

## ERENET PROFILE

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## SPRING MESSAGE OF THE SCIENTIFIC DIRECTOR



### Distinguished Readers and Friends,

The Vatican announced the slogan for the annual World Day of Peace message by Pope Benedict XVI released on 1 January 2013 as following: „Blessed are the peacemakers, for they will be called children of God” (Mt 5:9). We all have a role to play in building the peace in our community and in the whole world. The Holy Father called our attention that „*In effect, our times, marked by globalization with its positive and negative aspects, as well as the continuation of violent conflicts and threats of war, demand a new, shared commitment in pursuit of the common good and the development is alarming to see hotbeds of tension and conflict caused by growing instances of inequality between rich and poor, by the*

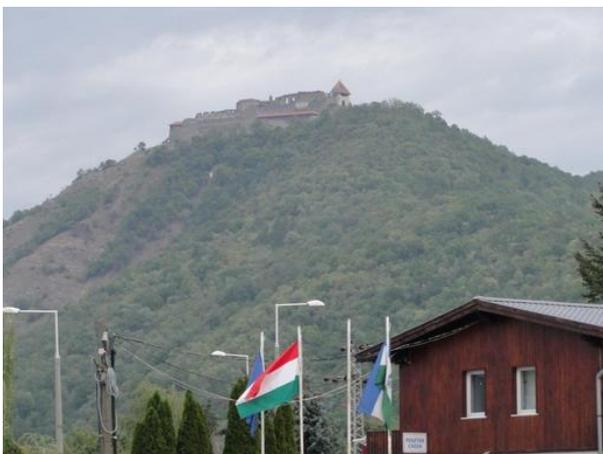
*prevalence of a selfish and individualistic mindset which also finds expression in an unregulated financial capitalism.*” (In spite of the fact, that the Pontific Benedict XVI resigned on 11 February 2012, his words and thought remains valid and a guide for the current world economic and political order.)

The centrally planned economy is collapsed and the world failed to learn from the lesson of the recent economic crises and the capitalism in its current form does not fit the world around us. The "Holy Trinity" preached by the neoliberal with its magic power of liberalization, deregularization and privatization is in ruin. A global transformation is urgently needed and „*it must start with reinstating a global sense of social responsibility*”. The Encyclical Letter "Caritas in Veritate" of the Supreme Pontiff Benedict XVI might be the right compass of the new world economic and social order.

The European SPES Forum stands for Spirituality in Economics and Society. The European SPES Forum was established in 2005 in Leuven (Belgium) by Luk Bouckaert and László Zsolnai. Belgium. It is an international network of individuals and organization with the overall aim to make spirituality accessible as a public good to as many people as possible. In the line of the above-mentioned the Business Ethics Centre of the Corvinus University of Budapest headed by Prof. László Zsolnai and ERENET organized the 2012 Annual Conference of the European SPEC Forum on the subject of Sustainability and Spirituality: A New Path for Entrepreneurship. The conference was held in September 2012 in the historical town of Visegrad, 40 kilometres from Budapest (Hungary). In the current ERENET PROFILE we publish selected papers presented at the conference. Other papers will be published by different publishing houses.

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Photos © by Antal Szabó



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## WHAT CAN CONTEMPORARY MANAGEMENT LEARN FROM SPIRITUALITY? COST-FOCUSED VERSUS VALUE-FOCUSED BUSINESS STRATEGY

### ABSTRACT

**This paper represents the status of an ongoing endeavor. It guides a journey which embarks on economical concepts, leads through some of the key elements of corporate management and concludes in some major human aspects.**

**Those who are not satisfied with the quantitative status of Self, Society and Nature are hereby also encouraged to explore some alternative approaches and to take the responsibility to make difference.**

**Keywords:** Sustainability, cost-management, value-management, responsibility, choice

**JEL codes:** L21, A1, D2, I31, Q0

### STATUS:

2012. The Ecological Footprint is rocketing while poverty, unhealthiness and natural disasters became more and more general. Lately, even the financial world signals that the mainstream approach is not sustainable. The harmony of Self – Society – Nature is broken.

### Self [1]:

- *Today* there are app. 2 televisions, 15 cell phones and 50 USD worth computer games sold by every baby born.
- *Today* chances to get a computer are 2,6 times higher that to get a bicycle.

### Society [1]:

- *Today* app. 1 USD was spent on healthcare, less than 1 USD on education and 0.5 USD on military forces per capita.
- *Today* the 14% of the population is registered on Facebook and an average of 36 emails were sent by everyone. However, despite this amazing level of socializing, 2% of the deaths *today* were suicides, 9% related to smoking and 5% due to alcoholism.
- *Today* the 21% of the population is over-weighted, 7% is obese but 18% of deaths were due to starving.

### Nature [1]:

- *Today*, at the current consumption we have oil for 41 years and gas for 164 years left.
- *Today* we lost 14 k ha forest and 19 k ha land while emitted 27 k tons of toxins and 92 M tons of CO<sub>2</sub>.

### Financials [2]:

- *Today* the national debt per capita in the USA: 50 kUSD, in the EU27: 28 kUSD, in Hungary: 15 kUSD.

**Why does mainstream economics neglect so many intangible values and exclude so many ethical, social and ecological aspects? Is this really the only way to do business?**

### ECONOMICAL CONCEPT

The mainstream management approach (a.k.a. modern, Westerner style) is driven by **cost**. It leverages economies of scale and breeds huge, multi-national companies. These companies (and countries, for that matter) are multi-dimensional and highly interconnected entities where non-value (waste) manifested in one side is related to weaknesses and misalignment in the rest of the system.

This approach transformed the “developed” world into a highly-competitive market where managers are supposed to handle this complexity with limited resources and tight deadlines. However, unfortunately, the human aspect is lost behind the numbers and it seems that there are too many losers of this competition.

