

**Working Paper No. 2014/04**

**Global Oriental Management: Transforming Capitalism  
and Maximizing Well-Being through Value-Oriented  
Leadership, Smart Marketing, Social Innovation and  
Sustainable Business Development<sup>1</sup>**

Josep Maria Coll <sup>2</sup>

11 February 2014

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<sup>1</sup> This paper was presented at a MsM Research Seminar on 11 February 2014 in Maastricht, The Netherlands.

<sup>2</sup> Dr. Josep Coll, Senior Expert and Project Evaluator for the European Commission in Economic Development

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# **“Global Oriental Management: Transforming Capitalism and Maximizing Well-Being through Value-Oriented Leadership, Smart Marketing, Social Innovation and Sustainable Business Development”**

## **Abstract**

Business needs to unleash its full potential to contribute to social and environmental challenges, and to increase global well-being. A simple idea that still clashes with mainstream capitalism and its ‘business as usual’ practices. Grounded in indigenous oriental knowledge, this paper uncovers a comprehensive holistic human-centered worldview that drives higher purpose maximization through sustainable business and management development. Taoist Yin-Yang and the Five Elements theories, along with Zen Buddhism main principles and western-based management models, provide a comprehensive framework to lead conscious businesses through value-oriented strategies. They coach a balanced relationship among corporate’s dynamic processes putting leadership, marketing, innovation and finance at the service of a spiritual-wise business model. This is devoted exclusively to lead organizational transformation, marketing social change and render positive externalities. This paper is not only about showing that there is more to business than making money, it rather seeks to bring to the debate the personal, organisational and systemic transformational power of business when it is based in values and human-centred models that raw upon ancient human knowledge.

## **Outline**

1. Introduction
2. The Problem/Background: “the Misinterpretation of the Invisible Hand”
3. Fixing the System Through Recent Scientific Evidence
  - A. Wealth and Well-being
  - B. Business for Development
4. Need for change: Crisis of Equilibrium
5. Oriental Management: theoretical framework
  - A. Taoism
  - B. Zen Buddhism
6. Method
7. Applying Oriental theories to Business
  - A. The Yin/Yang Theory
  - B. The Five Elements
  - C. The Noble Eightfold Path
8. The Zen Business Model
  - A. The Five Corporate Stars: Leadership & Strategy, Stakeholders, Marketing & Innovation, Finance & Human resources, Brand & Corporate culture
9. Conclusion
10. References

## 1. Introduction

Business tycoons such as Enron, Goldman Sachs, Arthur Andersen, Tyco International or Lehman Brothers, among others, have gained much media attention lately. They are associated with big financial scandals that unveiled some of the foundations of a capitalist credo that confused individual freedom with self-interest, greed and shorttermism. Wall Street, the system's Mecca, left the world speechless facing the tsunami that prompted the most severe global downturn ever. It saw hundreds of its executives and managers maximizing its personal assets from high bonuses and paychecks before the entire world came to know that the box was empty. Even worse, it left the world filled with debts and broken promises to millions of citizens that mostly relied on the supposed remarkable reputation of such entities to that date.

The global crisis, though, has only been the tip of the iceberg. Since free-market capitalism spearheaded the utilitarian view that maximization of economic profits was the ending and overall objective of business entrepreneurship, many corporations have managed their organizations towards this goal. The tradeoffs and externalities, however, have been largely paid. Poverty and inequality, environmental degradation, labour exploitation, socioeconomic deprivation, corruption and psychological depression have converted into some of the most pressing global threats today.

Who has never thought that making money can't always be the business ending goal? Isn't it there a lot more beyond? This paper seeks to address these challenges by introducing a new value-oriented business and management model aimed at maximizing sustainable development and well-being. And yes, through business. In doing so, the model is underpinned by two concept-ideas or underlying assumptions. Firstly, business and management are powerful instruments for achieving higher well-being and; secondly, the inclusion of positive values for uplifting higher purposes are a source of businesses motivation and incentive. The debate is not new, nor is finished. Suggestions are multiple and diverse. Some argue in introducing a new ethical code, others in digging up the "carrot and stick" culture, and others in extreming economic and financial regulation. The present work advocates for the introduction of a new form of more "conscious" capitalism (Mackey and Sisoida, 2013).

This article's proposal draws upon ancient oriental-based knowledge –Taoism, Zen Buddhism- applied to Western-based business development strategies, spiritual marketing, and social innovation. The result is a mindful business model of global oriental management that is people-centered, loving-compassionate, change-maker, multidisciplinary and holistic.

The article starts with a background explanation of the free-market capitalism fundamentals, and a scientific analysis of its underlying assumptions. It follows a theoretical framework anchored in ancient oriental philosophy, along with the description and analysis of the Yin-Yang Theory, the Five Elements and the Noble Eighthfold Path. Subsequently, by means of an interpretative analysis, it describes the Zen Business Model, its interactions with Western approaches, and its applications to leadership, strategy and management. Finally, it concludes with a scientific-based reflexion on the need to strengthen the link between business and spirituality and how a pro-Zen business model can contribute to solve global problems and enhance life satisfaction, happiness and well-being.

Examples like Kyocera, Whole Foods Market, D.light, La Fageda and other conscious businesses that follow higher purposes show us that economic profits and social and environmental gains are not contradictory. Indeed, most of them have transformed a market, created a new one or tapped into a new business while improving the lives of its stakeholders and generating large economic profits (Schwartz, HBR Blog<sup>1</sup>).

## 2. The Misinterpretation of the Invisible Hand

The widespread mantra that "money buys happiness" is grounded in Utilitarianism. This ethical

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<sup>1</sup> "Companies that practice Conscious Capitalism perform 10x better", T. Schwartz, Harvard Business Review Blog (2013). <http://blogs.hbr.org/2013/04/companies-that-practice-conscious-capitalism-perform/>

economic thought, originated during the XIXth century in the United States, presumed that maximization of utility maximizes individual freedom and thereby happiness. At a practical level, it provides a moral ground for justifying economic decisions that are aimed at satisfying individual desires that, following a subjective logic, increase one's happiness. By summing up the individual's increases in happiness, it extrapolates that the society as a whole increases its happiness accordingly. However, this theory ignores the negative externalities or negative impacts that these actions entail to others and to the environment. It shapes a reductionist understanding of life by defusing the study of the inter relations among individuals and between the society and the environment. Therefore, Utilitarianism has often been associated with Individualism (Wilson, 1990).

The foundational theories of classic utilitarians like Jeremy Bentham and John Stuart Mill paved the way for the emergence of a form of contemporary utilitarians that have their epitome with the figure of Milton Friedman and the Chicago School. Friedman, a Nobel laureate of economics in 1976 chosen as the most influential economist of the second half of the XXth century by The Economist magazine, spread out the theory that business economics' sole purpose is to make money (Friedman, 1970<sup>2</sup>). Milton's recognition struck a chord not only in the business community, but also to the entire economic spectrum, politics and society. His free-market capitalism approach became mainstream<sup>3</sup>. As a result, government policies, entrepreneurs' ventures, and individuals' desires and actions were guided under such principle. The world witnessed the predominance of his doctrine with the adoption of the Washington Consensus as the policy recipe for developing countries' international cooperation in trade and development (Williamson, 1990).

At the aftermath of the global crisis, the world starts to question the system and its mainstream capitalism framed by neoliberal thought. Even Forbes magazine wonders how a Nobel laureate and most influential economist could arrive to the "world's dumbest idea"<sup>4</sup> (Denning, 2013). Looking back at the birth of Economic Science, we see that Adam Smith's *invisible hand* core idea was misinterpreted. Utilitarianism ignored the humanistic approach of Smith, who believed markets could effectively contribute to wealth generation and equitable distribution. Thereby, Smith was conceptually sitting on a different approach to economics and ethics compared to Friedman. He conceived the invisible hand as the automatic mechanism of the free market that could generate positive externalities for the common good.

Therefore, the invisible hand extolled market virtues like expressing individual choice in voluntary exchange; allocating efficiency through competition and reduction of costs; regulating demand and supply through the price mechanism; and creating incentives for risk-taking and innovation through profits. He, however, inherently assumed an intrinsic ethical goodness in individuals decision-making, thereby ignoring the flaws of a free-market based system –information failures due to asymmetries; concentration of economic power; negative externalities in environmental degradation, labor condition, public health, social inequality, etc; short termism in decision-making; and public goods.

Smith assumed that the free market mechanism was a sub-product aimed at contributing to the common good, but he innocently ignored the necessity of regulation. On the other hand, Friedman intentionally argued that individuality and economic freedom were an ultimate goal. He ignored the holistic approach to human happiness, a concept which recent science is starting to point out (Seligman, 2011), and that ancient oriental philosophies already discovered hundreds of years ago.

### 3. Fixing the System Through Recent Scientific and Empirical Evidence

It is apparent that the current system is still ruled by economic beliefs that are part of mainstream capitalism rooted in neoclassical economics. The fact that the Gross Domestic Product (GDP) is the

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<sup>2</sup> Milton Friedman, "The Social Responsibility of Business Is to Increase Its Profits," New York Times. Magazine, September 13, 1970. See <http://highered.mcgraw-hill.com/sites/dl/free/0073524697/910345/Appendices.pdf>

<sup>3</sup> George Will called him "the most consequential public intellectual of the XXth century" in an article in Boston Globe, 2006.

<sup>4</sup> Steve Denning, "The Origin Of 'The World's Dumbest Idea': Milton Friedman", Forbes. <http://www.forbes.com/sites/stevedenning/2013/06/26/the-origin-of-the-worlds-dumbest-idea-milton-friedman/>

most referenced indicator in measuring national performance for general policy making just illustrates that the economy is the central tenet of our system (Van den Bergh, 2009). However, there are emerging initiatives that advocate the introduction of new value-oriented socioeconomic models in which the economy, although important, is taken into account as an instrument to achieve higher purposes i.e. the Happy Planet Index, the Economy of the Common Good, the Slow City movement, Inclusive business, social entrepreneurship, etc. These new references are more in line with the wise tacit believe that life experience teaches us that most important things in life go far beyond money.

Recent empirical-based research demonstrates the above underlying rationale. From a scientific perspective, there are two central relationships worth exploring. Firstly, I will examine the correlation between wealth and well-being, specifically digging upon which role and weight wealth accounts in rendering well-being. Secondly, I will highlight the implications and importance of capitalism for the development of nations, societies and individuals. However, even though these two relations are backed-up by robust and contrasted research, they are still far away from being embedded and taken into account in policy making.

### Wealth and Well-being

Happiness economics is a growing multidisciplinary field that quantitatively explores the relationship between wealth and well-being at a group (nation) and at an individual level. Whereas wealth is standard and systematically measured through the GDP, well-being is a rather ambiguous concept for which there is still no consensus on how it should be measured and quantified. However, the most measurable indicator to date would be subjective well-being (SWB), which is largely quantified in the trans-national World Values Survey<sup>5</sup>. From a psychological perspective, SWB measures “people’s emotional and cognitive evaluations of their lives”. It is inclusive of concepts like happiness, life satisfaction or life fulfillment (Diener et. Al., 2003).

At the group level, Layard (1980) and Inglehart (2000) studies argue that economic growth has a positive strong effect on SWB in poor societies where economic wealth is scarce. In these groups, a small increase in income generates higher increases in well-being, thereby showing a highly elastic wealth-SWB correlation. Satisfying people's basic needs in low income countries -such as the majority in Sub-Saharan Africa, others in Latin America and South East Asia- is likely to render higher levels of SWB.

However, the studies conclude that in wealthier societies a given increase in income does not generate the same return on SWB. They reveal that once a certain tipping point in income has been reached, wealth accumulation has diminishing returns on happiness. Some studies estimate that this threshold is appears around \$15,000 GDP per capita (Frey and Stutzer, 2002). According to the World Bank income country classification, a high income country is over \$12,616 Gross National Income (GNI) per capita (according to the WB Atlas Method). Hereby, when wealthy nations get richer, they do not see their SWB increased by the same proportion. Their wealth-SWB elasticity is much lower, and income has a more rigid effect on happiness. This relation has been called the income-happiness paradox (Easterlin, 1974).

At the individual level, research conducted in the United States, one of the highest income countries, is illuminating new patterns of behavior that affect economic decision-making. In this line, empirical evidence is summarized in two best-selling books, *The Paradox of Choice* (Schwartz, 2004) and *The Art of Choosing* (Iyengar, 2010). They conclude that in spite of the fact freedom of choice and autonomy are critical to people's well-being, excessive choices are not conducive to higher well-being. Even worse, in some cases, too many choices produce higher levels of stress and anxiety. Besides, a moderate number of choices prompt people to make a choice easily, making them more confident in their decisions, and happier with what they choose (Iyengar, 2010). Therefore, already wealthy individuals expose themselves to increased levels of stress and anxiety as they confront more choices due to more increases in income. In such cases, money can lead to dissatisfaction.

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<sup>5</sup> [www.worldvaluessurvey.org](http://www.worldvaluessurvey.org)

All in all, and despite the above scientific evidence exploring the relationship between wealth and well-being, capitalism as a political-economic system is still far from integrating what science is teaching us. Economic policies are not yet integrating the message that economic growth, although important, is just an instrument to achieve higher levels of well-being, it is not the ultimate goal. There is an apparent need to introduce new measures of national performance and well-being based models in which economic growth is weighted accordingly and sized as an instrument.

