

# Buddhist Principles for Managing Sustainable Economic Systems

*An exploration*

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*Conference Contemplative Science & Management, Corvinnus University, Budapest, May 18-19, 2017*



What do *you* want to learn from this session?



# Starting Points

## Economics

- Serving material needs (Consumption)
- Managing scarce resources (Matter)
- Money
- Efficiency

## Buddhism

- Overcome suffering (Well-being/Happiness)
- Mental development (the Mind)
- Wisdom
- Ethics



# What in common?

Both aspire to create well-being for people, yet they focus on different means and different levels of well-being.



Scope of Buddhism



Liberation of suffering of all beings  
(Spiritual Needs => Well-being)

Livelihood  
(Material Needs => Well-being)

Scope of Economics

# Current economic systems are not sustainable: What can Buddhism add to economic thinking?

- Our current economic systems (macro and micro) are not sustainable – they don't fulfill the needs of society and ecosystems.
- Buddhism offers broader scope:
  - Well-being is not created by consumption of matter alone (4 noble truths).
  - Sustainable well-being is achieved by development of the mind: concentration, wisdom & ethics (the 8 fold path & 3-fold training)
  - Wisdom (Right View) = Understanding reality:
    - inner nature (mind)
    - outer nature (life, causality, interdependence, balancing needs/resources, value creation, organisations)



# Wisdom - understanding reality: where science & Buddhism meet

## Right view:

Understanding inner and outer nature, incl. all phenomena and their interrelatedness

4 Noble Truths

8 Fold path

3 Fold training (3 higher trainings)

Phenomena are essentially mental/social constructs (co-created by mind).

## Wrong view:

In economics there are many outdated (and inaccurate) assumptions about natural phenomena, rooted in industrial production models and 'scientific materialism'.

New scientific insights call for major adjustments in our economic thinking.

# 4 noble truths

1. Problem – economic systems cause social and ecological damage, making human civilization unsustainable.
2. Cause – **wrong views** underlying our economic models
3. Cessation –
4. Path –



## 5 Wrong Views in classical economic thinking

- Mankind
- Markets
- Money
- Material Growth / Nature
- Micro-models

# Mankind

## Classical View:

- Rational
- Individual/Selfish
- Materialistic (“Maximum Utility”)
- Fixed preference

> Homo Economicus

## Adjusted View:

- Emotional
- Pro-social
- Meaning-seeking
- Changeable preference

> Homo Sapiens



# Markets

## Classical View:

- Efficient
- Equilibrium
- Serves common Interest
- Perfect information
- Freedom

> The invisible hand

## Adjusted View:

- Externalities
- Dynamic disbalance
- Excesses & stagnation
- Information asymmetry
- Market failures
- Regulation is needed

> The invisible chaos

# Money

## Classical View:

- Neutral exchange
- Money = Capital
- Credit creates growth
- Objective & Fixed value

> Money creates freedom

## Adjusted View:

- Power / Political Instrument
- Capital is not money
- Credit creates debt / scarcity
- Mental & political construct

> Money creates dependency



# Material Growth

## Classical View:

- Growth is normal
- Growth is endless
- Growth is the only way to get out of the problems
- Governments should stimulate macro-growth (GDP)

> Economy is a process of material production

## Adjusted View:

- In nature nothing grows endlessly
- Emphasis on growth undermines health of the system
- Enterprise drives micro-growth

> Economy is a social/living/dying phenomenon

# Nature

## Classical View:

- Public goods are free
- Nature can absorb externalities
- Nature has no price

> Nature = resource

## Adjusted View:

- Without public goods (eco-systems, laws, education, health etc) economies don't function
- Nature has boundaries
- Nature is priceless

> Without nature no economy

# Micro-levels (Firms)

## Classical View:

- Theory of the firm
- Purpose of firm is to generate profits for itself
- Shareholder value is supreme
- Top-executive rewards lead to performance
- Human and natural resources are a means (and costs) that should be minimized /externalized in order to create maximum output

> Firm is a efficient money-making machine

## Adjusted View:

- Stakeholder theory
- Purpose of firm is the serve a (social) need
- Firm is a process of mutual value creation with its stakeholders
- Fairness and trust lead to performance
- Responsible for external effects (outcomes/impact)

> Firm is social entity in living interdependent network

How will we  
adjust our  
thinking?



