soft skills, you can shortlist your employer. If you acquire right mindset, skill set, and tool set, you can shortlist your employer. If you are equipped with self-management skills, job-related skills, and transferable skills, you can shortlist your employer. Hence, shortlisting your employer is an easy task if you are equipped with adequate knowledge, skills, and abilities, and are employable and deployable in the corporate world.

I have an experience of shortlisting my employers during my lifetime as I have been choosy in pursuing my passionate areas. Similarly, you must shortlist your employer based on your passion to fast-track your career to grow as a CEO. There is a myth among

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some job aspirants that employees are only in the dire need of searching for employers. The truth is that employers are more concerned to recruit the right talent to achieve organizational excellence and effectiveness. In fact, job seekers and job givers must be in a win-win position to make employment fruitful and meaningful. Above all, these are the days of partnership between the job providers and the job seekers as the days of the employer and the employee relationship are becoming obsolete.

How to Shortlist Your Employer: You must choose the right employer based on your passions, career opportunities, and monetary benefits. You must be clear about your career goals and objectives. You must have clarity about your career goals for 5, 10, 15, and 20 years. Emphasize your passions more than any quest for money. If you follow your passions, money will follow you naturally. Additionally, choosing and shortlisting the right employer helps you balance your personal, professional, and social life to provide meaning to your life.

Love Your Employability, not Your Employer: Some of the employees in private organizations love their employers to safeguard their employments. They flatter their employers and pass on the information of their colleagues to their employers to be in their favor. They think that it is a way of demonstrating employee loyalty to their organizations. In fact, what they must understand is that they must love their employability rather than loving their employers.

Employers appreciate employees who are committed and dedicated. They don't appreciate flatterers and informers. Of course, they need informers in employees who can pass them genuine information about other employees to safeguard their organizational interests. It is known as informal communication which often serves as a feedback for the employers.

In the present context, employers are very serious and they respect the employees who deliver their goods properly. They appreciate the employees who add value to their organizations. The true employees work sincerely and deliver their goods as per the expectations of their employers. It adds value to their résumés and enhances their employability. To ensure your permanent employability, you must regularly update your knowledge, skills, and abilities. This approach enhances your employability. It earns respect from your employer and safeguards your employment as well. Even if there is any problem with your present employer due to organizational politics, you will be in great demand elsewhere as you are already equipped with employability skills.

Adopt Seven Steps to Achieve Success in Your Life

People often ask me how I have achieved my success in most of my training and teaching programs. The high achievers respond about their passion, hard work, and employment accomplishments. But I respond to my audiences differently with my time-tested, seven-step success process as follows:

1. I always discover my innate strengths. I am rarely concerned about my weaknesses. At the same time, I safeguard from my weaknesses. Additionally, I learn lessons from my mistakes.
2. I don't compare myself with others because I am born with unique gifts and traits which no other person has in this world. As a result, I don't envy others. Most conflicts in this world arise due to envy. When there is no envy, your mind is peaceful and you concentrate on your progress.
3. I always concentrate on my core strengths and create work. Hence, I enjoy doing what I do, and it gives me a lot of confidence and immense satisfaction.
4. I look for opportunities that match my work. I am fortunate to be blessed with an imaginative mind and I constantly explore opportunities within my mind. Above all, I have an open mind. If I don't find opportunities, I still explore various options freshly, and finally I find some and shortlist a few of them.
5. I align my work with the identified opportunities. I never look at the door that is closed. I always look at the door that is open. I strongly believe in Winston Churchill's quote: "The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty."
6. I have a database with a substantial network of international connections with whom I regularly communicate via e-mails and phone. I help them and seek their help, if needed.
7. Whenever I endeavor to align my work with the identified opportunities, I find lots of distractions. Most times, things don't go as per my plan. Hence, I analyze the reasons for distractions and address them earnestly with a calm and reflective mind. Again, I try to align my created work with the available opportunities. I fail repeatedly, but I learn lessons and persist. Because of this persistence, I align my work with the available opportunities and ultimately achieve success. In this process, I emphasize "time" and "timing" which pave the way for my ultimate success.