An alternative would be to focus on **value** instead. Dr. W. Edwards Deming (1900-1993) was an American statistician who inspired the quality-focused reborn of the Japanese industry after World War II. He taught them to focus their attention on the processes rather than results; concentrate on continually eliminating imperfection at every stage, at every level, everywhere [3]. He argued that competition can, indeed, be very harmful for the organizations and summarized his teaching in 14 points [4] which later provided the foundation of Total Quality Management. Examples of the counter-productive nature of competition are:

- Suppliers *competing* to win business;  
Price reduction has a negative impact on quality of incoming parts. (Opposed to his 4<sup>th</sup> point)
- Departments *competing* for resources to meet their specialized targets;  
They chase their own, specialized goals rather than the organization’s common one. (See his 9<sup>th</sup> point)

Also, with the lead of Taiichi Ohno (1912 - 1990), the Toyota Motor Company pioneered the concept of Toyota Production System (TPS) between the late 40’s and 70’s [5] which later became known as Lean production. The core idea behind this philosophy is to *utilize less input to create the same output*, hence be less dependent on growth.

### Business purpose and Mantra

The cost-focused strategy builds on economies of scale and literally ties the financial results to growth. It leads to an unhealthy competition and a strong dependence on (re)generating consumption.

On the other hand, the value-focused strategy (e.g.: see the lean philosophy above) has a much more holistic purpose which is perfectly expressed in Dr. Deming’s 1<sup>st</sup> point: „*Create constancy of purpose toward improvement of product and service, with the aim to become competitive and stay in business, and to provide jobs.*”

### Financial approach and Decision making

*“Costs do not exist to be calculated but to be reduced.”  
Taiichi Ohno*

As Taiichi Ohno explained, there are three implementations of the same mathematical equation [6]:

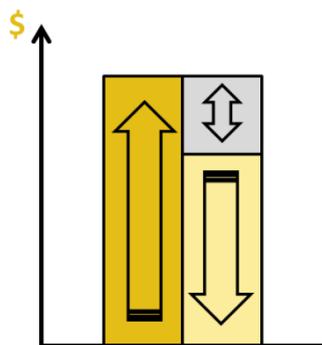
1. Price = Cost + Profit
2. Profit = Price – Cost
3. Price - Cost = Profit

The first formula suggests that the market would bear any price just to get the product. While this might be the case for some luxury goods, it is clearly not the general rule on the consumer market.

The second formula takes a certain profit as granted. This is again, not accepted on the market, however, unfortunately many governments structure the national budget following this concept.

Finally, the last one explains that the market sets the price and the company must decrease its costs to gain higher profit.

There we are; the solution must be “cost cutting”. However, it must be done very intelligently.



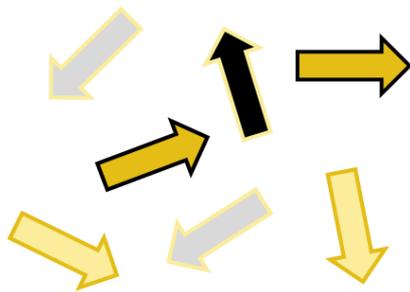
1. Figure: The relation of price, cost and profit

Dr. Peter F. Drucker (1909 - 2005) pointed out the difference between cost-driven pricing (first formula) and price-driven costing (third formula) [7] and this is exactly where the importance of the organization's complexity comes into the picture. If the key performance indicators (KPI's) of the various functions are not set carefully, then it can easily mislead the total cost within the organization.

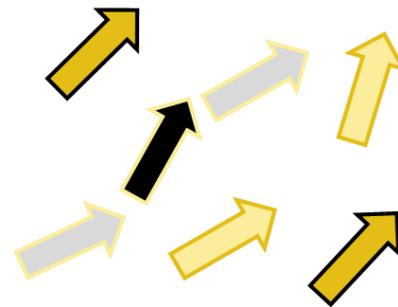
### Organizational setup

If actions are taken upon individual metrics without understanding their impact on the whole system, the departments will pull into different directions.

#### Cost-focused, tactically aligned



#### Value-focused, strategically aligned



2. Figure: The difference of the two Organizational Setups

With the size of the organization the process complexity grows and traceability decreases. Also, the higher the specialization is, the more difficult it becomes to see the true impact of the actions. For example:

- Bigger packages are cheaper but harder to handle by Quality Inspection, Logistics and Production.
- Bigger delivery batches are cheaper but occupy much more space in Warehouse and Production while also decreases the inventory turnover.
- A cheaper supplier might as well deliver weaker quality which leads to line stops, reworks, scrap, or the worst; Customer complaints.
- A technical change might be a fancy feature but possibly require additional quality checks and increase the assembly time.
- The cut of the R&D budget can easily jeopardize both the quality of the product and the capability of mass production.
- The headcount reduction within the Warehouse improves the indirect labor ratio but might as well slow down the material conveyance and increases line stops due to missing parts.

The above actions all save cost on department level; however, they are very likely to lower the overall performance of the organization.

### Improvement approach

*"It is not the strongest of the species, nor the most intelligent that survives.  
It is the one that is the most adaptable to change."  
Charles Darwin*

Another important factor is how improvements and change in general is approached.

One of the most used buzzwords of mainstream management is „project.“ It means that objectives are determined based on a snapshot of the process and certain financial and human resources are allocated to fulfill them within a given deadline. Since the resources are only temporarily dedicated to the activity, more often than not, these resources are limited and the deadline is tight. Moreover, once the success is determined, there is no follow up (control) to maintain the performance, let alone to further improve it.

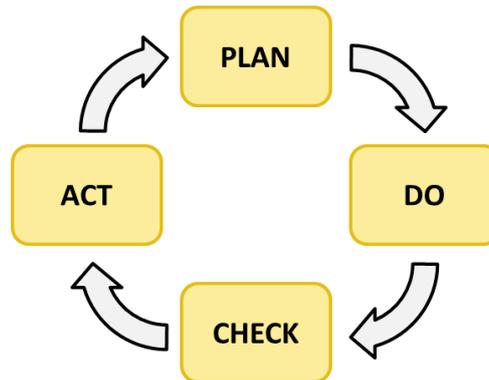
Therefore, most projects are like a 30-days diet; one sets a target to lose some weight, suffers through a certain period of time to drop a few kilos, however, as soon as the 30 days are over, he starts to regain them immediately. It is very likely that this “project” approach is one of the main reasons why a recent survey had to show that app. seven out of ten improvement initiatives fail [8].