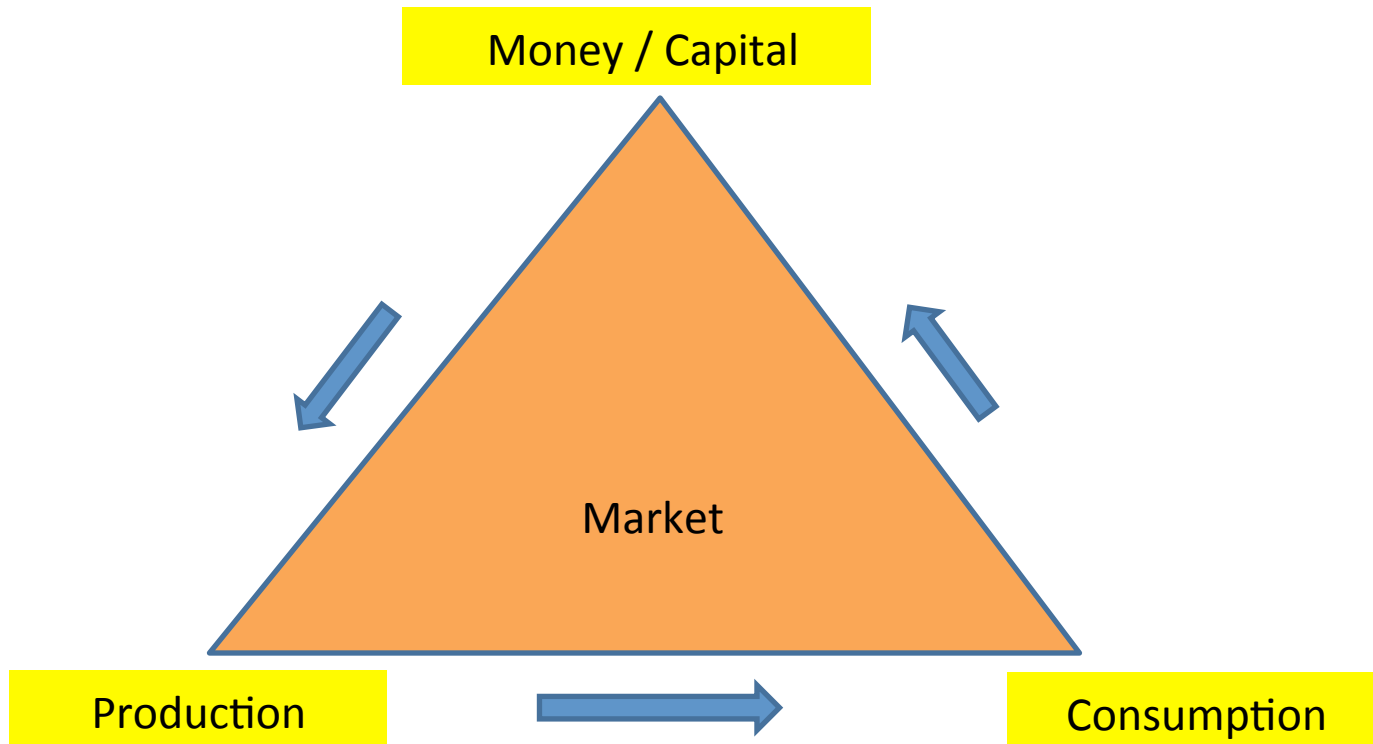


# 4 noble truths

1. Problem – economic systems cause social and ecological damage, making human civilization unsustainable.
2. Cause – wrong views: materialistic, transactional, single value models
3. Cessation – **right views**: holistic, relational, triple value models
4. Path –