### Capitalism, Business and Development

Capitalism *per se* refers to an economic system based in private ownership and voluntary exchange of goods and services in a market economy. Theoretically, the market-system regulates demand and supply through the price mechanism and creates incentives –for risk-taking and innovation- through profits. Competition fosters efficiency, resource-allocation and cost-reduction, and both seller and buyer benefit from trade. Smith's invisible hand would inherently take care of people's objectives, assuming that their actions and enterprises are created to fulfill their well-being and, consequently, the common good. He therefore argued that no external action or state regulation was needed.

Smith's utopian view of Capitalism was presumptuously naïve. Friedman and the neoliberal school mainstreamed the idea that a free-market based economy was more beneficial by avoiding any kind of state-intervention. The system just had to follow the inner demands of individual freedom and autonomy and therefore their proponents started advocating deregulation. Ethical conduct and morality were left as issues to be dealt with at the individual level, without any support from the system. Businesses, policymakers and individuals massively followed this credo and the world started an unprecedented era of economic growth, technological progress and development. Furthermore, the fall of Communism put an end on state over-regulation and sent a strong message to the world emphasizing the vitality and validity of the free-market economy. Mainstream capitalism became ubiquitously in vogue.

The economy started growing and the world population got richer, freer, healthier, more educated and larger. In roughly two centuries, average global income per capital increased 1000% ('Statistics on world population, GDP and per capita GDP', 2010), democratic governance emerged from scratch to 53% currently ('Freedom in the World', 2011), life expectancy jumped from 30 to 68 ('Life expectancy', 2012), literacy went a bottom line to 84% ('Adult and youth literacy', 2011), and world population grew from 1 to 7 billion due to advancements in sanitation, medicine and agriculture ('Current World Population', 2011). The market-based economy played a key role in aligning resources and in creating the incentives for entrepreneurship, research, development and commercialization to prosper.

However, not everybody was getting happier. Poverty, inequality and environmental degradation are also externalities generated by the system. As of today, 4 billion people still live with less than \$1500 a year (or less than \$4 a day). The world is able to generate enough wealth to completely eradicate global poverty and cover the basic needs of the population (almost \$90 trillion, \$12,400 per capita, according to CIA Factbook), does it has not succeeded in wealth distribution. The richest 20% hold 74% of global income (Dikhanov, 2005). Only Carlos Slim, Bill Gates and Amancio Ortega, the three richest people according to Forbes<sup>6</sup> (3 people, \$197 bn.) possess more income than the entire population of Ethiopia and Tanzania together (136 million people, \$179 bn. GDP<sup>7</sup>). By the same vein, environmental damages are also a negative impact of the system. Loss of biodiversity, climate change, nitrogen cycle, ocean acidification, use of freshwater or changes in land use are threatening our planet's boundaries, only to name some of the most preoccupying environmental issues (Rockstrom, 2009). Furthermore, the world is hit by alarming levels of corruption<sup>8</sup>, especially in developing countries, and unprecedented rates of stress and depression. Only in France and in the US, two amongst the wealthiest countries in the world, approximately 21% and 19% of the population respectively, suffer from psychological disorders or depression (WHO, 2011).

The free-market economy therefore generates externalities<sup>9</sup> that have both positive and negative

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<sup>6</sup> Forbes Magazine, September 2013

<sup>7</sup> World Bank (2012)

<sup>8</sup> See Corruption Perceptions Index 2012, <http://www.transparency.org/cpi2012/results>

<sup>9</sup> An externality is the cost or benefit that results from an activity or transaction and that affects an uninvolved party who did

impacts. The cost of poverty, for example, is viewed by development economists as a market failure or as an inefficiency of the system<sup>10</sup>. As a result, development cooperation led by nation-states, multilateral public agencies or non-profit organizations has attempted to provide policies, programs and projects to address this global problem, but without much success. Public initiatives do not generate either the right incentives and thereby they fail to provide mechanisms to efficiently overcome the cost of poverty (Easterly, 2006; Coll, 2012).

This notwithstanding, a recent body of empirical evidence and literature is emerging as an alternative to address market and state failures, and negative externalities. It advocates addressing global challenges (such as poverty, environmental degradation, health deterioration or lack of education, to name the most common) using a market-oriented approach. This approach does not rely solely on private action but on fostering private and public collaboration through partnerships, engaging with non-profits and creating alliances with local communities. Fields of initiatives such as the bottom of the pyramid (Prahalad, 2005), inclusive business (Gradl and Nobloch, 2010), Private-Public Partnerships (Pattberg et al., 2012), green growth (Hart, 2011), social innovation (Christensen et. al, 2006) and social entrepreneurship (Thompson, 2002) are just examples of these alternative approaches focused on how business can have a positive impact on society, the environment and well-being.

Businesses, investors, employees and even policymakers are becoming more enlightened with the idea of using business-oriented initiatives to solve global problems. They are moved by a strong desire of developing a professional career where they can find meaning, engagement and achievements that are likely to make a positive impact to the world. They all have in common that are value-oriented rather than profit oriented; they are fully aware of the fact that happiness lies far beyond income and are committed to devote their time and efforts to fulfill higher purposes.

#### 4. Need for Change. Crisis of Equilibrium

The idea of individual freedom is essential in advancing towards a more open and free society whereby individuals can reach opportunities for their own economic and human development. The capabilities approach (Sen, 1999) has been included as a key concept in development economics and in most development policies of bi- and multilateral development cooperation agencies. However, individual freedom without a direct correlation to the common good can be like tossing a coin. Whereas value-oriented individuals are likely to put their freedom work for the common good, profit-oriented people will be prone to utilise their individual freedom for utilitarian purposes.

High conscious people, who in turn lead high conscious businesses and organizations are to be guided by a strong sense of solidarity. Those who manage themselves throughout pursuing altruistic and compassionate values systematically integrate a holistic life vision in which well-being is the ending goal. On the other hand, low conscious individuals and businesses, whose individual freedom is put at the service of its own self-interests can be highly corrosive for the society and, in turn, powerful allies for the common bad. Egoistic values such as greed or hatred are prone to lead businesses with a reductionist approach to happiness and well-being. In most cases, this is associated with the Utilitarian idea of satisfying immediate pleasures or desires. Today, positive psychology reaffirms what we all felt while reading *Tuesdays with Morrie*<sup>11</sup>. This is well summarized in the own words of Morrie: “so many people walk around with a meaningless life. They seem half-asleep, even when they’re busy doing things they think are important. This is because they’re chasing the wrong things. The way you get meaning into your life is to devote yourself to loving others, devote yourself to your community around you, and devote yourself to creating something that gives you purpose and meaning”.

In line with Morrie’s existential experience facing death, Martin Seligman’s scientific studies demonstrate that true happiness lies beyond money. He emphasizes that people’s happiness hinges upon other dimensions than economics. Although his work is entirely focused at the individual level, he concludes that higher purpose-based concepts such as cultivating relationships with others, engagement

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not choose to incur that cost or benefit (Buchanan, 1962).

<sup>10</sup> Business incentives tend to allocate where market exists and/or function more efficiently

<sup>11</sup> “Tuesdays with Morrie: an old man, a young man and life’s greatest lesson”, Mitch Albom (1997). Random House, Inc. NY.

in what one does and finding spiritual meaning in one's life make people flourish (Seligman, 2011).

This analogy also applies to Capitalism. The Wall Street crash and the global financial crisis sent the message that the system was unbalanced towards the aforementioned reductionist approach. The system, therefore, needs to rethink itself. It is not a matter of changing it entirely, but rebalancing it. By integrating positive values in solving global problems, business can be an effective instrument for achieving higher well-being. For that reason, a conscious conceptualization of the capitalist system is likely to leave the *toss a coin* randomness behind. A socioeconomic and political system that fosters high conscious capitalism at all levels is likely to maximize the positive impacts of the invisible hand and minimize its negative externalities. The system, thereby, needs a new pattern of thinking. Ancient oriental philosophies, along with Western management models, have the key wisdom that can guide the system to challenge global problems and enhance the gross world well-being (GWWb).

## 5. Oriental Management: Theoretical Framework

Most estimations point out that tea was originated in Yunnan, China, roughly between 3,000 and 3,500 years ago. Today, it is one of the most popular drinks worldwide, enjoyed in almost every corner of the globe. Indeed, in England tea was embedded as part of the local dietary culture even labeling its most preferred varieties with English names such as Earl Grey or English Breakfast. Tea, therefore, is an example of how a local-based product found in East Asia has penetrated Western culture, thus becoming a global asset for humankind.

By the same vein, the tea metaphor applies for ancient oriental philosophies. Taoism and Zen Buddhism comprise a holistic life-vision that contains important principles and guidelines that may be applied to other fields, and in other parts of the world. Traditionally, the study of such disciplines hinged upon religion, philosophy, culture or medicine, to name a few. However, its teachings are not exclusive to any field of knowledge. Western countries have forged an understanding of oriental philosophies biased towards the religious tenets of their conceptual principles. They have been, indeed, somehow filtered and interpreted following a Western cosmovision that has been prone, instead, to spread its own rationale-based philosophies to the rest rather than learning from other systems of knowledge. The process of globalization has led not only to Westernization became ubiquitously mainstream, but also to fast-developing Asian countries to forget about its own ancient wisdom.

The main purpose of this paper is precisely to link and apply the study of ancient oriental philosophies to contribute to business management, strategy and leadership at the global level. Thereby, I refer Global Oriental Management (GOM) to the study and application of oriental management philosophies -Taoism, Zen Buddhism or Confucianism- to business economics, along with its interactions with Western-based strategy, leadership and management models.

The current relevance of GOM is based on/hinges on three core principles: (i) it is value-oriented, centering its policies and practices towards humankind, devoted to service to others and regarding morality as a priority (Dongshui, 2013); (ii) approaches business holistically, as an instrument to personal development and social change and; (iii) it conceives harmony as the highest purpose – in this regard it is (or might be) the equivalent to the concept of happiness in the West.

Therefore, the above characteristics embed the needful factors that the current capitalist system requires to re-balance towards the pursuit of social change and higher well-being. Although this paper focuses on the application of GOM in the business field, there are three additional and intertwined layers, addressed at the individual, family and political-state level. The logic of the system begins with the pursuit of personal management, which in turn leads to better performance in family, business and state management, respectively.

Optimizing market forces' virtues, led and incentivised by value-oriented models, is the central idea-concept exploring GOM. The Main GOM's hypothesis argues that the combination of positive business with positive values generates positive impacts or externalities at the social, economic and environmental levels. This science is grounded in Taoism and Zen Buddhism, two of the most influential philosophies originated in East Asia –China, Korea and Japan- more than 2,500 years ago.

To understand oriental thought is essential to conceive Taoism, Zen Buddhism and Confucianism as three inter-related philosophies that influence each other in a sequential and lateral pattern of interaction,

to shape a holistic vision of the universe, life and humankind. These three streams “became intricately interwoven threads that produced the great complex fabric of classical Chinese culture” (Hamill, 2005). Taoism is the essential knowledge system that was developed by Chinese people in ancient times, long before Lao Tzu codified its teachings throughout the Tao Te Ching, its central philosophical work and masterpiece. Although Confucius and Lao Tzu coexisted in ancient China during the 6th century BC, some of the basic traits of Confucianism are grounded in Taoism. A thousand years later, Bodhidharma introduced Buddhism from India to China. The crystalization and development of Buddhism thought in Taoist-based East Asia gave birth to Zen Buddhism, a school of Mahayana Buddhism that developed in China, Korea and Japan during the 6th century (Domoulin, 2005).

### Taoism

The foundational Chinese indigenous philosophy took root with the I Ching or Book of Changes<sup>12</sup>, which dates back to the 3rd or 2nd millenia BC (Stamps, 1980). Nonetheless, the origins of Taoism are often associated with the appearance of the Tao Te Ching around 2500 years ago, the book that collects the central doctrines of the *Old Master* or Lao Tzu<sup>13</sup>, and main Taoist philosophical figure. Other ulterior important texts are the Zhuangzi and the Daozang.

Taoism revolves around a universal life-approach in which human is part of nature, built upon natural energies from Heaven and Earth, as human exists between both. Consequently, the taoist worldview sees human as a small universe. Universal energies channeled through nature interact with individual energies and viceversa. This holistic conceptualization or cosmovision allows to observe the world through an interdependent approach that studies life from an interdisciplinary standpoint between areas of knowledge that are interconnected. Taoism is thereby focused on the study of relationships<sup>14</sup>. This vision, which has usually been associated with cosmology or religion, has been lately associated to the findings of recent scientific studies: research conducted by Dr. Boukaram from the University of Montreal states that human beings are energy and the universe is reflected in our cells (Boukaram, 2011).

Against this backdrop, there are three cardinal concepts that are essential to understand Taoism: (i) the *Tao* or the natural way; (ii) *Wuwei* or the principle of non-action; and (iii) harmony as the oriental ideal of happiness.

#### *Tao – the natural way*

Tao literally means “the road” or “the way of life”. It is an intangible concept that refers to following a non-invasive smooth life-path that flows in balance between the individual and its environment, or life. Taoist emphasize that by following the natural way, the individual will achieve “a life of pace, harmony and enlightenment” (Suen et al., 2007). To the Western view, the doctrines of the Tao lead to a life fulfilled with satisfaction, happiness and well-being.

Mostly, Taoism is known in the West due to the spread of martial arts-based practices such as Tai Chi, Chi kung or Kungfu, as well as Traditional Chinese Medicine with practices like acupuncture or shiatsu. Even in interiorism and decoration Feng Shui has expanded to the West. Feng Shui is a Taoist discipline that studies the space in search for balance and thus enhanced individual harmony. Little is still known about the application of Taoism in business.