Equip with Seven Timeless Tools to Fast-Track Your Career

Once I was invited to inspire engineering students who were selected by a prestigious Information Technology company in India. I shared with them some corporate challenges and enlightened them the following timeless tools to fast-track their career:

1. **You have only permanent employability, not permanent employment:** As long as you learn continuously to update yourself, you will have employability. The day you stop learning, you lose your employability and employment as well. Hence, strive hard to acquire knowledge, skills, and abilities regularly to excel in your career consistently and constantly.
2. **Who wins at the end of the race counts, not who leads at the beginning of the race:** There are leaders who tasted early success in life and ultimately hit lows in their lives. Early success often breeds excessive ego. They take success for granted, leading to ultimate failures and downfalls. Hence, make sure that you continue leading in the race of life by learning lessons from time to time to sustain your success.

3. **You will come across three kinds of individuals in your life:** The below- average individuals often talk about individuals. The average individuals often talk about issues. The above-average individuals often talk about ideas. Hence, associate with above-average individuals who will be part of solutions rather than problems. Additionally, it helps you join elite achievers to achieve great success in your life.
4. **You are hired because of your hard skills and fired due to dearth of soft skills:** Most people have hard skills which are also known as technical skills and domain competence. But they fail to express them properly due to dearth of soft skills. Soft skills are all about how you convey your hard skills. They help you fast-track your career.
5. **Help locate the fish:** The conventional wisdom talks about teaching the art of catching fish rather than giving fish. The current world is highly complex and competitive. It is essential for leaders to show opportunities to others as presently people are already aware of the art of catching fish. Hence, guide, groom, and show opportunities to others.
6. **Persistence pays:** It is always the average people with extraordinary persistence who succeed in this world. When you look at Thomas Alva Edison, Colonel Sanders, and Alexander Graham Bell, they all succeeded due to their persistence. They persisted when there seemed to be no light at the end of the tunnel. John C. Maxwell once remarked, “When water boils at 212 degrees, but at 211 degrees, it is still just hot water. One extra degree, an increase of less than one-half of one percent, can make the difference between a pot of languishing liquid and a bubbling caldron of power. One degree can create a full head of steam – enough power to move a train weighing tons. That one degree is usually momentum.” Therefore, don’t give up when you are close to victory. Take your battle to its logical end. Don’t get carried away by failures. Continue your work with optimism relentlessly and consistently to accomplish your goals.
7. **What got you here won’t get you there:** This message comes from Marshall Goldsmith who is a globally-renowned CEO coach. The tools and techniques that helped you come up to this level will not help you reach your next higher level. You must change your methods and style of approaches from time to time. Don’t get complacent with your achievements. You must reinvent from time to time to become updated to excel in your life.

Ensure Your Employability with Soft Skills and Employment with Hard Skills

Soft skills are different from hard skills. It is a new discipline catching up globally as companies realize its importance to improve interpersonal relations to enhance bottom lines. The term “soft skills” has been referred to by different names in the past, and are often mistaken for emotional intelligence, interpersonal skills, communication skills, and behavioral skills. In fact, soft skills are all about your personality, attitude, and behavior. Soft skills are the way you communicate matters in a positive, polite, pleasing, and polished manner. They are different from hard skills which are nothing but technical skills and your domain competence. Hard skills are mostly tangible and can be seen

while soft skills are largely intangible and can be felt. Hard skills are technical skills and are mostly phrased using nouns while soft skills are people skills and are mostly phrased using verbs. A judicious blend of both soft and hard skills is essential to fast-tracking your career.