As the change of the entire lifestyle (workouts, nutrition and recreation) is necessary for sustainable weight control, so fundamental it is to revolutionize the working culture towards improvements. Therefore, the value-focused strategies build on the equation of

$$\text{Performance} = \text{Willingness} \times \text{Knowledge}.$$

This formula emphasizes the importance of both empowering/motivating and developing the people to actively improve their performance. Obviously, a highly motivated employee who can improve his/her skills will find the job rewarding and so the improvement activity doesn't need any deadline. Milestones can help, but since improvement is everyone's daily task, it never ends. (See Dr. Deming's 14<sup>th</sup> point).

This approach is the backbone of the Japanese phenomenon *kaizen* ("continuous improvement") which is essential part of the TPS and Lean manufacturing [9].



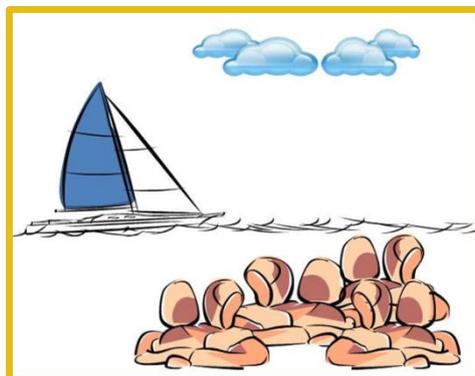
3. Figure: The PDCA cycle

Another way of expressing the continuity is the PDCA cycle (also called a "wheel"). This concept, which is dedicated both to Dr. Deming and to Dr. Walter A. Shewhart (1891 - 1967), is an iterative process improvement method of repeating the four steps of Plan, Do, Check and Act [10]. The PDCA cycle operates within an ever changing environment where the only constant thing is the purpose: to improve. The number of iterations is technically limitless and the result only depends on how desperately and persistently the activity is done.

It requires long-term engagement (persistence) from top-management, but the more the company culture focuses on value instead of costs, the more ability the organization gains to act live (upon a motion picture), increase effectiveness and enjoy continuous success.

**Supply Chain setup**

The Supply Chain mindset is another crucial point within the organization. The way the inventory – raw material, work in progress and finished good alike – is managed determines the way the rest of the organization works.



4. Figure: Pour more water or remove the rocks?

Metaphorically, inventory is the sea for the ship of the business; with a cost-focus it might seem to be cheaper to pour in more water to ensure there is enough room to pass over the rocks of problems (the issues born from the complexity of the organization and the misalignments within the system). Or instead, with value-focus, the rocks are seen as non-value which should be eliminated (remember, lean manufacturing aims to utilize less input to create the same output).

The strategic focus (on cost or on value) determines what triggers action within the organization. Mainstream Supply Chain cherishes the idea of being able to predict the future, therefore, they prefer to feed a history-based assumption (called “forecast”) into some complex IT-systems to calculate what should be ordered, produced and delivered in a certain period ahead.



### 5. Figure: the difference between the Push and the Pull-triggered action

Instead of pushing an assumption through the end-to-end Supply Chain, the value-focused approach operates with a demand-driven (“Pull”) production system. It works from the true demand of the Customer upstream and uses various inventory-management tools to increase the flexibility and reduce lead times within the entire process.

- Asian suppliers may have low unit prices but they have 10-12 weeks of transportation lead time to Europe. That is unbearable for any Customer to wait...especially for lower quality.
- Long production runs are tempting because they might spare change-over time and start-up scrap but they lead to higher inventory (both raw material and finished goods) while drastically reduces flexibility as well.

### HUMAN ASPECTS

The mainstream business approach has a crucial impact on our daily life as well. An average worker living in the OECD spends about 20% of his/her time at work [11], but the relation is even deeper. Due to the strong dependence on (re)generating the consumption, the business simply drives what life we - *would like to* - have.

*“At present, we are stealing the future, selling it in the present, and calling it GDP.”*  
Paul Hawken

The cost-focused strategy’s addiction to growth led to the development of the *homo economicus* concept; a fully rational and self-interested human being simply driven by greed. Moreover, very often, it is not even a conscious longing to the possession of something rather than an unconscious wish to match the requirements set by the advertisements, the media and the people around us. And the guidelines of how we should live arrive on so many different channels that it is almost impossible to resist them, hence the modern life is transformed into an endless chase of an unreachable lifestyle.

Alternatively, His Majesty the Fourth King of Bhutan, Jigme Singye Wangchuck introduced the fascinating concept of the Gross National Happiness (GNH) in the 1970s. As he stated: *“The essence of the philosophy of Gross National Happiness is the peace and happiness of our people and the security and sovereignty of our nation”* [12].

If your focus is on value rather than cost, your measurement is not the Gross Domestic Product (GDP) but the happiness of the people instead. The critics say that the GNH index is very subjective, but they all miss the whole point what Dr. Deming expressed in his 11<sup>th</sup> point: *“Eliminate management by objective. Eliminate management by numbers. Substitute leadership.”*

### Management and Leadership

Probably the most unorthodox points of Dr. Deming is eliminating management by numbers and numeric goals (Points #11 and #12). He argues that it is tempting towards short-term actions to “have” success individually, rather than to “be” successful with the organization as a whole (opposed to his 9<sup>th</sup> point) [3]. Also, Management By Objective (MBO) creates an undesirable competition with few winners and many losers, which leads to stress (people on hurry make more mistakes), frustration (losing motivation and commitment) and fear (opposed to his 8<sup>th</sup> point).

Instead, both Dr. Deming and Dr. Drucker suggested the importance of a clear, two-way communication to ensure that everyone across the organization pulls towards the same direction. Hence eventually, everyone becomes a winner [13]. Kaoru Ishikawa (1915 – 1989), who is mostly known for his Fishbone-diagram, used

these advices when he developed the concept of Hoshin Kanri; a respect and trust driven management practice which centralizes all activity around the common goal of the organization, communicates it clearly and measures success based on its achievement. [14]

### Work environment

Beside the consequences what competition can have on the quality and the efficiency of the manufacturing or service, it also has a tremendous impact on the work environment of the employees.