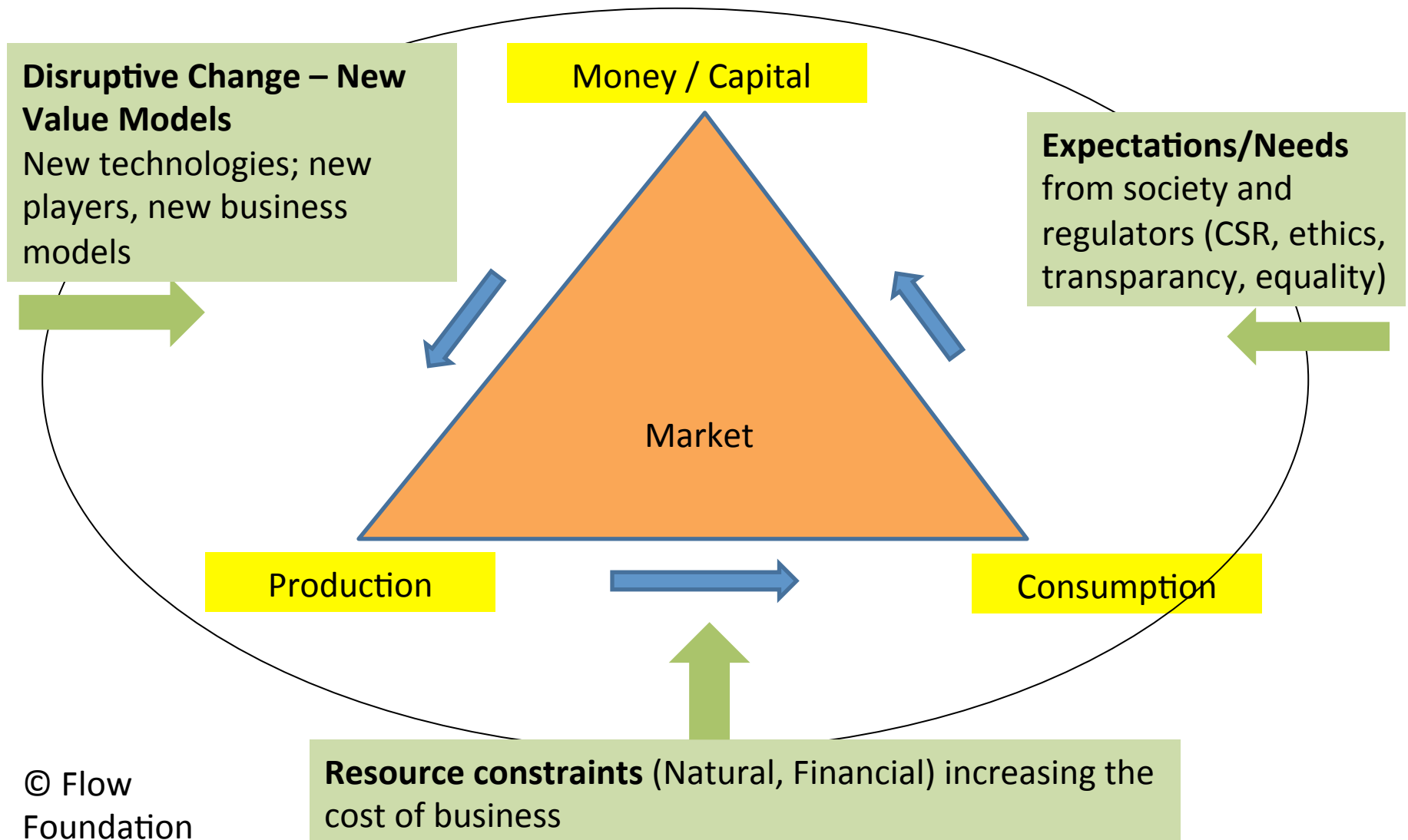
# Industrial age



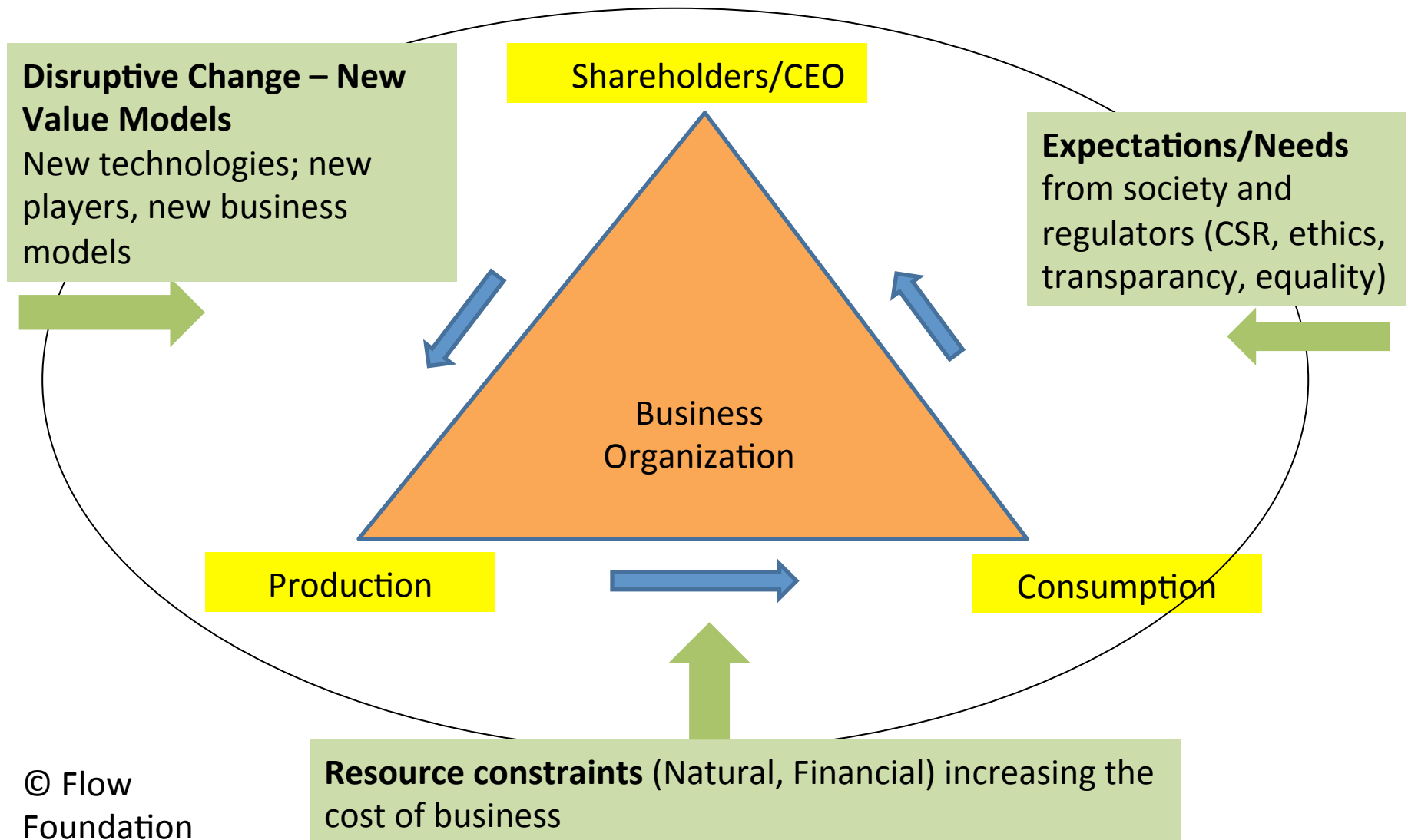
Invisible Hand of the Market

Efficiency of Invested Capital => measured  
in monetized indicators on basis of  
transactions: **GDP, Profit**