Soft versus hard skills with illustrations: Here is the difference between soft and hard skills with examples and illustrations. If you call one, “physically handicapped,” that is known as a hard skill. Instead, if you say, “physically challenged,” that is known as a soft skill. If you instruct a smoker, “don’t smoke,” that is known as a hard skill. Instead, if you communicate “thanks for not smoking,” that is known as a soft skill. If you make reference to the “generation gap,” that is known as a hard skill. In contrast, if you say “generational differences,” that is known as a soft skill. If you call people, “slow learners,” that is known as a hard skill. In contrast, if you call it “differently-abled learners,” that is known as a soft skill. If you refer to certain situations as “problems,” that is known as a hard skill, whereas if you call them “challenges,” then it is known as a soft skill. If you refer to deficits as “weaknesses,” it is known as a hard skill, but if you call them “concerns,” it is known as a soft skill. Succinctly, soft skills emphasize *how* you communicate while hard skills emphasize *what* you communicate.

According to Anthony Robbins, there is a famous story told about Tom Watson, the founder of IBM. One of his subordinates had made a terrible mistake that had cost the company ten million dollars. He was called into Watson's office and said, “I suppose you want my resignation.” Watson looked at him and said, “Are you kidding? We just spent ten million dollars educating you.” It is obvious that Tom Watson emphasized the importance of costly corporate education with the usage of soft skills. Similarly, one of the technicians in the Indian Air Force made a terrible mistake, resulting in the crash of military aircraft that had cost hugely. Fortunately, the pilot ejected out safely with his parachute. The technician was called into the commander’s office and the commander looked at the technician and said, “Indian Air Force invested huge money to train you in aircrafts. Remember, military education is very costly.” Hence, you can understand the significance of soft skills in expressing hard skills in a positive, polite, pleasing, and polished manner to bring out the behavioural changes in others.

It is easy to measure hard skills while it is hard to measure soft skills. It is easy to teach hard skills while it is hard to teach soft skills. Usually, teachers teach hard skills while trainers train soft skills. Since soft skills are behavioral skills, it requires extra efforts on the part of trainers to use various tools and techniques including interaction, role-plays, active participation, and experiential learning to bring out the desired behavioral changes in the participants.

Significance of soft skills: Remember, words are magical. If you know how to articulate them effectively, politely, and pleasingly, you can get your tasks executed effectively. You can come out with flying colors irrespective of the industry and sector to which you belong. You can avoid ill-will among the people. With soft skills, you can easily manage organizational politics and present things in a positive perspective by changing your behavior as per the situation. You can develop emotional intelligence quotients and

assertiveness which are ingredients of soft skills. You can get along well and effectively with your superiors, peers, and subordinates in the workplace. You can get along with various personalities at the workplace. You can manage conflicts effectively. You can be in the favor of others with your corporate etiquette. You can not only ensure corporate survival, but also fast-track your career. Finally, you can achieve your productivity and performance. With hard skills, you can manage your boss; and with soft skills, you can lead your boss.

Integrate hard and soft skills: You can present your hard skills in your résumé while you can demonstrate your soft skills during your employment interview. Employees need three skills – job-related skills, transferable skills, and self-management skills to grow in their career. Hard skills can be compared with job-related skills while soft skills with transferable skills. These soft skills are transferable skills that are useful irrespective of the industry and sector you enter. You may not need your hard skills over a period of time, but you certainly need soft skills throughout your career. In fact, you need them more as you reach senior positions.

If you are an actor, your acting comes under your hard skills and how to meet and interact with others in the film industry falls in the category of soft skills. For instance, if actors are good at acting which is known as hard skills, but fail to interact and associate with others in the film industry, this is known as soft skills. If they don't demonstrate soft skills, they fail miserably in the film industry. Similarly, if actors are good at interacting and associating with others but lack in the acting skills, they fail miserably. Hence, there is need for a judicious and proportional mix of hard and soft skills to achieve your professional success.