- Employees *competing* against time to reach targets/earn bonuses;  
Unreached quotas lead to frustration and lack of motivation. (Opposed to Dr. Deming's 11<sup>th</sup> point)
- Employees *competing* to keep their jobs;  
Uncertainty grows fear and tension on both personal and group level. (Versus Dr. Deming's 8<sup>th</sup> point)
- Employees *competing* for promotion;  
Urge to climb up the hierarchy kills cooperation and fuels internal fights. (See Dr. Deming's 14<sup>th</sup> point)

The cost-focus fosters the addiction to growth, which generates a highly competitive environment and leads to the above common symptoms at any organization managed by the mainstream approach. In fact, it transforms not only the business but also the private life all over the “developed” world.

In comparison, there is a fascinating story of an anthropologist who worked at an African tribe. In one of his experiments he placed a fruit basket near a tree and asked a group of kids to race to win it.



6. Figure: There are communities where individuals are aware of their relation to their community

The kids smiled, held their hands and ran together. Than they sat down and ate the fruits together.

When the anthropologist asked why they didn't race, they said “*Ubuntu*”.

“*How can one be happy when others are sad?*” [15]

### Personal behavior

Beyond embedding the highly competitive nature into the modern life, the mainstream economics also delimits itself to an incomplete material- and energy flow and excludes many ethical, social and ecological aspects. Moreover, the losers of the competition (those unemployed, homeless, they are) as well as the tragic consequences (like poverty, pollution and natural disasters) are introduced as things we can't have any impact on. Thus, everyone is liberated from feeling any responsibility over these side effects of the amazingly complex, multi-dimensional and highly interconnected system called the “developed” world.

The cost-focused business strategy tunes the population into a spirit where personal actions become indirect to the goals (don't work for the pride and/or joy but to earn money instead) and finally it develops a society with unconscious greed where the personal behavior is determined by the singular target of taking/earning/consuming as much as we can.

However, as soon as the individuals stop focusing on gaining more and turn their attention to what not to lose instead, the above described spiral immediately starts working the other way around. This humble approach can ensure sustainability and with the positive goal of adding value spreading across the company culture it can

remind the business that its purpose is to serve the people and not the other way around (See Dr. Deming's 1<sup>st</sup> point).

## SUMMARY

*Live simple, be mindful and add value.*

2012. The status is that the harmony of Self – Society – Nature is broken.

Our natural resources aren't limitless and the consequences of the mainstream approach can't be ignored forever. Regardless of the driver being a Greater Force or Darwin's evolution, a sustainable way of living has to be found again.

Most spiritual schools share common features like Temperance; Persistence; Humility and Harmony. Since all of these can be found in the value-focused business strategies, Utilize less input for the same output, Consistency of purpose, Win-win situations and Cooperation instead of competition respectively, we have a proven alternative to replace the cost-focused approach. However, the first step is to realize that it all comes down to our actions as individuals. Our behavior is only decided by us and we should never forget that we always have a choice.

Stop subordinating the Human Aspects to the Economical Concept.  
Restore the harmony of Self, Society and Nature in your own life.

**What will you do differently from today?**

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Andrey Generalov and Antal Szabó at the 3<sup>rd</sup> International Conference on Public Diplomacy held in February 2013 at the Palais des Nations in Geneva

Photo © by Antal Szabó

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**CHRISTIAN BUSINESS ETHICS AND SUSTAINABILITY<sup>1</sup>****ABSTRACT**

For a sustainable society and economy we have to think about the main factors of production and wealth creation: the natural capital, the human capital and the real (and financial) capital. This approach, that we have three capitals for functioning of the economy, is a fresh view in economic thinking.

We interpret how evaluate them the Christian social and economic teaching. We rely on the Encyclical Letter on social and economic teaching of Pope Benedict XVI, *Caritas in Veritate*. (CIV).

What is human capital? It is a stock of competencies, knowledge, creativity, ability to produce economic value. Human capital is the working-aged people themselves. „The decline in birth, falling at time beneath the so-called 'replacement level' also put stress on social welfare systems, increase their costs, eats into savings, and hence the financial resources needed for investment.” (CIV, 44). Having children is not an issue belonging absolutely to the private sphere of the citizen any more: it is in certain sense „Public good”.

Concerning *natural capital*: Economic aspiration must be balanced with ecological imperatives. „The environment is God's gift to everyone and in our use of it we have a responsibility towards the poor towards future generations and towards humanity as a whole” (CIV, 48)

Concerning *real capital*: The contemporary financial crisis has drowned our attention to the moral barriers which were taken aside. „Once profit becomes the exclusive goal, if it is produced by improper means and without the common good as its ultimate end, it risks destroying wealth and creating poverty” (CIV, 21) Aiming for sustainability without restructuring our monetary system is a naive approach (Club of Rome)

**Keywords:** human capital, natural capital, real capital, financial system, social teaching of the Catholic Church

**JEL codes:** A130, M10, M14, Z12

People concerned with sustainability deal with issues like climate change, environmental degradation, food and water shortages and energy use. Less frequent do they deal with issues of the monetary system and issues of spiritual background of activity of mankind. (Sustainable monetary system, Club of Rome Report, 2012)

For a sustainable society and economy we have to think about the main factors of production and wealth creation: *the natural capital, the human capital and the real (and financial) capital*.

This approach, that we have *three capitals* for functioning of the economy, is a fresh view in economic thinking.