Taoism was not developed for doing business. The Tao Te Ching was primarily written for political leaders, and some sections are about leadership, strategy or management. Its statements express both general principles and operational advise towards finding a catalytic way to efficiency<sup>15</sup> throughout

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<sup>12</sup> Wilhelm, R. “I Ching Introduction”. English translation by Cary F. Baynes; HTML edition by Dan Baruth. Retrieved on: January 20, 2008.

<sup>13</sup> *Lao Tzu* is often cited as *Laozi* as well.

<sup>14</sup> Paradoxically, this view differs from the traditional, rational-based Western approach to science. This reductionist pattern concentrated on organizing knowledge independently, fostering specialization within knowledge fields. Latest scientific innovations, however, are grounded in a multidisciplinary approach to observe life phenomena (ref)

<sup>15</sup> Efficiency in Taoism is a by-product an not a goal or its main concern as a philosophy, which differs from Western thought (Suen et al., 2007)

balance and the pursuit of harmony (Gerstner, 2010). Two millenia later, its teachings are more vivid and needful than ever.

### *Wuwei – the principle of non-action*

Wuwei literally means non-action, and sometimes has been misinterpreted as lack of initiative. Far from this view, it does entail a lot more. The true nature of this concept hinges upon developing the perception on when and how to act following the principles of simplicity and economization (Gerstner, 2010). This implies a great deal of in attention, thorough listening and instinct-trust for the individual.

This principle is linked to Lao Tzu's three treasures –simplicity, patience and compassion, qualities that are related to leadership and motivation (Low, 2012). Taoist believe that understanding the Tao and practicing wuwei is the right recipe to reach a state of freedom and harmony (Wu, 1985).

### *Harmony*

Guided by values such as compassion, humanness and altruism, harmony refers to the state of inner-outer balance of the individual with himself and the environment and the society in a general perspective. When a person flows with her talents following the Tao as a natural way, it goes through a process of balance towards harmony in its wider sense.

With the value-oriented embeddedness of values like compassion, humanness and altruism, the concept of harmony applied to business is likely to render positive impacts beyond the mere obtention of profits. A conscious implementation of a business strategy that is designed on the basis of compassion and altruism will operationalize the actions required to deliver results that are in line with these values. Therefore, Taoism, a humanist philosophy embracing moral behavior and human development, naturally advocates social and environmental sensitivity and responsibility (Gerstner, 2010). The Yin-Yang and the Five Elements are the central theories of taoist thought, which provide the framework for developing their teachings to the business field, as it is exposed later in this paper.

### Zen Buddhism

Buddhism originated in northern India during the 6th century BC. It later spread to South and East Asia, becoming one of the main religions and philosophies in Asia and around the world. Buddhism understands happiness as the absence of suffering<sup>16</sup>. The complete self-realization or achievement of happiness is called nirvana, or complete liberation from suffering. Therefore, life's purpose is to achieve happiness or to end suffering. To accomplish such attainment, Buddhism central philosophy is framed by the Four Noble Truths, a sequential process that addresses the dynamics of human life.

The first truth affirms that ordinary life contains suffering; the second states that the origins of such suffering is ignorance<sup>17</sup> about how to reach a virtuous life-path that leads to happiness; the third truth proclaims that cessation of suffering is possible, and begins by accepting and understanding the origins of the suffering; and the four truth shows that there is a practical way to end suffering, offering a collection of inter-related teachings called the Noble Eightfold Path.

Therefore, any Buddhist practitioner would follow the Noble Eightfold Path or the path to enlightenment, where happiness and well-being are maximized. The foundations of such practices are backed by the Three Jewels or the principles of Buddha, Sangha and Dharma. The concept of Buddha refers to the awareness of Buddha-nature, as all human beings are Buddha-nature. It means that every individual has the potential to meet and develop her natural talents through compassion and loving-kindness. It represents searching happiness by living a meaningful life of virtue and fulfillment, in harmony with the society and the environment. To Buddhism, this is one's higher purpose in life.

The term Sangha is grounded in the concept of community. Within a Sangha or community, practitioners can share and learn with and from other practitioners that pursue the same life-path or

<sup>16</sup> Buddhism regards suffering widely considering all aspects of pain, stress or dissatisfaction, at the physical and emotional level.

<sup>17</sup> Buddhism sees ignorance as a vicious cycle of attachment to mundane desires, called Samsara.

vision. The last jewel, dharma, is the terminology used to name Buddha's teachings. By studying and practicing Buddha's teachings, practitioners can improve, develop and grow towards the achievement of happiness.

Nurtured by this framework, Zen is the school of Buddhism that developed in East Asia after the arrival of Bodhidharma to China. Buddhist principles blended with Taoist thought, and both philosophies influenced each other. Reknown Zen master DT Suzuki called Zen a "natural evolution of Buddhism under Taoist conditions" (Goddard, 2007).

Zen distinguishes from other Buddhist streams in the application of its theories, doctrines and teachings. Taoist, the predominant oriental worldview, connected with the value-orientedness of Buddhism and the principles of interdependence, along with the importance of relationships, beyond and transcending the self. It rather focused on the practice and discipline required to attain harmony, happiness or the cessation of suffering. Consequently, it paid less attention to the theory and doctrines and de-emphasized the veneration and study of the sutras at a metaphysical level (Borup, 2008). Rather, it concentrated on the applied practice of its teachings through direct understanding by exercising meditation and guided interaction with an experienced teacher or master.

The Noble Eightfold Path –represented by the Dharma Wheel- thereby developed as the set of processes leading to the achievement of happiness, the higher purpose. This path is structured under the study, understanding and practice of wisdom –right understanding and right thinking-; morality or ethical conduct –right speech, right action and right livelihood; and concentration –right effort, right mindfulness and right concentration. Anyone who pursues a higher purpose is somehow on the course of the Noble Eightfold Path.

The practice of Zen in walking the Noble Eightfold Path lays the exercise of mindfulness. This technique stresses the cultivation of positive values –compassion, loving-kindness- and the mitigation of toxic emotions or devalues such as hatred, greed and delusion. It is a meditative instrument of analysis in which the individual concentrates on the present and looks at reality with certain perspective by relativizing the theoretical state of things beyond the self. The incentivization of positive values is a powerful motivational technique that is likely to guide the individual to achieve higher purposes.

As I will argue later, Zen Buddhism has strong similarities with Western-based scientific research. For example, mindfulness practice is consistent with Daniel Goleman's work in the field of emotional intelligence. Goleman (2005) found that self-awareness, self-regulation, motivation, empathy, and social skills constituted the key aspects of emotional intelligence, and that emotional intelligence was more critical to managerial success than cognitive intelligence (Rarich, 2007).

## 6. Method

The present paper draws on research built upon extensive literature review and analysis from spirituality and business. I have analyzed spirituality through the lens of a business practitioner that aims to find meaning and address global problems through business-oriented approaches.

Against this backdrop, the analysis is focused on identifying, interpreting and applying the most relevant teachings from ancient oriental philosophies -Taoism and Zen Buddhism- to latest innovations in business strategy, leadership and management -inclusive business, social innovation and entrepreneurship, green growth and neuromarketing. In order to transfer the findings from oriental management to business, I follow the analogy method (Seech, 1993). This cognitive process allows me to structure the resulting information into an explanatory model linking spirituality and business. As a result, it renders the Zen Business Model, a single comprehensive and multidisciplinary framework to be applied in business and the organizational field to a wider extent.

Last but not least, the research is backed up by a case-factual analogous comparison among high-conscious businesses that provide a positive impact to society. These cases, in line with the argument, bring evidential support to the model. But they are mostly intended to help readers understand the model and see new connections between the findings and its applications. Rather than establishing a fixed point of view, the present methodology's usefulness lies on articulating a new perspective. The core objective of this paper is to introduce and open up new patterns of applied thinking that contribute to enhance the social performance of business in addressing global challenges.

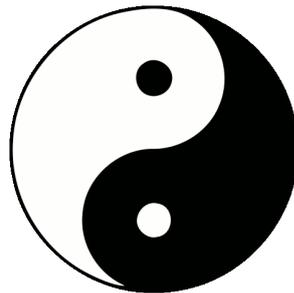
## 7. Applying Oriental Theories to Business

### The Yin-Yang Theory

The Yin-Yang theory (YY) was inherently born as a dynamic cognitive process whereby taoist could figure out what is the fundamental principle of the universe (Chen, 2008). They observed that the answer stands along the dynamic interaction of Yin and Yang, balancing itself through the concept of *bian* or change (Fang, 2012). This theoretical approach is found in the I Ching or the Book of Changes written more than 3,000 years ago (Lee, 2000). Change is thus a dynamic concept which is well-rooted in East Asia and that has direct implications in culture, psychology and management.

The taoist holistic and dynamic worldview is embodied in the YY theory. The Yin Yang symbol, the most popular in East Asia (Cooper, 1990), is illustrated by a circle divided into two equal halves by a curvy line, as it is illustrated in figure 1. This line divides two sides, the black one (Yin) and the white (Yang). Yin and Yang represent the integration of two opposite cosmic energies that seek balance and harmony along the curvy line that expresses constant change and dynamism, like life itself. Yin represents the ‘female’ energy, which is associated with *feminine* concepts such as the moon, water, night, weakness, darkness, softness and femininity. At the other side, Yang stands for ‘male’ energy, symbolized by *masculine* concepts such as the sun, fire, day, strength, brightness, hardness and masculinity. “The white dot in the black area and the black dot in the white area connote coexistence and unity of the opposites to form the whole. The curvy line in the symbol signifies that there are no absolute separations between opposites (Fang, 2012). To understand this thinking, it is critical to grasp the meaning of the following interwoven key principles: duality, paradox and interdependence.

Figure 1: The Concept of the Yin and Yang (*Taijitu*)



### *Duality*

As kids, when we learn how to speak, we acquire the terminology and their meaning through comparing two opposed subjects that are complementary parts of the same concept. Fast and slow (about movement), thin and thick (about thickness), day and night (about day), hot and cold (about temperature), brother and sister (about siblings), to name a few. According to YY, duality is conceived as a complementarity of two apparently opposites in unity or oneness. Cold and hot are apparently opposing forces, that complementarily coexist in the oneness of temperature, in constant search for balance (i.e. if it is very hot, it is less cold, and so on).

As we grow up, we often ignore the principle of duality when acquiring new concepts that we learn. To some extent, the Western-based dialectal thinking<sup>18</sup> resembles the taoist duality thinking (Fang, 2012), but the YY duality stands far away from the formal Western logic tradition (Graham, 1986) in the inclusiveness or exclusiveness of opposites (Chen, 2002). Thus, the different conceptualization of paradox varies from East to West.

### *Paradox*

In the YY theory, paradox openly and holistically integrates a balance between “either/or” and “both/and” in relative terms. Conversely, Western-based formal logic introduces a reductionist approach

<sup>18</sup> Dialectical thinking is considered to consist of sophisticated approaches toward seeming contradictions and inconsistencies’ (Peng & Nisbett, 1999: 742)

to assess opposites due to its denial of potential contradictions, thereby centering its discourse to “either/or” but never “both/and” (Li, 2011). With this frame, a YY proposition intrinsically encompasses the coexistence of related –and dependent- opposites. For example, rich and poor are two opposing concepts reflecting the oneness of wealth. Rich people coexist with poor people in a context, time and space. According to the YY, someone who is rich now, can be poor later, and viceversa. The “wealth” as a conceptual oneness is dynamic and is moving through time in search for balance. Against this backdrop, a taoist-wise minded, or just simply someone with a YY perspective, is better-equipped to adapt herself to the ups and downs that life brings to our lives.

The Western logic instead, assumes the opposites as independent and contradictory, and regards them as problems or conflicts (Li, 2011). They are rather viewed as static concepts that might be overprotected to unexpected change. According to this mindset, and following the above example, a rich individual conceives wealth as a permanent status. That person thereby faces unexpected change fearfully, and handles it with frustration and resignation.

The meaning of the word ‘crisis’ illustrates the principle of paradox and how this is understood in both systems of reasoning. In Chinese, the word crisis is composed by two sino-characters -危机- that literally mean ‘danger’ and ‘incipient moment or crucial point in a cycle’, anticipating a change. It is often conceived that in East Asia crisis is received as an expected change that cyclically occurs and impact people and organizations. It means a dangerous moment, but it may turn out to become positive or negative alike, where crisis is more rigidly synonymous of misfortune in the West. The Oxford Dictionary defines crisis as “a time of intense difficulty or danger”, thereby ignoring the change meaning that the very same word evokes in Chinese. Through the lens of YY, ‘danger’ and ‘crucial point’ are two interdependent opposites that belong to the concept of crisis. Thus, crisis is misfortune and imbalance first, but it also represents an opportunity to learn, grow, transform and evolve towards better fortune, balance and harmony in the future.

### *Interdependence*

The YY theory encompasses the coexistence of opposites as the interdependent interplay between two dual subjects that are part of the same concept or unity. Interdependence refers to the connectedness of related subjects that have meaning and sense in the unity of a “bigger” concept. It is like the two sides of a coin. Heads and tails’ meaning makes sense because they are part of the coin, which reflects the oneness or unity of the concept. Understanding concepts under the nature of mutual interdependence and interpenetration of opposites contrasts with the strong form of contradiction for mutual negation typical of Western-based formal logic (Li, 2011).

Compared to formal Western rationale, the YY theory offers a more open, wider paradigm at an upper-level or meta-frame of analysis. The YY does not aim to permanently compare and assess the coexistence of one concept compared to its opposite. The key point is that the YY theory can integrate the formal Western logic system by introducing a holistic and dynamic paradigm that naturally embodies change as an evolving and constant variable in our lives. This view carries strong scientific implications at all levels, as change has enormous effects at the personal, social, organizational and environmental spheres of action and impact.