# Shifting Context - Macro



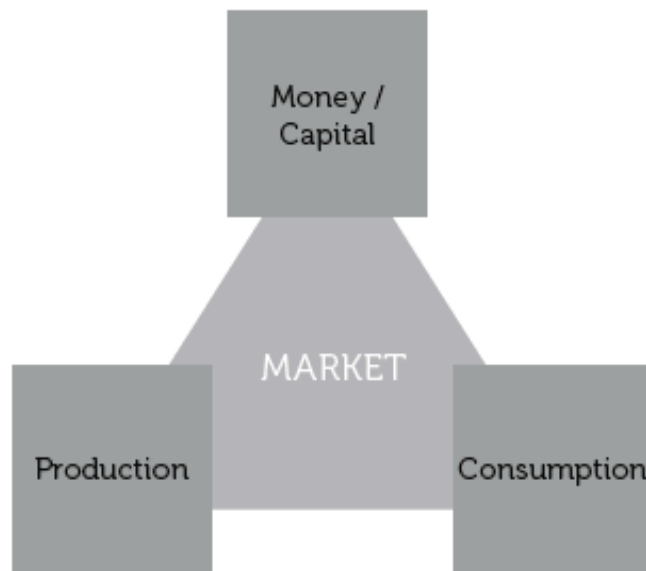
# Shifting Context - Micro



# New Global Context: Sustainable Development Goals



# Shift in economic paradigm

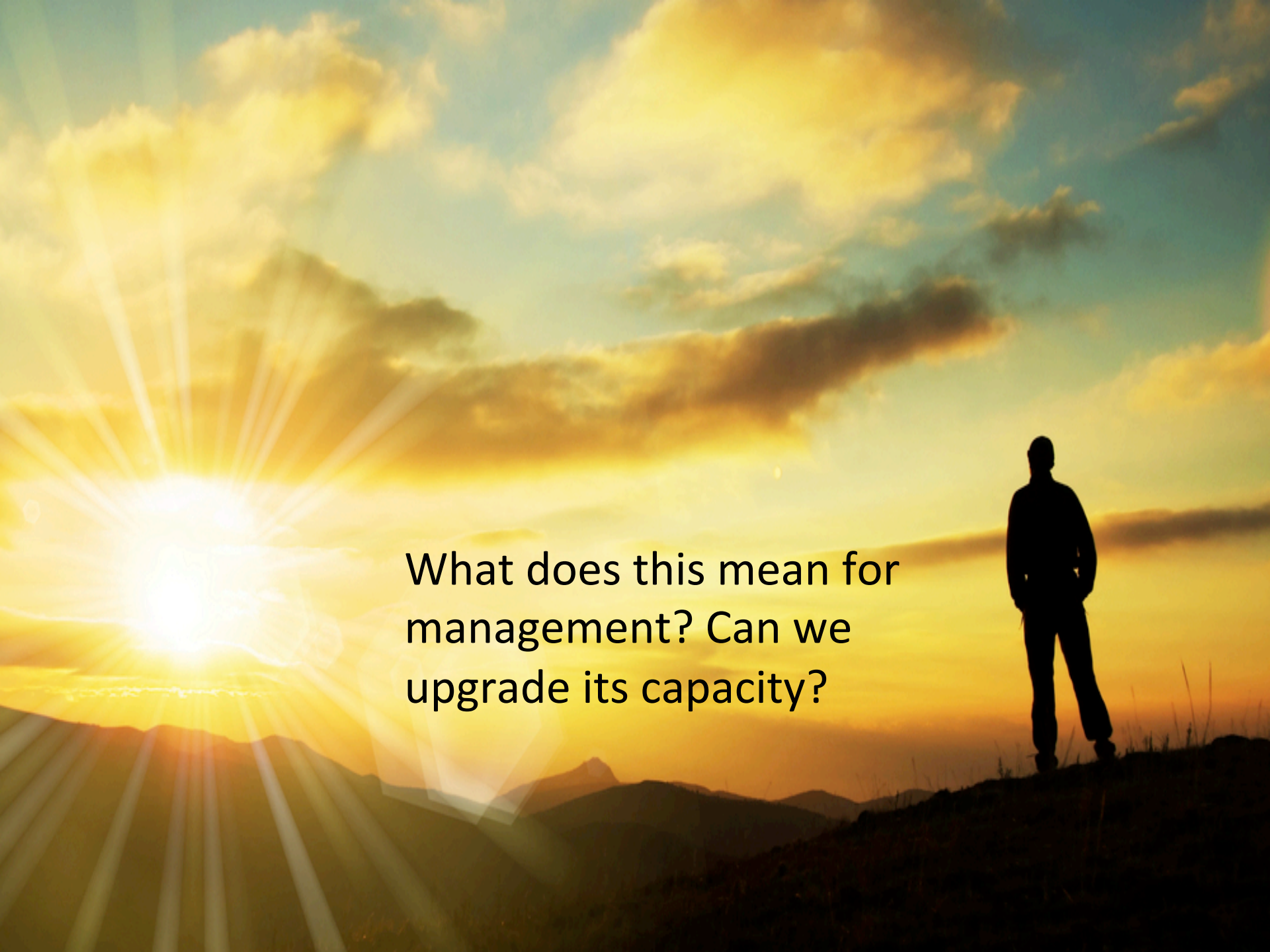


Transactional



Relational



A person is silhouetted against a bright sunset sky, standing on a dark, grassy hill. The sun is low on the horizon, creating a strong lens flare effect with rays of light spreading across the frame. The sky is filled with soft, golden clouds. In the background, a range of mountains is visible under the warm light of the setting sun. The overall mood is contemplative and hopeful.