**Human capital**

We have to acknowledge that early authors like Adam Smith or later the economist A.C. Pigou also have mentioned the notion of *human capital*. Adam Smith writes that people have „useful abilities” „the acquisition of such talents, by the maintenance of the acquirer during his education, study, or apprenticeship always costs a real expense which is *a capital fixed and realised as it were, in his person*. Those talents as they make a part of his fortune so they will likewise that of the society to which he belongs The improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labor and which, though it costs a certain expense, repays this expense with a profit.” (Italics mine) (Adam Smith: *Wealth of nations*, Library of Economics and Liberty, Book II 1.17): The concept of „human capital” was used by T. W. Schultz who's book was published in the eighties in Hungary, too (Schultz, 1982). His main thought is that one invests in his/her own skilling by learning and spending, and it makes him/her more valuable on the labor market. One of the most famous economists dealing with the same issue is Gary Becker. „Development presumably depends on human capital” – he writes (Becker, at al: *Human capital, fertility and economic growth*)

<sup>1</sup> Research supported by TÁMOP-4.2.1.8-111/2/KMR-2011-0002 project

*What is human capital?* It is a stock of competencies, knowledge, creativity, ability to produce economic value. *Human capital is the working-aged people themselves*, with all the skill and knowledge, which makes them able to fulfill the demand of the employer on the labor market. It is therefore in certain sense an *investment decision*, that somebody spends money for year and year on bringing up children. As Pigou has mentioned, a part of the expenditures –excluding luxury– may be seen as investment in human capital, (so dividing line of expenditures and investment is somehow blurred...) Whether this is a *voluntary investment decision*, wasn't a question till the latest time. Economic theory had not dealt too much with the issue, *how* the workforce gets *at all* on the labour market? It was not a question, because labor force was given by the biological process: *people did get children* and they (somehow) grew up. So, they were always there for the labor market.

But in the latest 50 years it became dependent on *human decision whether children were born*. The development of birth control has reached a level in the developed countries where *simple reproduction of the working force* is not guaranteed by the birth rate, by the fertility of the population!

„The decline of birth, falling at time beneath the so-called 'replacement level' also put stress on social welfare systems, increase their costs, eats into savings, and hence the financial resources needed for investment..." (CIV, 44) Speaking about knowledge based economy, it is also more and more important, that the labor force should be skilled, learned, and should be able to adjust to the challenges of modern civilization and modern economy. Having children is not an issue belonging absolutely to the private sphere of the citizen any more: it is in certain sense „Public good". (This term was used in Hungarian special literature first by the well known sociologist Rudolf Andorka.) More contemporary economists- sociologists use this expression in connection of ageing of the society and the necessary reform of the pension systems..

Everybody is indirectly interested in the society, that children should be borne. . Why? Simply, because economy can only than guarantee the solid basis for the living of elderly people if there are enough young workforces replacing the retiring ones. The pension systems will collapse if the *society is ageing* as quickly as it was to be seen in the recent past. Because of the ageing society there is a necessity of pension reforms nearly in all industrialized country..

The reform needs a *spiritual revolution*, because it challenges the fully individualistic modern society. Most of the people think that they pay the pension contribution into the existing system of their country *for themselves*. Citizens tend to forget that somebody has spent a lot of money to bring them up, so they owe their parents with that sum. When they pay their contribution into the pay as you go pension systems, they just *redeem their credit* to their ancestors (forefathers). To make the pension system sustainable, it is necessary to correct the rent, the sum of the old-age pension according to the number of their children, who have got medium or high level qualification. It is important that not the pure number of children but their effort for qualification is what counts.

Demographic issue is not neutral for the *funded pension systems* as well. These systems collect money and invest it in different assets. One would think, it is really a personal insurance for the future. They pay it for themselves...But, if the coming generations are lower in number, *who will buy* these assets, when the pension system has to sell it to make money for the rent of the people who are just retiring. The over-supply of assets compared with the less money flowing into the system in form of contribution fees makes the asset-prices fall. „Sell, sell, but to whom?" – sad Jeremy Siegel, eminent financial professor of Wharton School. (Not to mention that in the US the baby boom generation will really simultaneously turn their invested assets into money – that is sell them - ,what may cause *a big fall on the stock exchange in the coming years*.) Therefore demographic trends are not only important for pay-as-you-go pension systems but for funded systems as well...

To achieve a positive trend we have to change our mind about family, because it has lost a lot of its reputation.

The social teaching of the Catholic Church accentuates that the basic element of the society is the family. „...smaller and at times minuscule families run the risk of impoverishing social relations and falling to ensure effective forms of solidarity"... Family is „primary vital cell of society"- says Pope Benedict in Caritas in Veritate. „...states are called to enact policies promoting the centrality and the integrity of the family founded on marriage of man and woman" (CIV, 44), which is open to accept children.

It is understandable that women not living in a good marriage do not take so easy the responsibility of having a child. It is both financially but as well from the point of view of the time and energy spending for the child very difficult to bring up alone a baby. The market economy is not really favoring the family. Market in the modern age is interested in a much atomized society- the more goods they can sell for the households the fewer members one has.

We have to reassess the usefulness of large families, where there different generations live together. Large family could be helpful especially for woman employment. It is much easier to accept a job if the elderly members of the family can help to see after the children when mother is employed. But it needs *more tolerance*,

*more understanding* between the members of different generations. It would be less difficult to live together if the size and structures of the flats and houses were more adjusted to the needs of the larger families. In the last decades urbanization „swept out” the younger members of the family from the villages and from the country- they tried to find jobs in the bigger cities. Members of the family live very far from each other. This, too, is an obstacle for cooperating of different generations.

Not only the birth of the children is a question, but the availability of working places for them later on. If we look at the labour statistics of the South –European countries we find that in those countries- Greece, Italy, Spain Portugal - where there are the highest figures of the youth unemployment, we may find the wrongest fertility rates. Who would give birth for more children, if the teenagers of the family do not find a job to work? No wonder, that the social teaching of the Catholic Church puts a great access on the *responsibility of the states to create a good economic climate for employment of their population*. Tax policies for instance may help to enlarge employment. The same is with the differentiation of the social security contributions ratios for the employers (or social contribution tax, like in Hungary) if they offer jobs for employees having more children or if they are employing young starter employees.

### Natural capital

„Today the subject of development is also closely related to the duties arising *from our relationship to the natural environment* „-(CIV, 48) at no time of the history have we faced a greater challenge!