Build Your Career Capital

Henry Ford once remarked, "If money is your hope for independence you will never have it. The only real security that a man will have in this world is a reserve of knowledge, experience, and ability." Career capital is the ability to build your career consistently to be marketable in the job market in the current global context. The days of permanent employment are gone. These are the days of permanent employability to enhance your professional success. Hence, it is essential for employees to build their career capital cumulatively by learning from various sources such as training and development, practical exposure, and pursuing courses.

Career capital is the true capital. It is a soft asset to employees paving the way for hard capital. Employees with career capital are constantly on the lookout for opportunities. They have strong business acumen and build high internal locus of control. Additionally, they are in an advantageous position as employers cannot fire them. They are confident of taking more risks to achieve great career success.

Career Capital and Gen Y: Presently Gen Y is highly ambitious and they appreciate preferring career to job — and career to money. They are willing to postpone their marriages and are ready to sacrifice their personal lives to build their career capital. They strongly believe that if their career capital is strong, the rest of the things will fall in line.

VOLUME IX • ISSUE I • WINTER/SPRING 2016

They crave coaches and mentors who can train and groom them into leadership roles and responsibilities. They appreciate continuous learning and constant feedback. They job hop as they don't want routine. They want something different.

Tips to Build Your Career Capital:

- Be specialized in your area of passion. Continuously work hard in it for 10,000 hours to excel as a professional. Malcolm Gladwell emphasized that the key to high levels of success in any field is practicing a specific task for a total of about 10,000 hours.
- Do research in your area of interest regularly to stay ahead of your time. Blog to share your knowledge. Write articles and research papers and get them published in prestigious publications.
- Acquire new skills and abilities regularly. Share your knowledge and network with others to get to know the latest developments.
- Showcase your skills and abilities regularly. Participate in conferences, meetings, and trade meetings to interact with the professionals from your domain.
- Come out of your comfort zone to explore new areas in depth. Acquire breadth of knowledge in diversified areas and depth of knowledge in your core area to build your career capital as well as your brand.
- Develop the attitude as a “consultant,” rather than as a “contractor.” The knowledge workers fall in the category of consultants while the manual workers fall in the category of contractors. The champions of career capital treat it as a true currency rather than the conventional monetary currency.

Career capital is a unique blend of soft and hard skills and soft and hard acumen. This capital helps you fast-track your career and catapult you to senior leadership positions including CEO. Hence, build your career capital brick by brick clearly, cautiously, and consistently to shortlist your employer and to succeed as a leader.

Adapt to Succeed as a CEO

Leadership is often taken granted by leaders. They often forget the fact that they cannot take their followers and partners for granted. It is basically because leadership is highly dynamic, and it changes from time to time and from situation to situation. What worked in a particular situation might not work in another situation. What worked for a leader in a particular situation might not work in another situation for the same leader. That is the reason why we have so many leadership styles. Some leaders rise high and fall flatly on the ground subsequently. Why it happens is that neither the leadership nor the leaders are static. As people change, their expectations and aspirations also change. Presently people are highly ambitious and expect a lot from all stakeholders which has become a challenging task for leaders.

When we take the example of Winston Churchill, he proved himself as a war-time hero. He led the UK and other allied forces to victory during the Second World War when the world demanded his services. He was a great hope to the world when the world was about to be overtaken by Nazi Germany and other Axis forces. Churchill was persistent

and hopeful about the victory. He inspired, showed the direction, led from the front, and achieved victory. Unfortunately, the same Churchill failed to win at home during peace time. It is obvious that expectations and aspirations of the people change, and hence the leadership changes. At the same time, leaders must also change with the prevailing ground realities and adapt quickly to reinvent themselves.

Warren Bennis unveiled that adaptability is essential for leadership effectiveness and success. Leaders must change quickly to adapt to new contexts to stay relevant to ensure longevity. The leaders and CEOs must take time off from their busy schedules to undergo executive coaching to change their behavior to improve organizational bottom lines. One behavioral change in a CEO can bring out drastic improvement in the organizational bottom lines. Hence, leaders and CEOs must undergo executive coaching to stay relevant and successful.