What does this mean for  
management? Can we  
upgrade its capacity?

# 4 noble truths

1. Problem – economic systems cause social and ecological damage, making human civilization unsustainable.
2. Cause – wrong views: materialistic, transactional, single value models
3. Cessation – **right views**: holistic, relational, triple value models
4. Path – **right action**: applying holistic, relational, triple value practices

# Right Action:

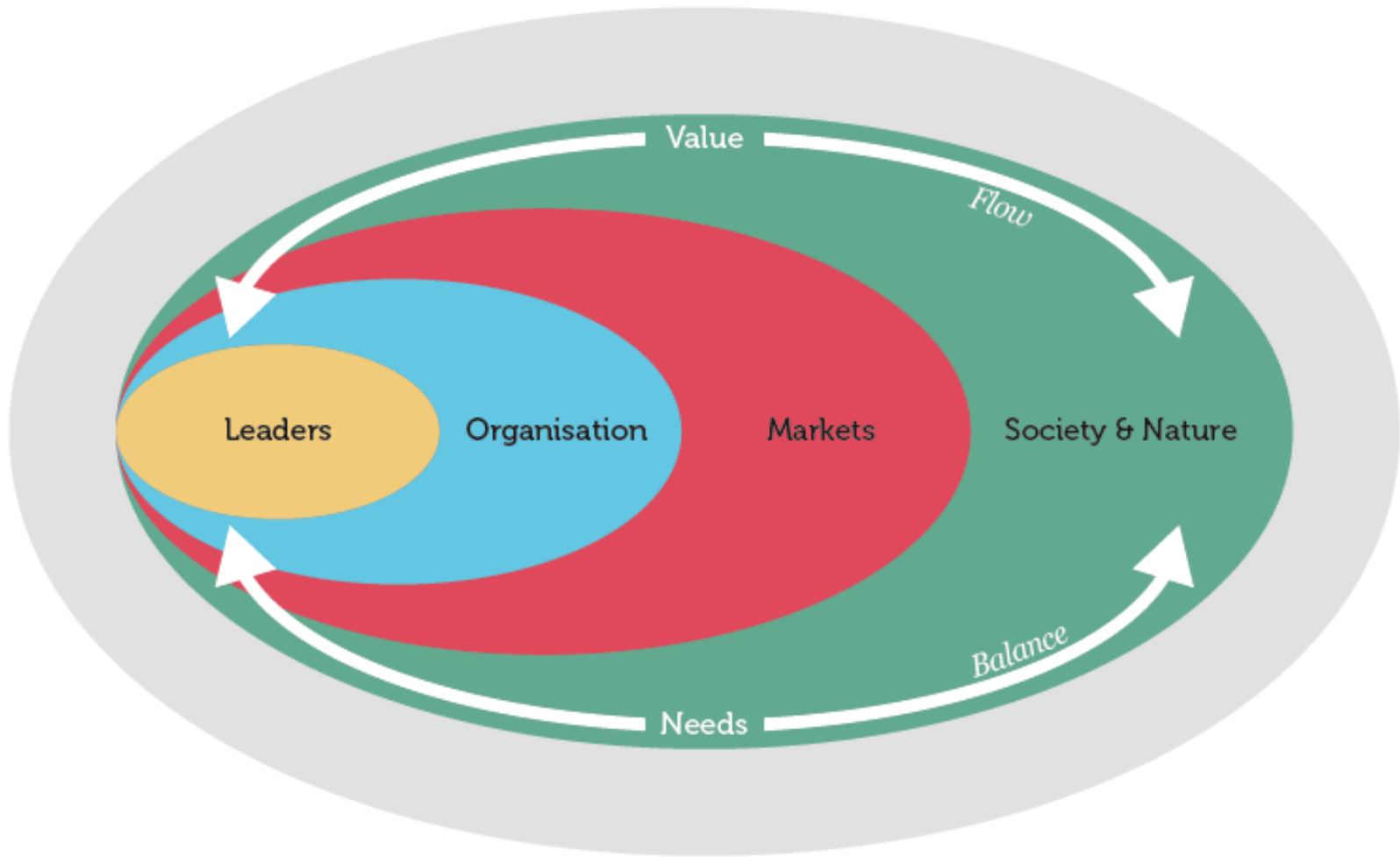
## Buddhist principles for upgrading management

- Wisdom (Right view)
  - Interdependence
  - Balancing needs and resources
- Purpose (Right intention)
  - Societal / shared purpose
- Cause & Effect (Karma)
  - Value creation (Right Speech, Action, Livelihood, Effort, Concentration)
  - Results (Right Mindfulness & View)