Economic aspiration must be balanced with ecological imperatives. We get our resources for development from forests, cropland and other ecosystems, and these ecosystems absorb the waste we produce. The size of the land which is necessary to fulfill our consumer needs is called economic footprint. This footprint has already in the 1980-ies exceeded world biocapacity. We would need 5 earths if the world population would like to live on the living standard of the USA. ( Factor Five: The Global Imperative Report to the Club of Rome)

We live up our natural capital from day to day. Shortsightedness of the profit motivated economy!

Attention to *thermodynamic constraint* on the economy, the entropic nature of the economic process is vital, as Nicolae Georgescu –Roegen, a Romanian –origin American scientist has pointed out. The first and second laws of thermodynamics are the first and second law of economics- said Herman Daly in the Daly News. (8, Nov. 2010,). Why? Because without them there wouldn't be scarcity, and without scarcity there wouldn't be economics. Economics have paid much attention on psychical factors of goods, like marginal value, but less of their physical roots. They have assumed that biophysical world is so large relative to economic subsystem that the physical constraints are not binding. Thermodynamics and ecological interdependence becomes limiting when economic activity compared to nature becomes much larger. This theory was not favored by the leading economist of the world. It came to the forefront only in our days when we see how quickly is deteriorating the global environment.

„The environment is God's gift to everyone and in our use of it we have a responsibility towards the poor towards future generations and towards humanity as a whole” (CIV, 48) „ In nature believer recognizes the wonderful result of God's creative activity, which we may use responsibly to satisfy our legitimate needs” (CIV 48) Not all needs, but the *legitimate needs*. What is legitimate it must tell us our morel compass. „ Our nature constituted not only by matter but also by spirit and as such endowed with transcendent meaning and aspirations, is also normative for culture. Human beings interpret and shape environment through culture which in turn is given direction by the responsible use of freedom in accordance with the dictates of moral law.”( CiV,48)

It is not possible to overcome the big challenge of the natural deteriorating if mankind doesn't change its spiritual attitude towards the surrounding environment. But this means of limiting human greed, and sacrifice money and energy to maintain the natural capital which hasn't a powerful ombudsman . This change will not come by force it may come only from men's internal soul, it needs a fully other spiritual attitude of the individuals and society as such.

### Real capital

Capitalism emerged in Europe Europe's achievements in economics were dependent on its Jewish-Christian cultural and religious heritage. (Jonathan Sacks, 2011) By the negation of this roots the European economy and society looses its main source of dynamism „Should salt become tasteless”?-puts the question Jonathan Sacks the Chief Rabbi in his lecture on the future of Europe.

He quotes Niall Ferguson's book , The West and the Rest . Let me quote his worlds: The Chinese Academy of Social Sciences was given the task of discovering how the west having lagged behind China for centuries ,eventually took it and established itself in a position of world pre-eminence. At first, said the scholar

„we thought that it was because you had more powerful guns than we had. Then we concluded that it was because you had the best political system. Then we realised it was your economic system. „ But in the past 20 years we realised that the heart of your culture is your religion: Christianity. The Christian moral foundation of social and cultural life was what made possible the emergence of capitalism and the successful transition on democratic politics. We don't have any doubt about this.”- said the Chinese scholar (Has Europe lost its soul? Transcript of Jeffrey Sachs at the Vatican Pontifical Georgian University, 2011 December)

Fundamental market economy doesn't acknowledge that there are values without price, without which the market economy cannot function smoothly. If Europe loses its spiritual values, the Jewish-Christian heritage in believing in the almighty God, who created the world and who measures our activity, whether it is morally acceptable, cannot survive contemporary challenges. The market if it stays on „economic imperialism” destroys the very virtues on it depends. Not only the development of capitalism is strictly connected with the religious ideology but the *sustainability of the created welfare state and the sustainability of the ecological system* of the world are also connected with it. Without internalized sense of duty and morality liberal democracy and market economy cannot be defended by force of law and regulation alone. The contemporary financial crises have drowned our attention to the moral barriers which were taken aside.

The last Club of Rome Report on Sustainable monetary systems clearly says:” „Aiming for sustainability without restructuring our monetary system is a naive approach” Repeated financial and monetary crises remind us that our monetary system is unsustainable. In the wake of sovereign debt and Euro crises both EU and US are driven to financial extremes. Social networks, pension, unemployment benefits are at stake just in time when they were the most needed

„Creativity” in financial innovation without stable moral funding has led to such financial products where the innovators themselves knew it will have a destructive effect: NINJA-loans, waste products, infected products. But governments, too, have lost their moral responsibility and they have promised in the elections campaigns such benefits to the voters which they were unable to realize without severe indebtedness. They heavily burdened the future generations and it has led some of them to near bankruptcy. It is true at the same time that not only debtors but creditors are responsible for the current crises. Both financial sector, and business sector was led by a short sighted profit motivation. Governments, too, had no longer perspectives, just their 4 years in power. This has led to the „Predator State” (Galbraith Jr, 2009) where the government channels tax money to the supporting lobbies.

It shows that not only in Europe, but in the US is necessary the strengthening of the moral basis of the business. Banking needs a re-regulation and a more healthy management practice if we want to avoid future financial crises. It has to stop the open door between civil service and business, because it looks as if some civil servant become as a prize for their activity of bail out some firms from the crises nice jobs in the same enterprises. Also, it has to be changed some regulations (for instance state deposit insurance) for bigger banks because it stimulates moral hazard. The famous financial expert, R. Rajan says that states have to take care of their population better concerning the equal opportunities for learning and health. Layers of society who have lower income cannot have a chance in the knowledge-based economy for a career because they cannot pay the high costs of the studies. And education is one of the main causes of the big differences in the earnings of the American people.

Both Europe and the US has to face the challenge of spiritual changes in the modern society. We have to find the missing link of financial system (monetary issues) and sustainability, what must have a spiritual factor

Europe will lose its creative energy if denies its religious roots. Maybe that the really religious part of the society is not too big, but this can be a ”creative minority” as Pope XVI Benedict used to say. If we forget about our spiritual guidelines, „the salt will be tasteless”.