Executive Coaching for CEOs

Most chief executives lead from the front based on their past experiences, observation, and learning. But rarely do they avail themselves of opportunities to learn from executive coaches who are specialists in executive coaching. They don't realize their blind spots but lead their organizations just because they were successful in the past and were appointed as chief executives. Does it work for them? Does it enhance their leadership effectiveness?

Globally, the business climate is changing rapidly and the chief executives are busy with corporate firefighting. If they are made aware of their blind spots, they can enhance their leadership effectiveness. But who will enlighten them? It is the executive coaches who can play a crucial role to bring out the desired behavioral improvement in chief executives.

Apart from the retirement of CEOs who are mostly baby-boomers, there is a decreased rate of longevity of chief executives globally which is a cause for concern. According to the Harvard Business Review,¹ 2 out of 5 new CEOs fail in their first 18 months on the job. Hence, there is an urgent need to keep fresh talent ready through executive coaching in the senior leadership position to avoid any kind of organizational eventuality.

Indian Versus Chinese CEOs

When Satya Nadella became the CEO of Microsoft, the global media started to eulogize Indian CEOs, and a number of articles have featured in prestigious international magazines and newspapers to analyze the reasons for Indians excelling as CEOs in America and other European countries. Indian media was especially over the moon over Satya's international elevation.

Research shows that BRIC countries will be wealthier than many current major economies by 2039. Presently both China and India have the second and the fourth largest economies (GDP-PPP), respectively. International media compared Indian CEOs with Chinese CEOs as China is also emerging as a global economic super power which is

¹ <http://hbr.org/2005/02/ending-the-ceo-succession-crisis/ar/1>.

strong in many ways. It is a well-admitted fact that Indian CEOs excel better than Chinese CEOs in America and other European countries. Both Indian and Chinese CEOs are hard-working and ambitious. Indians have a larger number of knowledge workers than the Chinese. Indians are strong in the services sectors, especially IT and ITes, while Chinese are strong in infrastructure and manufacturing. For the Chinese, there are opportunities available at home with exciting pay and perks. Hence, the Chinese talent doesn't consider migrating much to America whereas the Indian talent migrates to America as there are fewer opportunities at home. Additionally, Indians encounter several challenges at home such as inadequate infrastructure, inferior workforce, bureaucratic bottlenecks, corruption, and politicization. Here are some of the advantages Indians have an edge over their Chinese counterparts:

- Indians adapt quickly to the environment. The Dean of Leadership, Warren Bennis, once remarked that adaptability is the key factor for leadership effectiveness and success. Additionally, Charles Darwin quoted, "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change." Since Indians are strong in adaptability, they excel in an alien land.
- Indians have familiarity with the English language. In fact, India has the largest English-speaking population in the world. Hence, they have the ability to articulate effectively in the English language.
- Indians network effectively, thanks again to familiarity with the English language!
- Some of the Indian CEOs were educated in prestigious business schools in America which helped them find acceptance easily and have a firm foothold.
- Indians are workaholics by nature and are risk-takers. They have the ability to explore the opportunities and avail themselves accordingly.
- Indians are resourceful as they have the ability to work with what they have. They develop this attitude in India which helps in America where people often fail to work despite being inundated with resources. Indians are aware of the cliché: *it is the bad tradesman who blames his tools*.
- Indians are familiar with the Western culture. They adopt to the Western culture partly in India. It equips them with the cultural intelligence to create cultural chemistry and compatibility with America and other western countries.
- Indian society is highly diverse with an emphasis on "unity in diversity." It promotes tolerance towards others' cultures, languages, religions, and regions which help them gel well with other cultures easily.
- Indians come out of their comfort zones once they depart India. For instance, there were eminent Indians including Hargobind Khurana, Subrahmanyan Chandrasekhar, and Venkatraman Ramakrishnan to name a few who became successful after they left India. The fact is that when they leave India, they come out of their comfort zones and grow quickly.
- Indians basically thrive on challenges and risk when they live in India. It is an added advantage to grow globally when they go overseas.
- Indians have an open mind with an ability to identify and explore opportunities. Americans respect talent and knowledge and they appreciate Indians' workaholic

mindsets and professionalism. Above all, both India and America are democratic countries with an open economy which connects them quickly.