# Value Creation System

Value creation is a function of social interaction

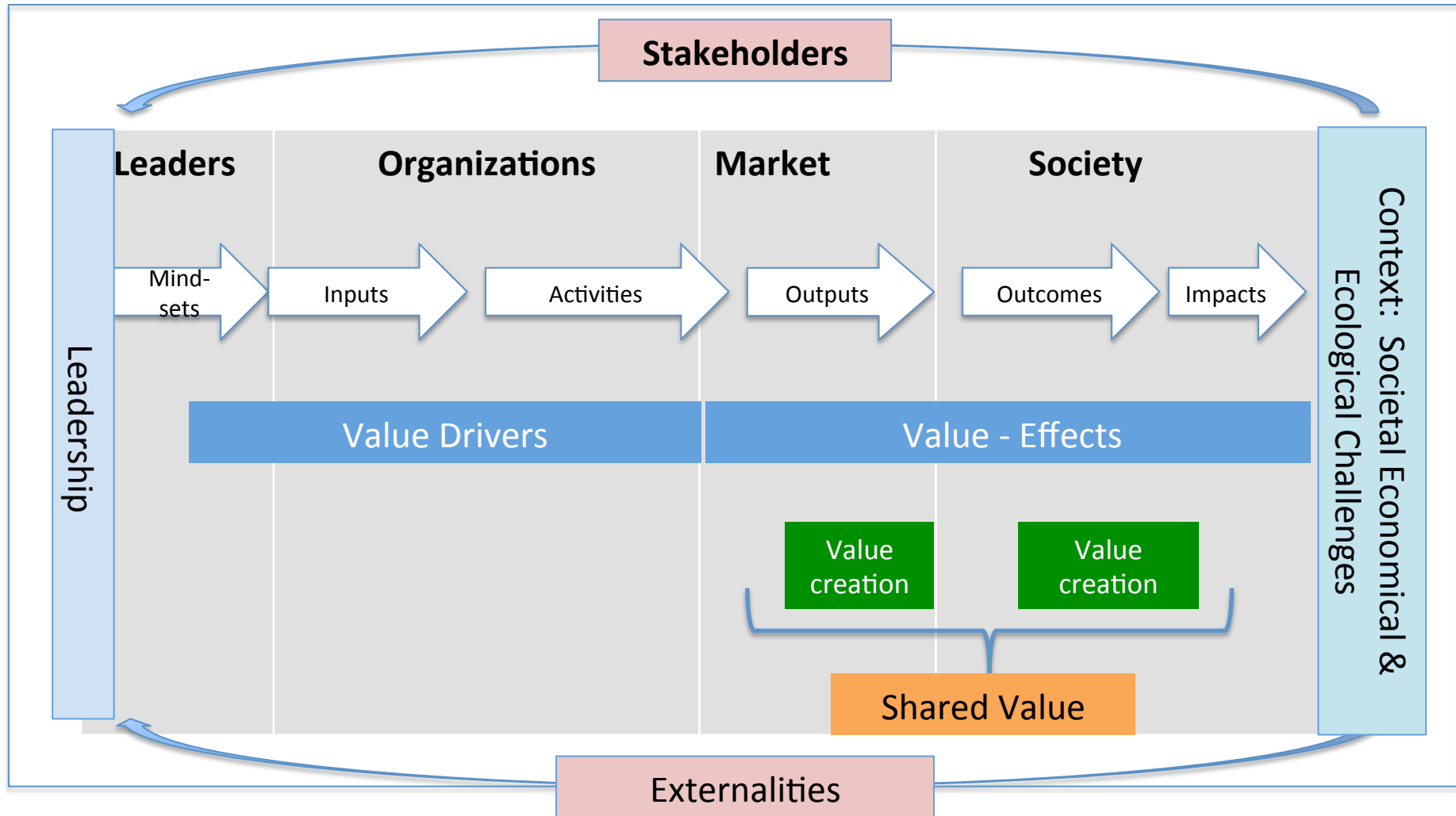


# Right Action: Output, outcome, impact

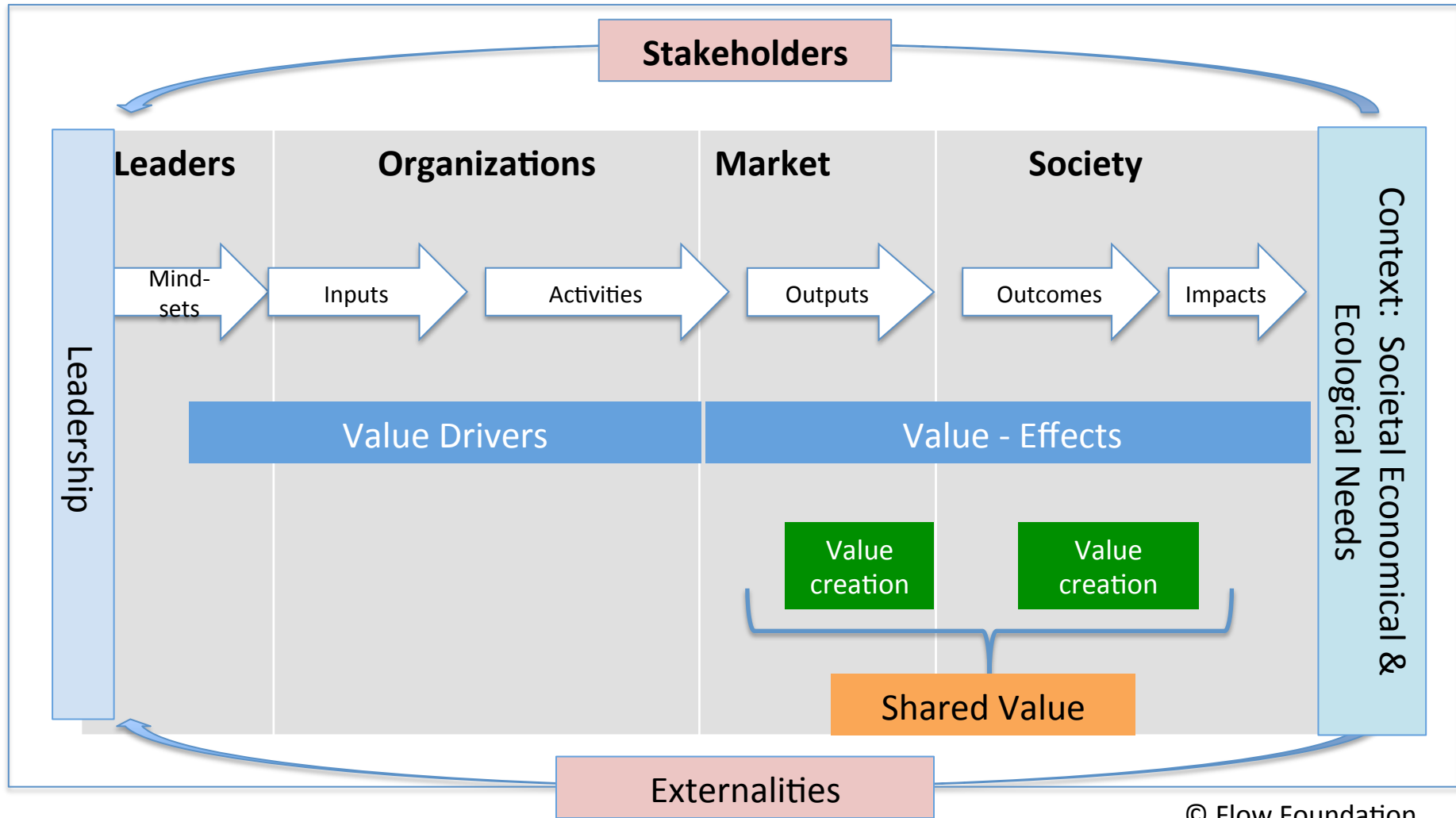




# Value Creation Model: Full Scope



# Value Creation Model: Full Scope

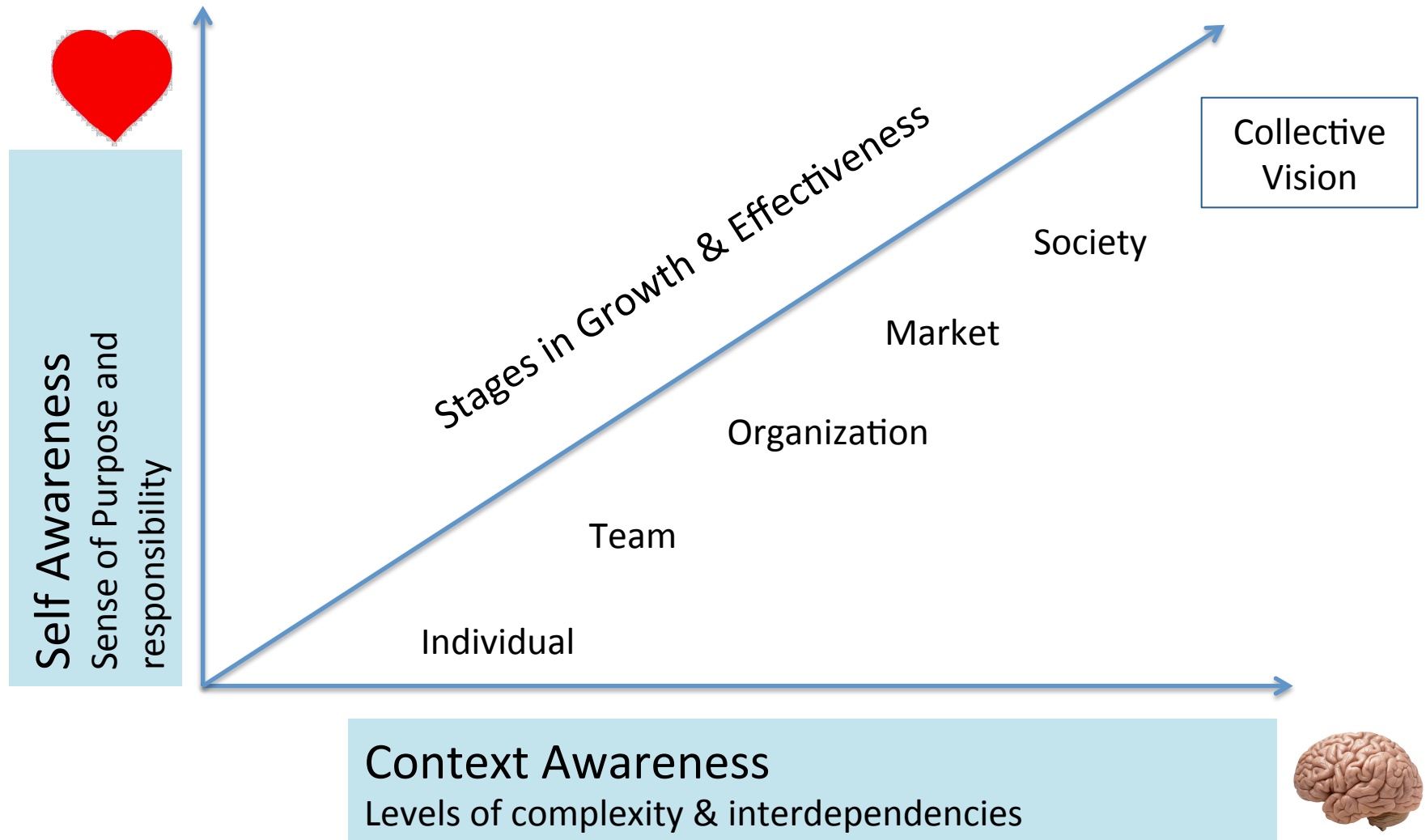


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Right View / Right Intention / Right Action / Right Livelihood / Mindfulness / Right View

# It starts with Leadership

(Based on Right View & Intention)