### *Implications in Change Management and Organizational Change*

Yin and Yang are interdependent opposing energy forces that flow in a natural cycle, always seeking balance in constant transformation. Therefore, the YY theory offers a cognitive framework towards seeking harmony by integrating and managing change. The theory suggests that “human beings, organizations, and cultures, like all other universal phenomena, intrinsically crave variation and harmony for their sheer existence and healthy development. We are ‘both/and’ instead of ‘either/or’. We are both Yin and Yang, feminine and masculine, long-term and short-term, individualistic and collectivistic, . . . depending on situations, context and time” (Fang, 2003).

Nobody doubts that the pace of change is increasingly affecting businesses and organizations at an incredibly rapid rate. In the light of globalization, in a context of permanent uncertainty, instability and increasing information, the YY theory is more relevant and meaningful than ever. Research has

concluded that organizations' biggest challenge is change and the leaders who direct and manage it (Kanter, 1997; Mullins, 2002; Peters, 1997).

As such, change management is a recognized body of knowledge for more than half a century. However, most studies still show a failure rate of around 60-70% for organizational change projects<sup>19</sup>, a rate which has remained constant since the 1970s. Analyzing this evidence, Ashkenas (HBR<sup>20</sup>, 2013) argues that the problem, rather than lying on the content of change management, is about the managerial capacity to adapt it. Organizations have tended to outsource change management to human resources specialists, with questionable degrees of effectiveness. Ashkenas points out that there is much room for strengthening managerial capacity and the ability to manage change, and this should be a core competency for managers in order to improve.

Against this backdrop, the YY represents a common framework for integrating a dynamic and holistic perspective around change management as a core competency of organizations and managers. Facing change through an YY perspective can largely contribute to strengthen change management competencies, which is essential for an organization to succeed (Piderit, 2000). Therefore, the YY is particularly relevant in developing a positive attitude towards change and thus enhancing the emotional intelligence and capability at the managerial and organizational levels.

“Attitudes reflect a person’s tendency to feel, think or behave in a positive or negative manner towards the object of the attitude” (Arnold et. Al., 1995). Herein, a positive attitude towards change renders achievement of organizational goals (Eby et. Al., 2000; Kotter, 1996; Martin, 1998). The YY change understanding can empower managers and organizations to enhance flexibility, readiness, adaptability and responsiveness to change. As a consequence, these competencies drive the organization to become more emotionally intelligent (Huy, 1999) due to increased competencies in fear management, self-confidence, proactivity and initiative, some of the core competencies of Goleman’s framework of emotional intelligence features (Goleman, 2001).

In a similar fashion, the YY also carries relevant implications in strategy. The integration of explicitly opposing and excluding global and local strategies render better strategic performance by considering the two opposing forces of *glocalization* (Bartlett & Ghoshal, 1989), global and local, as part of the unity of strategic geographical scope. The duality among competition and cooperation also applies, and *coopetition* (Luo, 2005) offers the company to adopt a collaborative approach to increase its value and thereby enhance its overall competitiveness. Both are examples of “strategies that call for the simultaneous deployment of apparently diametrically opposed principles (that) have been proven effective in the international management literature” (Fang, 2012).

Recently, neuroeconomics has emerged as an interdisciplinary field trying to shed light on strategic decision making. Latest research studies argue that the process of decision making occurs contrary to the wide-extended neoclassical and utilitarian view - as a combination of rational and irrational factors; a view aligned to the YY theory. Kahneman’s work (2011) revolves around the duality of two thinking systems –one fast, instinctive and emotional, the other slow, deliberative and logical- that coexists in the oneness of decision-making. Schwartz (2004) and Iyengar (2010) affirm that an excess of consumer choices increases anxiety and therefore diminishes well-being, a line of argument that uncovers the flaws of the rational-agent model underpinning Friedman’s thesis, still prevailing in today’s mainstream capitalism.

### The Five Elements Theory

The YY theory hinges upon the fact that change is caused by the interaction of opposite forces or energies. Therefore, any phenomenon exists in relation with its opposite. Hence, the principle of dynamic and constant change paved the ground for the development of the fundamental theory of ancient taoist philosophy or system of thought: the Five Elements (5E). This is one of oriental worldviews that most of Chinese scholars have recognized over centuries. It is a pivotal comprehensive methodology whereby taoist developed a conceptual framework with its own cosmivision and

<sup>19</sup> Research by Mckinsey & Company, in <http://www.reply-mc.com/2010/09/19/why-70-of-changes-fail-by-rick-maurer/>

<sup>20</sup> <http://blogs.hbr.org/2013/04/change-management-needs-to-cha/>

undersanding of the universe (Liu, 1996).

The 5E is the result of hundreds of years of qualitative research conducted through direct observation and interpretation of the organic laws and relationships that determine the functionings of nature. The backbone of such theory revolves around the commonly known five elements: Wood, Fire, Earth, Metal and Water- or the fundamental moving energies of the universe. This conceptual framework has been widely used in East Asia to explain various phenomena of the empirical world. Thus, the 5E is a recurrent theory applied in a wide arrange of fields such as the well-known traditional Chinese or oriental medicine, Chinese astrology and Feng Shui, but also in politics, geography, astronomy and religion (Liu, 1990; Kuang, 1998; Zhou, 1995).

#### *Natural behavior of the five elements*

Taoist conceive elements as ever changing dynamic energies that permanently interact with each other throughout a YY pattern of relationship. This view differs from a more rigid conceptualization of the term 'elements' in the West, in which they are seen as building blocks of matter. Thereof, the theory focuses on the study of the dynamic relationships and explicit effects of the five elements (Liu, 1990). Every element embodies the YY principle itself, so that each element can either be Yin or/and Yang. At the same time, the five elements jointly belong to a holistic YY conception of its cyclical dynamics associated to the basic seasonal cycles of nature.

Wood is associated with Spring and East direction, and it is symbolized by growing trees (Yang) and flowers (Yin). Wood is an inward creative energy originated from Water. It means honesty and benevolence. Fire is associated with Summer and South direction, and it is symbolized by flaming fire, sun –Yang- and candle light, moon –Yin-. It is an outward expansive energy generated from Wood. It means courtesy and politeness. Wood and Fire are both considered young, warm Yang energies.

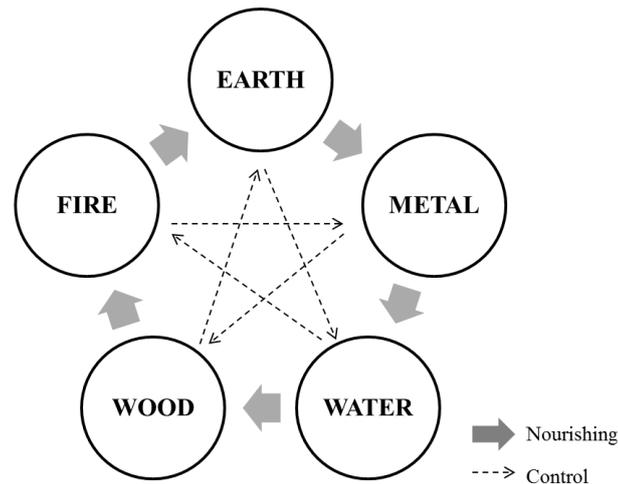
Earth is associated with the balancing element, transitional energy that regulates the change of seasons. It stands in between all other seasonal energies and it is generated by Fire. It is associated to the centre of all directions, regarded as the pivotal element, and it is symbolized by mountains (Yang) and fields (Yin). It means transition, change origin and transformation.

Metal is associated with Autumn and West direction, and it is symbolized by rocks (Yang) and gems (Yin). It is a consolidating, solidifying and reshaping energy generated by Earth. It means justice and righteousness. Water is associated with Winter and North direction, and it is symbolized by oceans, lakes (Yang) and rivers, waterfalls (Yin). It is a cohesive, intuitive, flexible and incubator energy generated by Metal. Water means intelligence and sagacity. Metal and Water are both considered old, cold Yin energies.

#### *Cycles of the Five Elements*

To understand the dynamic cyclic functioning of the 5E theory is essential to remember the YY principle. The cycle is composed by two opposing subcyclic forces –nourishing and control- that permanently coexist and interact seeking balance along their relationship amongst the five elements. These two complimentary subcycles' behavior is similar to a system of checks and balances (Wang, 2002). Their application to study and understand the relations of empirical phenomena is one of the most fundamental and oldest cognitive processes or frameworks of thought (Gao, 1994).

Figure 2: The Five Elements Theory



The nature of the nourishing cycle is to generate and facilitate the functioning and activity performed by neighboring elements. For example, when Wood burns Fire, we say that Wood is nourishing Fire. In the same vein, Fire makes the ashes from Wood to nourish Earth; Earth contains metal that makes it solid, thereby nourishing Metal; Metal purifies and generates Water from the rocks; and Water allows Wood to grow, and successively thereon. For that reason, the nourishing cycle generates mutual energy transfers from one element to another in a circular process of affluence amongst Wood-Fire-Earth-Metal-Water-Wood.

The nature of the controlling cycle is to counterbalance a potential excess of energy in opposing elements, thereby guaranteeing energy flow by avoiding collapse. This cycle works to preserve balance in the elements' interplay toward harmony. Controlling is the opposite force of nourishing. They both interact in the conceptual unity of energy flow. Thus, elements mutually restraint and restrict its opposites in a controlling cycle. Against this backdrop, Wood penetrates and restrains Earth, like the roots of a big tree cracking the soil; Earth blocks Water like a dam in a lake, thereby controlling Water; Water controls and extinguishes Fire; Fire melts and restricts Metal; Metal chops and controls Wood, and so on. Therefore, the control cycle restricts and drains energy from opposing elements in a 'star shape' cycle of mutual restraint amongst Wood-Earth-Water-Fire-Metal-Wood. Its main function rests on monitoring and counterbalancing operational dysfunctions of another element in order to maintain the equilibrium of the system as a whole (see figure 2).

### *Balance and Harmony*

The two cycles have a complimentary YY functionality. The nourishing cycle's role is to breed, support and facilitate the next element whereas the control cycle aims at inhibiting, restricting and restraining the opposite element (Liu, 1996). These two effects relatively interact to each other searching balance and harmony. To do so, they operate under the principle of contingency. The system is imbalanced when there is an overgeneration of energy, a reverse restriction and/or a subjugation.

An element in excess carries an overgeneration, such as when too much Wood might extinguish the Fire. A disequilibrium also occurs when one element reversely restricts its theoretically supportive elements. Thus, too much Fire might burn all the Wood. Last imbalance happens when an element overly subjugates its opposite. For example, too much Fire might drain the Water and too much Earth breaks the Wood.

A system is regarded as strong or solid enough when the energy is flowing dynamically from element to element managed by the two cycles of nourishing and control. In addition, the system's strength is also tested when it has the capacity to draw from its own contingency effect by overcoming and correcting any potential disequilibrium –either by overgeneration, a reverse restriction or a subjugation. Consequently, the ultimate goal of the 5E theory is not to avoid crisis or misfortune but to identify the strengths and weaknesses of a system<sup>21</sup> and how to overcome mishaps. It can help in empowering its

<sup>21</sup> A system can either be an individual, an organization, or the environment.

strong elements and diminishing and improving its weak ones. Change is assumed as regular. It is the system's compass that allows it to find the way to harmony. In oriental terminology, the learning curve is measured by the capacity to face, accept, adapt and learn from changes.

### *The Five Elements in Leadership and the Organization*

The 5E has traditionally been applied to major fields of study such as traditional Chinese medicine. This type of medicine is based on the analogical correspondence of the five elements with the five organs of the human body<sup>22</sup>. Overall, the central thesis of this ancestral discipline hinges upon the dynamic interaction of the human body with the external environment. Health is conceived as a harmonious interaction amongst functional organs, and disease is interpreted as a disharmonious interaction due to accidental emotional blockages that obstruct the regular energy flow of the body. Traditional Chinese medicine aims at detecting the sources of disharmony and, throughout a set of techniques grounded in the 5E – acupuncture, homeopathy, shiatsu and meditation to mention some of them- seeks to find back the harmonious path again.

However, very little has been analyzed in the application of the 5E to business management at the organizational level. Chinese astrology provides a comprehensive scientific-based analysis concerning the application of the 5E to individual self-awareness, personal management and development. Taoist long observed and analyzed human behavior through the laws of nature applied in the 5E theory. They studied the human in constant interaction with its surrounding natural environment as a whole, as a part of it. As a result, they associated every element's natural behavior with one of the five functional areas of relations in our life. Fire is associated with Knowledge, Earth with Social Relations, Metal with Expression, Water with Money, and Wood with Career. Taoist called them the Five Stars<sup>23</sup>.

Therefore, Chinese astrology analyzed individual's happiness understood as the level of fortune or misfortune in relation to the harmonious relationship and balance amongst the above five energies and/or spheres of life. Someone with a good balance between her knowledge, social relations, expression, wealth and career stars was regarded as a fortunate and happy individual. This taxonomy can be extended to supra-levels of analysis as oriental management taps into four intertwined layers of governance (Dongshui, 2013). In this regard, family, the enterprise and the state were regarded as lively entities, as they were managed by individuals. A highly capable individual with strong personal management skills was likely to positively leverage its expertise in improving family, business and state management.