All these aspects matter a lot for Indians to grow globally. If you look at the number of management thinkers in Thinkers50, it is obvious that Indians have an appetite for management. Several Indians are seen among Thinkers50, including Vijay Govindarajan, Pankaj Ghemawat, Nirmalya Kumar, C. K. Prahlad, Ram Charan, Nitin Nohria, Subir Chowdhury, Anil Gupta, and Rakesh Khurana. There is a growing appetite among Indian management thinkers to excel as global management gurus through their research and contributions. Most top business schools in the world have faculty members from Indian origin as it shows the strength of Indians and their acceptance globally in the area of management. There is a substantial demand for Indian management faculty members globally with a blend of industry, research, teaching, training, and consultancy background. We find Indians leading in top positions globally in all spheres.

They are breaking their traditional barriers to touch the sky. Likewise, there are a number of differences between Indians and Chinese that make a significant difference in Indians excelling as CEOs in America and other western countries. Above all, it is essential to have talent and drive to excel as CEOs that Indians are equipped with enormously.

To summarize, acquire the right mindset, tool set, and skill set and blend your soft and hard skills to shortlist your employer to fast-track your career to grow as a CEO. To conclude, in the words of Jack Welch: "You can give lifetime employability by training people, by making them adaptable, making them mobile to go other places to do other things. But you can't guarantee lifetime employment."

Ethical Call to Address Climate Change

The 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) will take place in Paris in December 2015 to address climate change on a global basis. Hence, I take it as an opportunity to share a few thoughts on this topic. Containing climate change is a major challenge for countries globally. This challenge arose due to the ignorance and negligence of people. It requires a holistic approach from all stakeholders including government, people, and global bodies to decrease global warming. Governments alone cannot address climate change. People must be educated about the challenges involved in climate change. They must be taught about the techniques to reduce carbon. Here are some ways to address this challenge:

- Be energy efficient.
- Choose renewable power.
- Reduce waste.
- Prefer vegetarian food.
- Minimize the usage of automobiles (use a bicycle, if possible, to ensure good health).
- Eat organic food.
- Remember the slogan "let polluters pay."

- Bring awareness of this challenge to the people.

Secretary of State John Kerry rightly remarked, “Global climate challenge is about opportunity, security, even our very survival in the long term.”

To conclude, keep people, planet, and profit as the criteria to ensure ecology.

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<http://www.coachinstitute.com/CoachoftheYear/winners.html>. He coined an innovative teaching tool – *Meka’s Method*; leadership training tool – 11E Leadership Grid; and leadership learning tool – Soft Leadership Grid, based on his new leadership style, “Soft Leadership” which is the most frequently downloaded research paper in ICT, Emerald, UK – <http://www.Emeraldinsight.com/journals.htm?articleid=17087126>. He successfully led a webinar on soft leadership organized by the International Leadership Association – URL: http://www.ila-net.org/Webinars/Archive/Rao_082012.html. His Amazon book – URL: http://www.amazon.com/M.-S.-Rao/e/B00MB63BK_M. Most of his work is available free of charge in his four blogs: <http://professormsraovision2030.blogspot.in>, http://profmsr.Blog_spot.com, <http://professormsrao.blogspot.com> and <http://professormsraoguru.Blogspot.com>.

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Journal of Values-Based Leadership, Valparaiso University
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