# Management/Leadership Science: New principles

- Human Beings are social-emotional being, not only driven by rational thinking and profit-seeking, but also by inspiration and well-being/flourishing.
- Organizations are made up by and developed for human beings
- In order to be sustainable and effective, organizations need to run on human/social principles, within the ecological context, and their performance should be measured on these principles.

# CEOs top issues:

- **52%** : *Redefining business success in a changing world with global challenges*
- **73%**: *Addressing greater expectations, societal needs*
- **90%**: *Transforming: technology, innovation and talent*
- **76%**: *Measuring and communicating success*

# Feike Sijbesma, CEO DSM

Taking care of society is not the exclusive domain of governments

How can you be successful as a business, if you have to operate in a society and environment that is NOT successful?

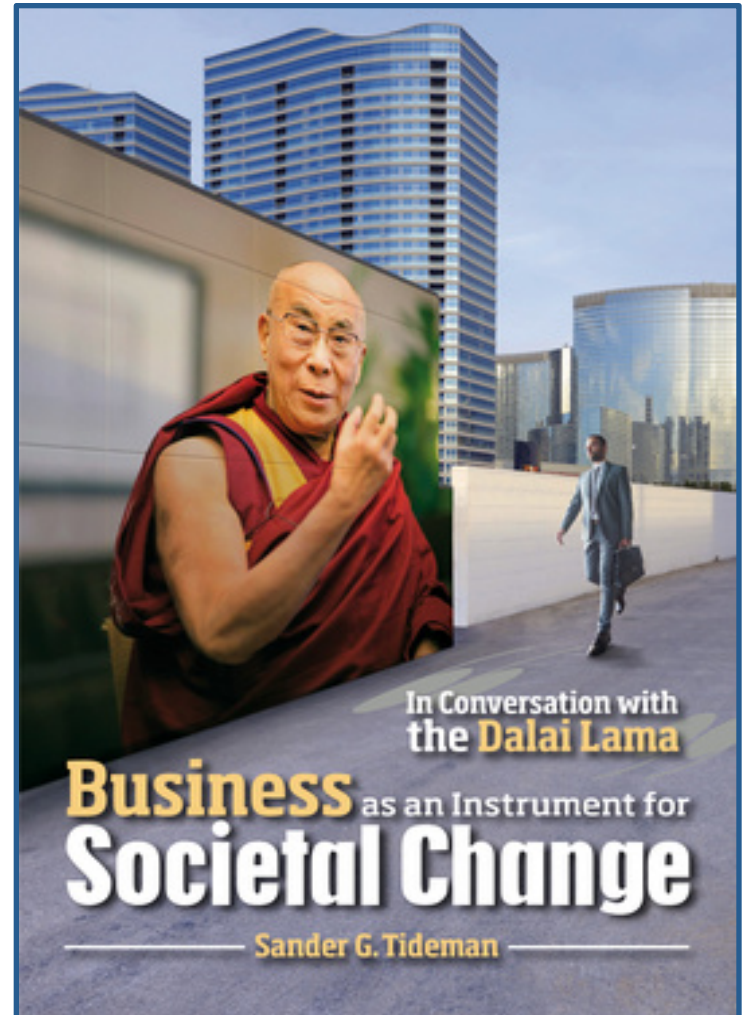
Taking responsibility for our environment has become a business survival issue. So for us it is not only the right thing to do, but the only thing to.”





To learn more:

<https://www.greenleaf-publishing.com/in-conversation-with-the-dalai-lama>



Transformation is  
possible!

Thank you!