However, there are two pre-requisites or essential criteria that any capable manager is expected to have. First, willing to serve others and regard morality as a priority (Dongshui, 2013), thereby fitting with the core principles of oriental management, which is being human-centered, They are well-known taoist values that were widely present in Confucian societies such as China and Korea. Second, to naturally develop an appreciation for studying the intricacies of management as an art and science. Having awareness and evolving toward such principles was the main concern for managers with a strong knowledge star. Knowledge is related to education, which was viewed as necessary for wisdom. Against this backdrop, society placed great emphasis on appreciating, valueing and respecting education and those who where committed to put wisdom at the service to others. Philosophy was inextricably linked to develop the ability to manage oneself and organizations for the benefit of others and the common good. This goal, also a life-path, was regarded as the higher purpose. For that reason, knowledge was intrinsically co-related to spirituality, understanding spirituality as having the knowledge, wisdom and practical ability to lead people and organizations across the taoist conceptualization of balance and harmony at the individual, organizational, political and environmental level.

According to the above, the 5E provides a comprehensive value-oriented framework with relevant implications for leaders and organizations. Spiritual leaders, committed and motivated to higher purposes, have the potential to lead their organizations to create a bigger impact on society and the environment. Corporate performance is linked to strong ethical leadership (Frey and Slocum, 2008), as it is evidenced in Collins' study "Good to Great". He defines an upper level of leadership that transcends

<sup>22</sup> Wood is associated with liver, Fire with heart, Earth with spleen, Metal with Lungs and Water with kidneys.

<sup>23</sup> In Chinese astrology the five stars, duplicated by its correspondent Yin and Yan, are commonly referred as the ten Gods.

self-interest toward achievement of higher purposes that positively impact social change, combined with corporate's high financial performance (Collins, 2001). In this respect, the 5E theory is a powerful instrument, as I will thoroughly expose in section 8, to increasing spiritual leadership as a core competency of managers and organizations that aim to excel in the field of business with social impact<sup>24</sup>.

### The Noble Eightfold Path in Business Management

The application of basic Buddhist principles at work is perhaps the most studied subject on spirituality and management. Particularly during the second half of the XXth century, authors such as Let Davidson, Bernard Glassman, Takeshi Iizuka, Shinichi Inoue, Les Kaye, Albert Low and many others<sup>25</sup> have explored the advantages of linking business management and spirituality through a buddhist perspective.

Even the Dalai Lama has long been advocating the relevance of Buddhist value-oriented moral precepts to a globalized world in which business must be critical to deal with the world's economic, social and environmental problems. He discusses these ideas in books such as the "The Leaders' Way: Business, Buddhism and Happiness in an Interconnected World" (2011) or "The Art of Happiness at Work" (2003).

Indeed, this body of knowledge led to the birth of Buddhist Economics, as a call for new management practices that integrate new ethical approaches to business and the workplace (Prayukvong, 2005). Schumacher (1973) was the first economist in mentioning this discipline in his book "Small is beautiful: a study of economics as if people mattered". He "advocated living according to a 'right livelihood', a step on the Eightfold Path of the Buddha's Middle Way to enlightenment" (Prayukvong, 2005). More recently, the Nobel laureate in Economics Amartya Sen has revealed the big influence of Buddhism on developing his thinking.

The Noble Eightfold Path -the fourth noble truth- is precisely one of the most used Buddhist teachings in management. It can be found referenced in numerous books on Buddhism and economics such as "Putting Buddhism to work: a new approach to management and business" (Inoue, 1999), or in the academic literature like the Cambridge Journal of Economics (Prayukvong, 2005). It is the framework whereby Buddhism finds its way to the cessation of suffering and thereby to freedom and enlightenment. Prayukvong (2005) refers to it as the "conceptual framework of Buddhist economics". It is comprised of a set of eight coherent, cohesive and interwoven principles that are classified into three categories of training or areas. They aim at developing insight at the true nature of phenomena (reality) through the trainings of wisdom, morality and concentration.

#### *Wisdom*

Wisdom is the training phase that consists in learning the right view and the right thinking. It is related to the knowledge star of the 5E theory. Herein, it conceives the understanding of the empirical world starting from the fact that happiness and well-being is rendered by the pursuit and exercise of compassionate, higher purpose goals. This right perspective is grounded in the notion of the first jewel, the Buddha. Once the individual attains this stage, rational behavior can and must be developed toward the performance and development of higher purpose initiatives. According to Buddhist scholar Boddhi (2000), "at a later stage, when the mind has been refined by training in moral discipline and concentration, and with the gradual arising of right knowledge, it will arrive at a superior right view and right intention".

Both Taoist and Buddhist begin any thought that will lead to initiative from spiritual intelligence<sup>26</sup>. If life is a tree, happiness starts in the roots. In the roots lies the integration of universal values or virtues - wisdom and knowledge; courage; humanity; justice; temperance; transcendence- that lead to higher performance and thereby to higher purposes. Therefore, a spiritually intelligent manager has the ability

<sup>24</sup> Business with social impact is often referred as conscious business or conscious capitalism (Frey and Slocum, 2008; Mackey and Sisodia, 2013).

<sup>25</sup> Charles Schwank offers a thorough literature review on the topic in his book "Managing mindfully: Buddhism and Business" (2007).

<sup>26</sup> It is defined as "the capacity of an individual to possess a socially relevant purpose in life by understanding 'self' and having a high degree of conscience, compassion and commitment to human values" (Kumar, V.V., & Mehta, M. (2011). *Gaining adaptive orientation through spiritual and emotional intelligence*. In A.K.Chauhan & S.S.Nathawat (Eds.), *New facets of positivism* (pp. 281-301). Delhi: Macmillan Publishers India.

to connect and vibrate with the universal virtues. At the corporate level, wisdom can be associated to business intelligence, which in turns splits into higher purpose –right view- and strategic thinking –right thinking.

### *Ethical conduct*

Ethical conduct –or morality- draws on the three processes of right speech, right action and right livelihood. Building upon right thinking, the basic understanding is grounded on the principle of coherence. It means that right thinking might lead to right speech and as a consequence, to the right actions that have positive impacts to oneself, others and the environment –right livelihood-. The consistency and integrity of thought, speech, action and impact is highly relevant for conscious leaders in performing outstanding businesses that are able to tackle social and environmental problems through market-oriented solutions.

Taking actions from the spirit requires a great deal of emotional intelligence. The manager will require “the ability to identify, assess, and control the emotions of oneself, of others, and of groups” (Harms and Credé, 2010) in order to motivate herself and others. Therefore, developing appropriate communication (right speech), entrepreneurial (right action) and corporate social relations’ (right livelihood) management skills is critical for the implementation and execution (ethical conduct) of the corporate’s higher purpose and strategy.

### *Concentration*

The third phase of concentration refers to the capacity of improvement towards achieving higher competency in the way to enlightenment. It embodies the disciplined processes of right effort, right mindfulness and right concentration. This phase eminently stresses the importance of achieving higher consciousness that can allow the manager to improve and gradually become more capable and competent. The focus of the three phases rests on diligently and regularly studying, analyzing and developing awareness through the practice of mindfulness and meditation.

In a corporation, the conceptual idea behind this phase of training and innovation (concentration) is that an organization’s main asset towards excellence requires continuous improvement, learning and adaptation. It is associated with the business functions of research and development (right effort), monitoring and evaluation (right mindfulness) and task management (right concentration). Mindfulness is a critical tool that is raised by most buddhist scholars –especially in the Zen school- as one of the key instruments to higher performance (Thich Nhat hanh, 1975).

Mindfulness challenge and goal is twofold. Firstly, it consists in fostering positive values or seeds –compassion, loving-kindness, justice and peace- by identifying and watering them in the unconscious so that they can grow and become fully present in our life and drive our daily actions. Secondly, and in parallel to the latter, the goal is to recognize and mitigate toxic values or weeds –hatred, greed, lust or envy- likely to block the path to enlightenment.

In business and society, the greatest challenge and goal is to maximize the potential of business in generating positive societal and environmental impacts. Therefore, corporations need mindfulness to identify, discern and measure their impacts, as well as the diligence and ability to incentivize externalities when they are positive and neutralize them when they are negative.

## **8. The Zen Business Model**

Zen is an oriental philosophical stream that resulted from the ‘marriage’ between Taoism and Buddhism. It first developed in taoist China after Buddhism was introduced during the 6th century and subsequently spread to Korea, Japan and Vietnam. The influence of Taoism to Buddhism was critical to develop Zen in East Asia (Grigg, 1994). Overall, Zen shares the same values as Taoism. It is a philosophy that is devoted to cultivate the individual’s ability to personal growth and development. This is done by fostering its positive values of compassion, loving-kindness and solidarity to the benefit of individual and collective happiness through balance and harmony amongst oneself, the society and the environment.

The Buddhist path to enlightenment and the Taoist way of nature –Tao- in search for harmony offer two

value-oriented frameworks for guiding individuals and organizations to greater well-being and performance. The concept of Zen, not only integrates Taoist and Buddhist shared values, but also stresses the need to test and practice the teachings of the Buddha –the Dharma-, and the teachings of the Tao alike. Zen techniques are mainly focused on practicing meditation and mindfulness along the Noble Eightfold Path. Taoist techniques mostly draw on the practice of the Tao through testing and validating the central theories of the Yin-Yang and the Five Elements to understand empirical phenomena. Meditation through martial-oriented arts such as Tai Chi, Chi Kung, or Kung Fu are traditional Taoist techniques to deepen the practice of the Tao.

Against this backdrop, Zen conceptually refers to value-oriented practice. It is a disciplined practice toward self-awareness throughout an inner journey in search of one's essence. It is a way to virtue and mastery on the art of compassion and solidarity towards making a better world. It is about developing our potential to help others, by helping oneself. From this standpoint, from human wisdom and true spirituality, Zen applied to business is about developing business practice geared to render a holistic impact and fostering happiness for the common good.

Hence, Zen Business refers to any entrepreneurial activity and business practice that aims at making a positive impact to individual well-being, societal development and/or environmental conservation. Zen Business is grounded in two basic key principles: aligning higher purposes with the right practice to implement them. As such, the Zen Business Model (ZBM) is a value-oriented business operational framework that draws from the combination between ancient oriental thinking and Western-based management instruments. It has the objective to maximize the triple bottom line of benefits –profit, people and planet- by incentivising managers and businesses to display its talents and resources and to engage and find meaning in business ventures that challenge societal needs and environmental problems.

To date, there have been some valuable contributions on how Taoism and Zen could improve the management in workplaces and provide a better balance between life and work<sup>27</sup>. Nevertheless, it has not been since the recent global financial downturn that the need to develop new business models that emphasize ethical leadership's compatibility with economic performance has become more compelling (Fry and Slocum, 2008).

The Business Model Generation, a widely-known handbook on business model design, largely explains the strategic role of a business model. It describes the rational of how an organization creates, delivers and captures value (Osterwalder and Pigneur, 2010). Building upon this view, the ZBM offers a holistic logical framework for helping organizations designing and/or transforming business models that are motivated by the generation and delivery of economic and social value alike.

Companies such as Kyocera, Tata, Posco, Whole Foods Market, Medtronic or the Container Store, among many others, are demonstrating that addressing social needs is not only compatible with financial performance, but also an opportunity to higher economic success. Thereby, by targeting social needs, companies can develop strategies to generate new markets, penetrate into new segments or expand the business to new countries. Thus, the ZBM is relevant for multiple business fields: it offers a comprehensive framework for introducing spiritual leadership in business management (Fry and Slocum, 2008); it provides international business new strategies for emerging markets, such as Prahalad (2004) exposed in his book about addressing poverty by targeting the bottom of the pyramid; it taps into marketing strategy by seeking differentiation in mature markets (Kotler, 2010); it assists in developing new markets in the green economy (Hart, 2011); it guides the creation of new social ventures through social innovation strategies (Saul, 2011); or it integrates business-oriented strategies to development cooperation initiatives (UNDP, 2008). Exploring the business potential to solve social problems is much more worth it than exploring a passing trend. Strategy guru Michael Porter<sup>28</sup> even calls it the 'greatest business opportunity'.

### Description and functioning of the Model

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<sup>27</sup> See the works of the Dalai Lama (2009), the Tao of Business (Gerstner), Conscious Capitalism (Mackey and Sideida), or the Zen of Business Administration (Lesser)

<sup>28</sup> "Michael Porter: Why business can be good at solving social problems" on TED Talks, June 2013. [http://www.ted.com/talks/michael\\_porter\\_why\\_business\\_can\\_be\\_good\\_at\\_solving\\_social\\_problems.html](http://www.ted.com/talks/michael_porter_why_business_can_be_good_at_solving_social_problems.html)

*The Five Elements Analogy: from the Individual to Business*

The ZBM is an analogy from the Five Elements theory. It leverages the meaning of the five elements associated to the five life factors (or the five stars) from the individual to the corporate level. These stars comprise the inter related areas from which balance and harmony hinge upon: knowledge (fire), social relations (earth), expression (metal), money (water) and career (wood). Following the rationale dynamics from the 5E, a balanced relationship among the above five stars is critical to the individual's performance and harmony.

By the same principle, these five areas applied to business turn into the five corporate stars: Leadership & Strategy, Stakeholders, Marketing & Innovation, Financial & Human resources and Branding & Corporate culture. Table 1 illustrates the association of the individual five stars to the corporate ones, and describes their main function in the corporation.