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**FRANCISCAN VALUES FOR SPIRITUAL LEADERSHIP IN BUSINESS****ABSTRACT**

We have twenty two years old experience with unrestricted business and free market after the fall of socialistic society in Slovakia. Some of leaders realize that business is a mission and is needed to be a moral person. Hence we would like to propose a new path for spiritual leadership in business – *Franciscan spirituality* and its *values*. The person of *St. Francis of Assisi* and his life is the start point for a comprehension of Franciscan spirituality and values. His spiritual experience with God was not abstract and intellectual but it was corporal and sensible existential experience, therefore very human. This spiritual experience caused by meeting with Jesus Christ is that point where the *Franciscan spirituality* begins. This inner and deep mystical experience brings visible change and personal transformation. We can answer the actual business challenges by Franciscan values which mainly are: to live an evangel, poverty and liberty, humility, humanity, peace and joy, fraternity, harmony and unity with nature. They always were and still are surprisingly radical and innovative. As we will see, Franciscan spirituality and its values could be the alternative, an inspiration for many modern people, and new path for sustainability of entrepreneurship.

**Keywords:** St. Francis of Assisi, Franciscan spirituality, values, leadership, challenges, business

**JEL codes:** A13 M10, Z12

**INTRODUCTION**

During the last two decades we are participants and also witnesses of radical society transformation in Slovakia. Our post socialistic economics and society is the consequence of the socialistic bureaucracy mixed with the neo-liberal capitalistic mentality. The radical transformations are everywhere, in the area of the state governance, industry, technologies, security, welfare, health and etc, the phenomenon of globalisation and ongoing global crisis multiplies it. If we want to introduce Franciscan values like alternative approach, we would like to emphasize some important facts (values) of St. Francis and lines (values) of Franciscan spirituality. These chosen Franciscan values can be used for our goals – *inspiration* for contemporary leaders and *contribution* to the new practice of business (sustainability).

**ST. FRANCIS OF ASSISI AS AN INSPIRATION FOR LEADERS**

The Christian spirituality means “following the Christ” and “life in accordance with Spirit” (Romans 8). This spirituality is only one, but there are a lot of interpretations and expressions, and the way of *St. Francis of Assisi* (1181 – 1226) is one of them. To observe his spirituality and his values, it means to realise how he understands God. His perception of Jesus is the crucial for Franciscan spirituality and tradition. The spiritual meeting with God was deeply corporal and sensible existential experience, for Francis. It was the source for his life; it was leading him every day and everywhere. He was meeting the Christ in everybody and everything (Celano 1988, Part I). We can easily see, that the modern concept of spirituality is similar to Francis one. According to Bouckaert, Zsolnai (2011, p. 7), the spirituality is the source of vitality, deep empathy with all living beings, a search for inner identity, connectedness, and transcendence.

Francis’s life is a proof, that the *transformation* is possible and *spirituality* is necessary. Before his conversion he had been living his routine life without any sense, like thousands people. It had not been something instrumental or institutional what had changed him. His spiritual experience was a power for his personal movement and the source for his new changed life. He was permanently connected to Transcendence by his prayer “...he only ever prayed, he became a prayer” (Celano 1988, Part II: 95). The transformation was systematic and gradual process, caused by spirituality.

The *Holy Gospel* was the centre of his new life, his thinking, speaking and acting (Celano 1988, Part I: 84). Francis said: “...no one showed me what I should do, but the Most High Himself revealed to me that I should live according to the form of the Holy Gospel” (The Testament). His practice of evangel was to act simply as

Jesus will. Francis was authentic and consistent. He was doing what he believed, and he was teaching it his followers.

Francis's attitude to the *sufferance* and to *suffering* one could be a great inspiration. He himself suffered inwardly and externally during his life. The stigmatisation at La Verna was his unification with Crucified (Celano 1988, Part I: 94-96). He saw Jesus on the cross in each suffering. Therefore, he is compassionate with unknown misery and sufferance (The Testament). This attitude was the source of his deep humanity and humility. This is not passivity, masochism, determinism or despair. It is active approach; it is joyful expectation of Resurrection (Revelation 21: 1-4).

Characteristic sign of Francis's spirituality is *fraternity*. It is the mystical reality and experience for him, because "the Lord gave me brothers" (The Testament). The fraternity expresses, that God is Humility. It is not power, control, governance (typical hierarchy), but it is the service, ministry, and participation. This view is applied not only inside the community but also outside as the universal fraternity: towards to all people, relation to the whole creation. Typical qualities of the fraternity are the minority, the poverty and the repentance.

## FRANCISCAN SPIRITUALITY AS AN ALTERNATIVE PATH

For Franciscan spirituality are characteristic values like humility (minority), poverty, simplicity, deep harmony with all beings and etc. But to achieve these values is difficult and complicated path. It demands substantial transformation of thinking and doing (conversion). Let's have a closure look at the essential elements of Franciscan *conversion* (spirituality). Mentioned conversion (spirituality) begins by a spiritual experience with Jesus Christ. This inner and deep meeting is transcending our being and our understanding. It happens not by own power, virtue and effort, but only by grace and love of God. God doesn't talk to us only via Bible or by church, but also through our ideas and emotions, our body, our dreams, as well as by our wounds and weakness. Way to God is roundabout and saunter path, and leads us throughout various "failures" and disappointments with ourselves. Hence, my weakness, my sheepishness, and each my sin opens me to God. My *failure* can prepare me to new intensive and deep experience with God, but it is also opportunity to recognize my inner and authentic identity. It can direct us to new *personal beginning* and new spirituality of perception of God, myself, another people, world (Grün 2012).