Table 1: The Corporate Five Stars

Five Elements	Individual Five Stars	Meaning	Corporate Five Stars	Function
Fire	Knowledge	Education	Leadership & Strategy (L&S)	Higher purpose, mission, vision, corporate governance, strategic management
Earth	Friend	Social Relations	Stakeholders (STK)	Value generated for customers, employees, investors, shareholders, communities, suppliers and the environment
Metal	Expression	Talents	Marketing & Innovation (M&I)	Market creation/generation, communication Research & Development, design (and manufacturing). Value delivery for impact maximization
Water	Money	Resources	Financial & HHRR (F&H)	Resources needed for implementing the offering: financial and HHRR, logistics. Profit is an instrument, a by-product, an outcome not an ending goal.
Wood	Career	Reputation, power, influence	Branding & Culture (B&C)	Brand image, reputation and integrity. STK loyalty and overall impact. Corporate culture

Source: own analysis

Fire is the energy associated with knowledge, which contains the wisdom that connects the universal spirituality from virtue with the emotional and cognitive ability to perform daily actions coherently. Education is central to develop managers in the art of leadership. Conscious leaders that are intrinsically motivated by positive values are the authentic change-makers and heroes of today's organizations. The Zen Business entrepreneur is an inspiring leader that empowers teams and organizations to adopt and implement business strategies that pursue higher purposes. Developing this type of value-oriented Leadership & Strategy is the core functionality of this corporate star.

Earth is the energy associated with social relations. It is about the capacity of the organization to successfully relate with all actors involved in the company's value chain. Here, satisfying and maximizing stakeholder values and needs is the main measure for success. As Earth is generated by Fire, finding and aligning stakeholders values with the corporate's values in a pattern of shared-value generation or mutually beneficial cooperation is essential for implementing the venture. For this reason this business process is named Stakeholders.

Metal is the energy associated with expression. Expression entails the capacity and ability to express the venture's talents and to communicate efficiently the value proposal through products and services into marketing campaigns. Research and development is a critical process whereby innovative solutions are engendered to tap into the corporation's target markets. Therefore, the business process linked to this corporate star creates the value foreseen in Leadership & Strategy through Marketing & Innovation with

all the Stakeholders involved.

Water is the energy associated with resources. Like an individual needs food to act, corporations need its own ‘food’ to execute plans. Financial & Human resources are critical to manage projects successfully. A high quality value proposition will be critical to attract financial resources, as well as inviting talented managers to be part of the venture.

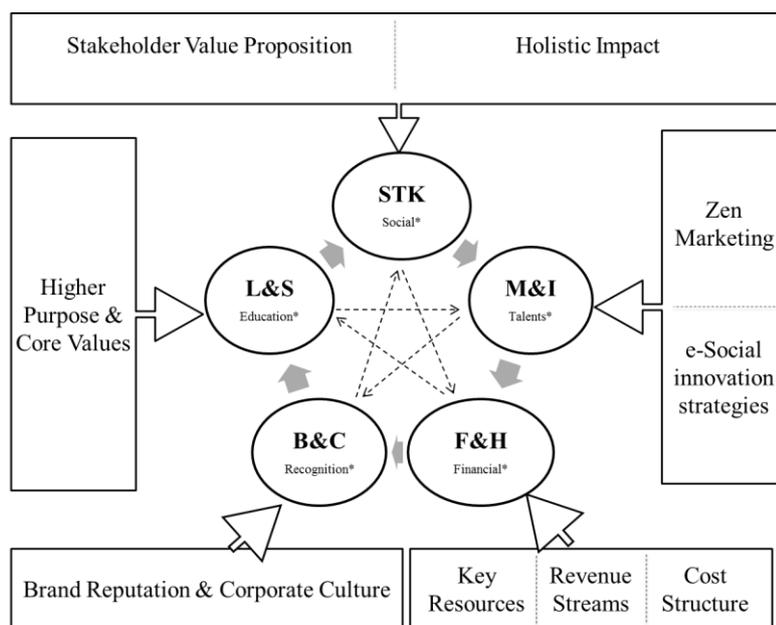
Wood is the energy associated with career and social reputation. If the company is capable to achieve its higher purpose, that is, to walk her talk, it will generate a strong brand image and reputation. Not only it will become more popular amongst its customers, but it will increase stakeholder loyalty and inspire other companies and managers to follow. It will increase its power to positively influence businesses and impact society for a good cause. Positive results will encourage the company itself to solidify a strong corporate culture by sharing her values with her stakeholders and society at large. It is the inner energy, which is proper of the Wood element that spurs trees to grow, that intrinsically inspires leaders.

*The ZBM’s dynamics: Balance and Harmony*

Grounded in the 5E, the ZBM works following the cycles of nourishing and control among the five corporate stars. Each star is a moving, dynamic business process and phase intrinsically connected and influenced by the others. The characteristics and performance of one corporate star has a direct nourishing effect on the successive star and a controlling effect on the other subsuccessive star. For example, a strong Leadership & Strategy (Fire) might nourish Stakeholders (Earth) and control Marketing & Innovation (Metal). A strong Stakeholders star nourishes Marketing & Innovation and controls Financial & Human resources, and so on (see figure 3).

The overall objective of the ZBM is to balance the nourishing and controlling interaction among business processes in order to harmonize the whole model. The more the model harmonizes, the better the business performs and achieves its higher purposes. As higher purposes are aimed at addressing social and environmental problems, its accomplishment is likely to render a significant impact of business on society. Therefore, a Zen Business company does not require a corporate social responsibility department. Its social function is far beyond a responsibility, it is indeed embedded in its highest *raison d’etre*, within its core values and mission. It is the backbone of the business and source of competence itself.

Figure 3: The Zen Business Model



When the model is imbalanced, this may be caused either by the excess of strength of a corporate star,

or by the lack of control among stars. For example, if the company is overly concerned in increasing its financial performance (Financial & Human resources corporate star), it can negatively effect the achievement of its higher purposes (Leadership & Strategy). Water puts out Fire. This is precisely one of the main imbalances in current business ventures. Most companies are extremely concentrated in maximizing shareholders' desire of economic value. This organizational behavior diminishes the chances to lead a strategy aimed at contributing to society and the environment. Leadership & Strategy and Financial & Human resources, like Fire and Water, have a complex / intricate relationship. At the other extreme, some social entrepreneurs are too concerned with developing a strategy that leads to higher social purposes disregarding the need to have a healthy Financial corporate star. Too much Leadership & Strategy can overcontrol Marketing & Innovation (too much Fire melts Metal) and, thereby, limiting the capacity to perform the Financial corporate star (Metal generates water). This is a common drawback for social ventures and non-profits that mostly lack the financial sustainability required to perform its activities.

Starting a business venture or a project requires a lot of energy and resources. The sequential logic of the model, based on the five elements, begins with Fire. It is a young and Yang powerful energy that impels any entrepreneurial activity, underpinned by strong engagement and motivation to the endeavor. Fire is the energy that outwardly drives initiatives, expanding them to reach business partners and the resources required to perform. The motivation to design a strong Leadership & Strategy star is where Zen Business takes off. Water, its Yin opposite, stands on the other side of the pendulum. Water controls Fire. Hence, a healthy Financial & Human resource star provides the right balance to design a realistic Leadership & Strategy that nourishes a flourishing cycle. Placed in the middle, Earth plays a balancing role. Nurturing Stakeholders needs and desires and delivering them the promised value is the guarantee to safeguard balance between the two stars. However, the business must ensure that Stakeholders are aligned with the ZB's core values and corporate culture to make sure that objectives and values are aligned between the corporation and its partners

Strong Stakeholders star naturally nourishes Marketing & Innovation. Involving committed Stakeholders is key to generate innovative solutions in forms of products and services that deliver customer value and satisfaction. Marketing research, R+D activities and communication are the means of expression that lead to the successful implementation of the Zen Business. However, a too strong M&I star, with an imbalanced portfolio of excessive offerings or unclear positionings is unlikely to be appreciated by the market and therefore recognized as valued corporate branding with its own culture (Brand & Corporate culture star). Again, Stakeholders star balances the bias. Stakeholders continuous monitoring and evaluation of the product and brand portfolio might guide M&I activities toward the value delivery aimed at creating the impact. Thereby, regular impact assessment and monitoring and evaluation activities conducted at the Stakeholders star plays a critical role in harmonizing the model.

The fact that Stakeholders star (Earth – Social relations) is the key balancing element is not coincidence. This is the business process that involves people, the core value of oriental management and the Zen Business Model, as I have argued previously. Standing for customers, employees, investors, suppliers, the environment and/or the community values is the compass that the model uses to balance itself.

All in all, the ZBM offers a holistic approach to understanding businesses embracing change as a continuous variable. Change always interacts with the business performance as a seed for learning, anticipation and improvement. The goal in this model is not to avoid changes, but to develop a corporate culture devoted to accept and manage change as an opportunity to generate and develop the company's resources. The sequence of the 5E provides a pictorial interpretation of the relational dynamics of the model. This is useful for understanding the content, behavior and relationships among the following corporate stars.

### Leadership & Strategy

Creating or re-defining a business with a life enhancing purpose is a magnet for recruiting highly talented employees, attracting committed investors and fulfilling the needs of conscious customers that empathize with the corporate mission and business value proposition (Mackey and Sisodia, 2013).

A well-documented, high impact higher purpose renders a generation cycle by attracting the attention of

talented/desired stakeholders that share values with the company and the willingness to attain the objectives. This alignment is critical to engage in trustful long-term partnerships with customers, employees, investors, suppliers, environmental managers or the government -Stakeholders star, which will be the creditors of the achievements and contributors to creating and delivering value. Indeed, a business with a high probability to generate relevant impacts to society is a compelling venture for socially-wise customers and investors alike. They carefully research and analyze projects in which to spend or invest their money. Marketing social change is, today, a big business and a social opportunity (Kotler, 2010).

Kyocera, a Japanese company founded in 1959 as Kyoto Ceramic Co. Ltd., is a multinational hi-tech company worth of \$14.5 billion and employing more than 70,000 people globally. It is credited for his state of the art human-centered management style, a methodology that applies to achieve its higher purpose, contributing to employees well-being and life satisfaction towards moral and ethical conduct.

Kotter (1991) highlights the three critical factors of the company's outstanding success in his field of activity<sup>29</sup>. The first is related to the powerful leadership skills of his founder, Dr. Inamori. The second is related to his ability to transmit the corporate culture and philosophy to employees and stakeholders. And the third factor is the design and implementation of a decentralized management system called "amoeba" that empowers employees to take greater control of their decisions and actions. In words of Kotter, "this philosophy of a higher common goal prevents infighting amongst profit centers and preserves a unity of purpose, while encouraging a great deal of individual autonomy and creativity through the management system".

Kyocera exemplifies the case of a pro-Zen Business company that is able to achieve his higher purpose while having a strong financial solvency. A strong Leadership & Strategy star is key to motivate and engage talented employees to take part in the venture, identify with it, grow with it and develop with it. A higher purpose aimed at delivering value beyond the economic sphere is a powerful intrinsic motivator. Employees and managers intrinsic motivation is directly correlated to higher business performance and success. The Candle's problem<sup>30</sup> research illustrates that highly qualified employees are more effectively motivated by challenges and the degree of autonomy to accomplish them, than by financial incentives (Pink, 2009). Transformational leadership that creates relevant impact and social change is fueled by high doses of intrinsic motivation, which in turn is impelled by a self-driven attitude to spiritual intelligence, as it was the case of Dr. Inamori.

Stuart Hart, a leading scholar in sustainability, calls "transformers" those leaders who are committed to guide their corporations toward the sustainable path, a step forward away from camouflagers, avoiders and deniers. They are "willing and able to stake out a new direction for their companies –one which will disrupt current industry structure and 'leapfrog' toward a more sustainable world" (Hart, 2013).

Embracing transformation is embedded in the ZBM's DNA. As such, it requires a different approach to business as usual, by prioritizing the triple bottom line and finding creative and innovative solutions to deliver value. Kotler (2010), the marketing guru, suggests a new paradigm that aligns with the ZBM. He states that businesses must create new approaches by "doing business as unusual", spread the message as a "story that moves people" and thereby "empowering stakeholders".

### Stakeholders

The Leadership & Strategy star is specifically aimed at defining the higher purpose that must appeal to stakeholders to engage and find value by being part, in one way to another, in solving the societal needs that the venture strives for. The Stakeholders star is the business area where people is put as the cornerstone of the enterprise. The ZBM regards stakeholders as the key actors and business partners that shape the relational scope, value proposal and impact of the business. Stakeholders are classified under three categories depending on the sort of relational level between them and the company. The internal level, which includes stakeholders within the company, such us employees and investors; the value chain level, including those with whom the company does business directly like customers and suppliers;

<sup>29</sup> In 2012, Kyocera accomplished 53 consecutive years of continuous profitability, while standing for its business purpose. "Amoeba management: lessons from Japan's Kyocera", Adler and Hiromoto (2012). MIT Sloan Management Review.

<sup>30</sup> See Daniel Pink on TED talks: [http://www.ted.com/talks/dan\\_pink\\_on\\_motivation.html](http://www.ted.com/talks/dan_pink_on_motivation.html)

and the external level, featuring organizations outside the company that have no direct connection to it but are somehow impacted by its activities; this level includes community members, governmental agencies, media, unions, competitors, or the environment (Savitz, 2006).

Therefore, the core competences of this star lie in identifying and mapping the right business stakeholders, assessing potential impacts to each of them and integrating them by partnering with the ones that (i) share the same values and common behavior, and (ii) contribute to create and deliver value alongside the entire value chain. In order to find the right partners, it is essential to define and design a stakeholder value proposition that can communicate effectively the business' higher purpose and its strategy to key stakeholders.

Whole Foods Market, a US company founded in 1980, is a representative case of a purpose-driven company that makes great success from purpose-maximization instead of profit-maximization. It has developed a successful business model by democratizing affordable organic and healthy food to millions of north-americans, and it has developed a strong corporate culture on environmental conservation and employee well-being. The company has more than 360 stores and 62,000 employees. It did not take the company long to become a benchmark for her high employee satisfaction rates and retention (Mackey and Sisodia, 2013), and one of the top '100 Best Companies to Work for' according to the Fortune Magazines ranking.

A Whole Foods Market case study developed at Johnson & Wales University explores the links between employees retention and leadership practices. The research found five critical success factors: "(i) establish a mission and values driven culture; (ii) provide a thriving environment in which your employees can be their true selves; (iii) empower employees by encouraging innovation and dispersed decision making; (iv) offer individual and team incentives for ideal behavior and performance; and (v) promote growth opportunities both vertically and laterally within the company" (Pearson, 2012). Overall, it illustrates that a higher purpose, values and conscious culture empowers and engages employees, promotes creativity and innovation and drives business sustainable development.

Assessing the potential impact across the stakeholder value chain stands at the core of this star. It is the business customization of the mindfulness technique discussed above. Recent international business strategies such as inclusive business and base of the pyramid (BoP) initiatives offer the most advanced frameworks to date in the complex endeavor to measuring impact beyond the economic sphere. The BoP Impact Assessment Framework developed by London (2009) targets businesses who address poverty alleviation by providing a systematic process for measuring the impacts of their activities –both positive and negative- on the well-being of its stakeholders. The effects on buyers, sellers and the community's well-being can be assessed at the economic, capabilities and relationship level, so that the business can identify potential changes and design a tailored business strategy to maximize their well-being.

D.light is a business, a for-profit social enterprise that manufactures and distributes solar lighting and power products targeting 2.2 billion people globally who do not have access to reliable electricity. It sells its products in over 40 countries, through over 6,000 retail outlets, ten field offices, and four regional hubs. The company employs over 200 people directly, and indirectly employs hundreds more worldwide. Its higher purpose is "to create new freedoms for customers without access to reliable power so they can enjoy a brighter future".

This company measures its impact through Global Impact Investing Rating System (GIIRS), an entity focused on assessing and rating social and environmental impacts in emerging market companies and funds. GIIRS methodology analyzes impacts in four areas: governance, workers, community and environment, digging into sub-related topics that are assessed upon identifiable and measurable indicators. D.light is certified as a B-Corporation –Best Corporation- by the nonprofit B Lab to "meet rigorous standards of social and environmental performance, accountability, and transparency".

Amongst environmental, social and economic benefits, the D.light case study<sup>31</sup> highlights the following as measures of the relevant impact the business generates across the triple bottom line: reduction of carbon emissions by the replacement of kerosene-run lights, user health improvement by improving indoor air quality, increase in concentration and study hours at home, job creation in developing

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<sup>31</sup> Ashden Awards Case Study - D.light Design, India and global (2010).

countries and reduction of power costs related to lighting<sup>32</sup>, The potential and success of the venture has attracted the attention of the big French oil company Total, that has partnered with D.light in scaling up its distribution network to low-income rural households in Africa and India. The company's purpose is to empower the life of hundred million people by 2020.

Impact measurement has a multidimensional nature and can be approached differently according to the specific purposes and activities of each business. This case illustrates that strategic commitment to holistic impact measurement is directly correlated to social returns. Despite the growing awareness of the need to develop better impact information systems, there is still infant research on the development of strong evidence-based systematic models that holistically measure the effects of business activities in all dimensions (London and Hart, 2010). Up to date, the business world still follows the economic doctrines of neoclassical mainstream capitalism. "As everyone in business knows, you manage what you measure" (Fox, 2012). If you only measure economic returns<sup>33</sup>, you manage to obtain economic profit, ignoring further tradeoffs, externalities, and opportunities. Therefore, one of the biggest challenges lies on rigorously measuring what is not yet managed.

Impelled by the strong will of any strategic objective, this is precisely one of the critical functions of this star. A 'healthy' Stakeholders star nourishes the Marketing & Innovation star. The business then will have the R+D+i process aligned with the higher purpose and aimed at creating and delivering solutions that are targeted to generate the expected impact. Deficiencies in this area can limit the capacity of the M&I star to stick to the objective. Similarly an unrealistic impact estimation, on the other hand, takes the risk of overcontrolling M&I star and thus reducing the business capacity to generate financial resources in the Financial & HR star (Earth blocks Water).

### Marketing & Innovation

This corporate star encompasses the intertwined Marketing & Innovation (M&I) business processes as two of the functional corporate areas where the market's value proposal crystallizes in the form of innovative products and services that tap into customers' needs. The marketing research literature has long identified the positive correlation between the degree of market orientation to innovation and business performance (Lado and Maydeu-Olivares, 2000). A strong marketing orientedness, as a form of company culture, places the highest priority on the creation, delivery and maintenance of superior customer value through the implementation of innovative solutions to the market (Slater and Narver, 1995; Hurley and Hult, 1998).

Regarding customer as the backbone of the company's value offer, Drucker (1954) has largely emphasized that "the business enterprise has two –and only two– basic functions: marketing and innovation". However, I differ from Drucker's statement in that the only purpose of the business is to create a customer. The ZBM precisely bypasses this 'business as usual' principle to a conscious business approach for higher purpose maximization. Against this backdrop, M&I becomes an instrument for achieving such purpose. Kotler's popular marketing definition, "the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit", is value-free. It means that marketing can either be used for satisfying impulsive self-driven needs or customer's social, well-being and environmental needs. The excessive use of the former led to a bad reputation of marketing in some sectors<sup>34</sup>, whereas the empowerment of the latter can become a powerful tool for solving societal problems<sup>35</sup>.

In fact, marketing social change is attracting a great deal of customers, investors and employees attention. It is a differentiation strategy in itself. These stakeholders experience an increase in their own spiritual value scale by satisfying aspirational needs in achieving their high purposes. In his recent book, Kotler (2010) advocates spirituality as the main marketing trend in a new value-driven marketing paradigm. Marketing 3.0, as he calls it, aligns the value-orientedness and the objective of making a better world with the market orientation of fulfilling spiritual aspirations through collaboration, co-

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<sup>32</sup> See <http://www.dlightdesign.com/impact-dashboard/>

<sup>33</sup> Companies measure profitability, governments measure GDPs.

<sup>34</sup> For example, it has been the case of tobacco manufacturing companies or defense industries.

<sup>35</sup> Targeting the green-economy, the base of the pyramid, health industries, etc.

creation and spirituality.

With this approach in mind, marketing social change offers companies the possibility to identify, explore and develop new business opportunities. International businesses can segment and implement new strategies in emerging markets through inclusive business targeting the base of the pyramid (Prahalad, 2004). Marketing social change also represents marketing differentiation strategies for tackling untapped, non-traditional business opportunities in sectors such as information and communication technologies, education, health, food, energy and environmental sustainability (Saul, 2011).

Hindustan Unilever Limited (HUL), India's largest fast moving consumer goods company, was concerned in penetrating untapped India's rural market. Today it represents 775 million people spread over 638,000 villages, accounting for 60% of overall consumption expenditure. The company, by analyzing the different cultural and socioeconomic behavior of rural markets, saw the opportunity to reach them through targeting and segmenting customers at the base of the pyramid. It decided to market products with an inclusive business approach by serving those customers with tailored and customized solutions at affordable prices. Villagers had the possibility for the first time, to access new products that added valuable functionalities for increasing hygienic and nutritional standards, thereby enhancing their health status and psychological well-being.

The first critical success factor was to design a decentralized distribution network by involving and empowering rural women entrepreneurs. This was put in place through a project called Shakti. Based on a commission model, they could double or triple a typical village income earned previous to joining the company. The Shakti women do not only distribute products out of villagers' reach, but also train and educate villagers in their uses in order to stave off diseases and enjoy better hygiene. The second success factor was the customization of products in small packages of single-use at very affordable prices, adapted to the petty business income generating pattern of rural villagers. Today, HUL has 40,000 entrepreneurs reaching more than 100,000 villages in roughly 3 million rural households<sup>36</sup>.

The HUL case renders relevant implications in innovation. It is an illustrative example of how exploring new business opportunities through social change drives new innovations at the business model, marketing and product level. Inclusive business models move from the classical marketing 4P's to the 4A's of acceptability, affordability, availability and accessibility. That model stresses the importance of equipping research and development units to better adapt to local cultural value systems, to reversely engineer and price cost-effective solutions, to design locally shared distributional networks with strategic partners, and to scale up the solutions to make them reachable and financially sustainable (London and Hart, 2011).

With most of the world population and growth occurring in emerging markets –with more than 4 billion people- and matured markets in developed countries stagnating, companies are moving to untapped markets in developing countries. Against this backdrop, business innovations are designed mostly in those markets, being India and China the biggest two. Companies are flourishing in frugal innovation, which is “the ability to generate considerably more business and social value while significantly reducing the use of scarce resources” (Radjou and Prahu, 2012<sup>37</sup>). This concept is also close to disruptive innovation, which refers to products that offer superior customer value and low costs (Christensen, 1997).

Chinese home appliances giant Haier, for example, jumped into the local market in 1996 with the introduction of the Mini Magical Child, a much more affordable washing machine designed for small daily loads. A similar product is currently being scaled up worldwide (Hang, Chen and Subramian, 2010). In 1992, Galanz, also from China, developed a very small low-cost energy-efficient microwave that could fit in overloaded Chinese kitchens. With this product, they have turned into one of the biggest microwave manufacturers in China with more than 60% of market share (Zeschky et. Al, 2011).

Tata Corporation, Medtronic, General Electric or Procter & Gamble are, among many others, multinational corporations also exploring and developing inclusive business innovations and frugal

<sup>36</sup> See <http://www.accenture.com/Microsites/emerging-markets/Documents/pdf/Accenture-Unilever-Case-Study-Final.pdf>

<sup>37</sup> See <http://knowledge.insead.edu/innovation/frugal-innovation-a-new-business-paradigm-2375>

approaches to business in a radically different way. In the end, “frugal innovation is not just a drastically different way of innovating or even a radical new way of running a business—it is about fundamentally shifting the corporate mindset” (Radjou and Prahbu, 2013).

The strategies described above -inclusive business, the base of the pyramid, frugal and disruptive innovation- represent the M&I paradigm of doing Zen Business. Positioning the business in generating new markets that increase social impact is a new unusual way of doing business that fits with the famous quote of Albert Einstein: “we cannot solve problems by using the same kind of thinking we used when we created them”.

The M&I star is critical for the model as it is the business area that implements the strategy (L&S star) and delivers value to the customer. To wrap up, it is important to highlight that a balanced flow of the model at this point depends much on the quality of the M&I star. Therefore, a strong M&I corporate star nourishes the Financial & Human resources (F&H) star (Metal generates Water). The capacity to conduct state of the art research and development, to design and deliver tailored, high valued innovations and the ability to market them accordingly is generally a guarantee for generating financial returns.

A deficiency or an excess of M&I could disharmonize the model. The deficiency, could come by not bringing enough differentiation to the value proposition, and the excess, by overly controlling the Brand & Corporate culture star (B&C). An imbalanced product portfolio, or too many resources concentrated in launching new products or innovations could collapse the capacity to deliver the expected value and therefore, could damage the corporate’s brand reputation and culture (Metal chops Wood).

### Financial & Human Resources

Financial and human resources are conceived as the energy any corporation needs to perform its business activity in order to achieve its higher purpose. It stands far from the reductionist mainstream capitalist approach that views financial performance maximization as the ultimate and unique objective of any entrepreneurial venture. In the ZBM star, economic profitability is not an ultimate goal but a by-product of the company’s higher purpose. Financial management, accounting and human resource management are key areas involved in this process.

Many people still think that social business or business ethics is oxymoronic (Duska, 2000). However, the aforementioned cases and many other ‘do good and do well companies’ today demonstrate that this is an old fashioned inherited belief of what the neoclassical ideology and alleged businesses have been forging in our mindsets. Sisodia’s (2007) research found that 18 out of 28 identified conscious businesses or ‘firms of endearment’ as he coined them<sup>38</sup>, economically outperformed the S&P 500 index by a factor over 10.5 over the years 1996-2011. Social and economic profits can also be compatible, and even more lucrative indeed.

The case of Apple Inc. portrays very well the relation between a higher purpose and financial performance. Founded in 1976 in California by Steve Jobs and Steve Wozniak, Apple’s foundational vision of “a computer for the rest of us” was the seed for building up the biggest computer icon ever. Job’s higher purpose was pro-Zen Business. He wanted to change and transform the computer industry by democratizing user-friendly designs through upgraded emotional experiences to a high-tech sector where technical criteria had driven innovations until that point in time. Apple soon became a revered brand for customers that had seen its computer productivity and usability enhanced.

This notwithstanding, Apple products were only delicacies that satisfied a very loyal but small customer base. The company tapped into a niche market by targeting design-like professionals that had a gourmet taste for Apple’s innovations. Seduced by the possibility to scale up to the mass market, Apple hired John Sculley and fired Steve Jobs, with the intention to increase its financial performance. Sculley, a successful former PepsiCo CEO joined Apple in 1984 and downgraded Job’s foundational vision of “making insanely great products with unique appeal” to offer a more standard computer that could reach more customers. Sculley’s new approach soon rendered the first financial results. From 1986 to 1990,

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<sup>38</sup> Firms of endearment were assessed under five criteria: stated purpose, generosity of compensation, quality of customer service, investment in their communities, and impact on the environment.

Apple apparently enjoyed a financial golden age, reaching a remarkable 191% return on capital employed in 1987<sup>39</sup>.

Despite achieving outstanding financial results, the late 80s saw how Apple's main competitors were gaining market share, and IBM and Compaq became a serious threat for the company. Apple's attempt to compete with PCs soon failed and the company realized that a new strategic push was required to differentiate themselves / their products. Sculley's efforts to halt Apple's gross margin were fruitless and the return of the prodigal son became a reality in 1996. Job's immediately began to reformulate Apple vision by reviving his early and only vision: changing the world through high-tech innovations. Job's first outcome was launching the iMac, the 'all-in-one' design, with a unique visual style, echoing the integrated philosophy of Apple early machines. It soon became a blockbuster, selling 278,000 units within six weeks.

But the total revolution came with the company's move into portable audio with the iPod launch. The iPod had a halo effect, and encouraged non-traditional Apple fans to switch to Apple products not only in music but also in computers. Job's return rescued values of innovation and excellence in design and the iPod, in particular, transformed the way that people consumed music around the world. As a consequence, financial returns followed suit. In 2005, sales grew up by 68% to \$13.931 billion, margins jumped from 0.5 to 11.7% and economic profits from 2005 to 2007 totaled \$6.8 billion. Apple's economic renaissance was widely attributed to Job's return.

This case illustrates how balancing the five business processes is critical to a harmonized and healthy business model. Sculley's era reflects the shift of the Stakeholders star –incentivated by investors' will to increase financial returns- as an over control to F&H (Earth controls Water). Therefore, revenues in the short term increased, so the F&H star overly expanded and damaged the L&S star (Water pulls out Fire).

On the other hand, with Job's comeback -impelled by the Stakeholders star– the company realized that the strategy was inadequate. Therefore, the response was to balance the L&S star, who nourished Stakeholders that embraced the will to move to the early days' vision. In the nourishing cycle, this rendered a push on Marketing & Innovation, the star that nourishes F&H (Metal generates Water). Closing the cycle, a healthy and sustained F&H brought Apple to be recognized and admired worldwide by customers and the business community alike. It soon shaped a strong brand reputation and global image that consolidated with a successful commercial expansion of the Apple Stores.

As I have pointed out, the F&H star, in equilibrium, nurture the companies' reputation and integrity, contributing to make it powerful, energized and influential. However, if the primary purpose of the enterprise is maximizing profits, the company risks to enter in a cycle of disequilibrium. If so, this process restricts the L&S star, which in turn diminishes the M&I process, thereby undermining the possibilities of the company to produce better results, keep competitive, innovative, sustainable and differentiate from other firms.

### Brand & Corporate Culture

B&C is the last corporate star. Up to date, a company that is able to manage a harmonized relationship among the above four stars is likely to nourish and positively nurture the present business process. In other words, a higher purpose attracts talented stakeholders who are the key to outstanding performance in marketing innovative products and services which, in turn, are a direct source of revenue and financial health for the company. Such a virtuous cycle will strongly contribute to generate a high corporate brand reputation and integrity. The admired enterprise will influence and raise its power to inspire and lead other companies, people, organizations and government bodies to follow upon her model.

Wood (B&C) is a Yang young energy that inherently sparks Fire (L&S) to burn. Therefore, the illusion to engage into an entrepreneurial venture that may become admired for its excellent performance and positive impact in solving societal problems is like a higher dream come true. When this happens, a life

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<sup>39</sup> Data and information is extracted from the London Business School case: "Apple Computer's Financial Performance" (2008). Available online at <http://faculty.london.edu/chigson/casestudies/pdfs/apple.pdf>.

is fulfilled with meaning, a sense of achievement and an enhanced motivation to improve and continue the venture towards the Zen Business path. Companies at this stage are real change-makers and transformers. They lead, inspire and drag other organizations and leaders that aim to make an impact, each following her own way and higher purpose.

La Fageda<sup>40</sup>, a business cooperative from Girona province in Catalonia, Spain, was set up in 1982 by two psychologists, Cristóbal Colón and his wife, Carme Jordá. After years working in psychiatric asylums, Cristóbal and Carme, who did not have previous business expertise, dreamed of improving the lives of mentally disabled people living in the La Garrotxa region. With this in mind, they initiated a business with the aim to provide social reintegration to mentally handicapped people through remunerated work in their organization. They brought people from the asylum to work in the woods, in an outstanding working environment, surrounded by volcanoes and beech trees near the city of Olot.

Today, La Fageda elaborates high quality artisanal dairy products that are sold in more than 1,500 points of sale, mostly in Catalonia. Retail chains display La Fageda products in direct competition with international brands such as Danone and Nestlé. La Fageda has been able to offer a differentiated product that is characterized by its artisanal quality, natural freshness, and its shared values. Customers appreciate La Fageda products for its taste, creaminess and non-additives. Vertically integrated with its own farm, products are produced with fresh milk from its own cows –yoghurts are elaborated with milk obtained less than 48 hours before.

They produce 45 million yoghurts per year, its more renowned bestseller. The cooperative roughly employs 300 workers, from which 60% are mentally disabled. With a turnover of more than EUR12 million, the business is financially sustainable and it is pursuing a growth strategy by diversifying its business into other product lines. Throughout a careful process of integration, the organization also guides and offers regular social and medical assistance to the workers, ensuring its personal evolution, fitness and improvement along the process.

Thirty years from its establishment, La Fageda is a success story. Besides providing jobs to the mentally ill, the cooperative has become widely admired by the capacity to build meaningful lives for once desperate people who lost its hope in asylums. It has demonstrated that work is a catalyst for social reintegration and that business can be an instrument to achieve higher purposes. La Fageda's impact is multidimensional. At the economic level, the business is a job creator and a driver of socioeconomic development in the province. At the social level, it enormously increases the well-being of its employees, both disabled and healthy, as they all share the same values and higher purpose. Furthermore, it satisfies customers' desire for high quality artisanal dairies at the same time that increases their satisfaction as they identify with La Fageda's mission and contribute to the higher purpose.

This case roundly fits with the ZBM. A strong, human-centered L&S star emotionally attracts Stakeholders that, by sharing the same values, want to be part of a story that makes the world a better place. Employees, investors, customers, suppliers and the community are proud to align their motivation and capacities to elaborate high quality artisanal products that are marketed and widely distributed to hundreds of retailers (M&I star). Sales revenues are strong enough to ensure the business economic and financial sustainability to keep up with the venture's development and improvement (F&H star). Finally, the balanced coherence in all the cycle renders a strong corporate branding and culture that enjoys a great deal of social reputation and admiration.

But the cycle does not stop here. La Fageda's strong B&C star is itself an energetic motivator that nurtures the L&S star (Wood nourishes Fire). It involves systematic monitoring and evaluation of performance, communication of impacts and continuous improvement through improved quality and market diversification. This recognition will refine the higher purpose and corporate culture to better adapt to incoming challenges, improved performance and higher impact. The ZBM is dynamically moving through the balancing of Yin and Yang forces among the five corporate stars.

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<sup>40</sup> The information presented in this case is based on the case study "La Fageda: otra empresa es posible", Segarra (2011), *Universi Business Review*; the documentary "Una fàbrica con sentido", TV1, January 2013; and the article "La Fageda, la teràpia del treball", *El Periódico*, 12 November 2013.

La Fageda currently receives more than 40,000 visitors per year and it has become a business model for entrepreneurs, business managers, executives and people from all walks of life. The story has been featured at regional and national TV stations and case studies have been developed about it in prestigious international business schools. From a remote area in the woods, La Fageda leads, inspires and transforms lives. It shows the potential of business in addressing social problems. It demonstrates that another way of doing business is possible. In words of the founder Colón, “the meaning of life is a life with meaning”.

## 9. Conclusions

Specially after the recent global crisis, a raising call emerged from the need to develop ethical business models that are able to maximize the triple bottom line of benefits (Fry and Slocum, 2008). However, there is still a deeply embodied belief that such business models might embrace social and environmental gains to the detriment of economic profitability. This assumption explicitly denotes a negative tradeoff between economic and social benefits. In other words, it seems that increasing social impact could be detrimental to economic performance.

This notwithstanding, consumers, investors, and the society in general are increasingly attracted by organizations that offer them the possibility to change the world by sharing the same values towards enhancing social impact. This has even been the case of remarkable business gurus like Michael Porter and Philip Kotler, indeed. Against this backdrop, ancient oriental philosophies –drawing from Taoism and Zen Buddhism- provide a comprehensive holistic framework to guide organizations to design and implement value-oriented and human-centered business strategies.

Particularly, this cognitive framework is highly relevant for the application of philosophical principles to business. Thus, there are two main contributions to explain and understand empirical phenomena in the business and management arena. First, a central key concept is the practice of business mindfulness. It allows to design and execute strategies and operations grounded in human-based positive values such as compassion and loving-kindness. The first step in building up an ethically oriented business model is raising awareness of the positive and negative impacts that any entrepreneurial activity might entail for the society, the environment and the economy. The objective is to water and foster positive impacts and to mitigate and reduce negative impacts alike. A multidimensional approach to assessing impacts is strictly necessary for any conscious business that aims to maximize the triple bottom line. Leaders, equipped with business mindfulness tools, can use their spiritual intelligence -that is, the capacity to connect to the universal virtues- to design and operationalize spiritual value-oriented strategies that produce outstanding problem-solving results.

Second, the Yin-Yang and the Five Elements theories are particularly relevant for designing business models grounded in a holistic worldview that conceives human as part of the universal nature of our world. As human is nature, a human-centered business model must be rooted in a natural understanding of the relations between the elements found in nature, and thereby, in ourselves. The Yin-Yang principles of duality, paradox and interdependence can help organizations to better understand and face change, their biggest challenge. Through the Yin-Yang, companies can improve managers competences in change management, their main deficit. They can develop a positive attitude towards change, by anticipating and managing change dynamics by embracing the opportunity that any change entails for the organization. The fact that any two opposed concepts are part of the oneness of a supra-level of consciousness facilitates managers to relativize problems and become more flexible. Managing from confidence -not fear-, they can capitalize upon by turning them into valuable assets for the organization. A good understanding of the Yin-Yang theory allows managers to emotionally improve their intelligence and management capabilities.

The empirical analysis of the business processes through the natural cyclic behavior of the Five Elements theory is the key concept of the Zen Business Model. The central tenet of such millennial theory is the relationships shaped by the five interactive energies that I analogically represent through the five corporate stars. Drawing from Taoist astrology, it is not coincidence that each of the five individual stars out of the five elements –knowledge (fire), friend (earth), expression (metal), money (water) and reputation (wood)- is associated to the business areas or five corporate stars representing leadership & strategy, stakeholders, marketing & innovation, financial & human resources and branding

& corporate culture, respectively. As a whole, these areas dynamically evolve following cycles of nourishing and control, which nurture and restrict imbalances as a mechanism of correction in search of harmony.

The Zen Business concept carries relevant implications on how the business community, policy-makers and society in general currently regards business and entrepreneurship. Businesses do not enjoy a great deal of reputation yet. It is still depicted as a 'stand alone' private function attached to an individualistic utilitarian rationale aimed at achieving self-interested goals within a reductionist view of the world. It is part of the mainstream capitalism majoritarian view. Thus, the Zen Business brings in another perspective about business, overcoming some mental barriers and de-construct stereotypes.

On the one hand, The Zen Business Model openly integrates the concept of designing and executing business strategies aimed at maximizing higher purposes. Overall, the practice of the Zen Business is in itself an exercise of result-oriented business mindfulness. According to a Zen Business perspective, a company does not need having a Corporate Social Responsibility division. The social function is not a responsibility, but the core value of the differential competitive source of the organization. Under this paradigm, a business does not require to be social, ethical, nor cooperative. It is already social, ethical and cooperative. Therefore, concepts such as CSR, social business and innovation or business ethics are all embraced as the core business values from which the organization builds up her higher purpose, competitive strategy, corporate culture and brand identity.

On the other hand, following the Zen Business Model is following the Tao -the natural way- and walking the Noble Eightfold Path, which represents one's engagement in making a positive impact to the world through the practice of business. Therefore, the model does not distinguish between life and work. It rather conceives work as an opportunity for individuals –stakeholders star- to align, vibrate and share their values with organizations that are potential facilitators and drivers of intrinsic motivation, engagement and life meaning. Under such circumstances, Zen businesses are likely to attract talent that drawing from the need to solve social needs, bring high motivation, skills and resources to innovate for the good cause. Marketing social change is a source of competitive advantage. Such companies enjoy a greater level of employee commitment, psychological well-being, productivity and retention, factors that contribute to achieve multi-level results, as the cases of Whole Foods Market and La Fageda illustrate.

Against this framework, the ZBM represents a micro-approach for the operationalization of oriental-based spirituality to entrepreneurship. It can contribute to harmonize the current imbalanced socioeconomic system -based on mainstream capitalism- towards a more spiritual based system. This human-centered approach embraces the multiple dimensions of happiness and well-being into a single comprehensive and holistic business framework.

The Zen Business Model is a blueprint in a bumpy road. Rapid globalization and technological change add new sociocultural, economic and environmental challenges that, as a process, need time and effort to be addressed. However, we might put mindfulness at our service. Much more research is needed at the case study level. Identifying, studying and disseminating pro-Zen business cases would allow to systematize and codify the business strategies and management knowledge that effectively contribute to social change. The model can be useful for established companies that are in the process of turning spiritual-wise, for new entrepreneurs that are committed to make a contribution through business from the scratch, and for individuals that are looking for meaning. From all walks of life, people –Earth- is the model's cornerstone and the seed for transformation. From business, academia or policy, individuals are potential leaders that will surely contribute to balance mindful capitalism towards a harmonious system that rules for maximizing the Gross World Well-Being.

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