The conversion (*metanoia*) is a consequence but also an answer to the spiritual experience of Christ's love. The long-term process of the started conversion is fully conscious, reasonable and free. It means the systematic process of searching and observation of own way, as St. Francis did (Celano 1988, Part I). This should be a space where new values are creating. Values like penitence, poverty, liberty, humility, peace, joy and etc. This touch of God's love brings the visible personal change – opening to another "Thou". It's a consequence of the mystery of cross (mystery of God always minor). Here is the base of the fundamental solidarity with all people (all beings), who are the part of the dark side of society. God minor and brothers minor are on the side of lepers, beggars, poors, suffering, powerless, sweated, and humiliated. This is real fraternity, characterized by love, deep humanity, communication, also as deep harmony and unity with all being and nature (Rotzetter 2003).

### Answering the actual business challenges by Franciscan values

We would like to show some signs of the current unsustainable economics (*Table 1*) in this part. This will be a start point for our next reflections. Then, we will describe the relations among Franciscan values, transformative leadership and sustainable economics in the second table (*Table 2*). We use the transformative theory of leadership as a new leadership model to show how Franciscan values fit well in mentality of sustainability and into new practice of economics.

First of all, for better understanding, we would like to present "*Current Unsustainable Economics*" and its signs (*Table 1*). The first column is normal mainstream economics paradigm. It describes the mentality and the main movement in nowadays economic. This paradigm is transformed into leadership praxis, which can be observed in companies. These two attitudes have consequences (negative phenomenon), which are visible in companies and our society. The last column contains alternative - Franciscan values as answer and inspiration. Our hypothesis is:

*Franciscan values are the adequate answer to signs of unsustainable economics and the inspiration how the negative phenomenon can be solved* (Hypothesis 1).

**Table 1. Current unsustainable economics**

Mainstream economics paradigm	Leadership praxis	Negative phenomenon as consequences	Franciscan values as answer and inspiration
<ul style="list-style-type: none"> <li>• materialistic drive,</li> <li>• only material goods</li> </ul>	<ul style="list-style-type: none"> <li>• empirical quantification,</li> <li>• money at any cost</li> </ul>	<ul style="list-style-type: none"> <li>• reducing people to numerals,</li> <li>• money as a god</li> </ul>	<ul style="list-style-type: none"> <li>• to live evangel</li> </ul>
<ul style="list-style-type: none"> <li>• self interest</li> </ul>	<ul style="list-style-type: none"> <li>• domination of a power</li> </ul>	<ul style="list-style-type: none"> <li>• autocracy,</li> <li>• incompetence</li> </ul>	<ul style="list-style-type: none"> <li>• humanity</li> </ul>
<ul style="list-style-type: none"> <li>• cost-benefit calculation</li> </ul>	<ul style="list-style-type: none"> <li>• win/los strategy,</li> <li>• only profit maximizing</li> </ul>	<ul style="list-style-type: none"> <li>• misery of thousands,</li> <li>• cupidity</li> </ul>	<ul style="list-style-type: none"> <li>• humility</li> </ul>
<ul style="list-style-type: none"> <li>• techno – rationality</li> </ul>	<ul style="list-style-type: none"> <li>• technocracy</li> </ul>	<ul style="list-style-type: none"> <li>• control,</li> <li>• manipulation,</li> <li>• unfreedom,</li> <li>• pollution</li> </ul>	<ul style="list-style-type: none"> <li>• poverty and liberty</li> </ul>
<ul style="list-style-type: none"> <li>• centralisation and concentration of a power and wealth</li> </ul>	<ul style="list-style-type: none"> <li>• hierarchical order,</li> <li>• money</li> </ul>	<ul style="list-style-type: none"> <li>• technopolis,</li> <li>• virtuality of high-tech culture</li> </ul>	<ul style="list-style-type: none"> <li>• fraternity</li> </ul>
<ul style="list-style-type: none"> <li>• instrumental and utilitarian rationality</li> </ul>	<ul style="list-style-type: none"> <li>• usage of people,</li> <li>• bureaucracy</li> </ul>	<ul style="list-style-type: none"> <li>• corruption,</li> <li>• exploitation,</li> <li>• unsustainability</li> </ul>	<ul style="list-style-type: none"> <li>• peace and joy</li> </ul>

*The first line:* the materialistic drive in economics oriented to materials goods is mental paradigm (Bouckaert, Zsolnai 2011, p.6). The human like *homo oeconomicus* is oriented to conspicuous consumption, to “spend more” mentality, to profit maximizing and desires (Etzioni 1988). This is anti-metaphysics approach. The value of human life is measured only by material goods. The empirical quantification and “money at any cost” praxis are presented in leadership praxis everywhere. This is evident in Western countries and much more in the post socialistic Europe, including Slovakia (Spectator 2012). The consequence is that money became a “god”, there is no altruism. The people in the society and the employees in business are reduced into numerals (statistics, indicators, graphs, percentage). The solution for this line should be to live an evangel like St. Francis, because the spiritual experience has anti-materialistic dimension and vision of the others people.

*The second line:* the highest priority of today is self-interest only. Winners are the strongest people with targeted self-interest. Manifestation of this mentality can be observed as domination of power in leadership praxis. Supervisors practice authority over subordinates very severely. Desire for power is an engine of the career rising. These all necessarily leads to autocracy and incompetence. There are a lot of incapable and incompetent autocrats without moral in the structure. Only such people are able to maintain the static structure. The Franciscan answer to described problems is a deep humanity. Only human person care about others and resist the temptation to abuse power.

*The third line:* the mainstream is the cost/benefit or input/output calculation, (Lyotard 1993) which is dominant approach of the empirical man, described in Bentham philosophy. The leadership praxis is utilitarian and inspired by Win/Los strategy. The illusion is that only few successful people are showed to us but misery of thousands don't. This approach is only about profit maximizing everywhere (Ziegler 2002). The other negative phenomenon is the cupidity, which destroys relationship and human beings. The reaction of spirituality to this phenomenon is humility; it is the attitude how to handle human, nature, and things (altruism).

*The fourth line:* new episteme of our epoch is new techno-rationality. It means radical epistemological, ontological and socio-material changes of economics and society. The post human high-tech culture predominates (Haraway 1991). Technocracy is the leadership praxis. Rapid growth of information and communication technologies creates new hegemonic economies/corporation/leaders of knowledge/power (Weber 2010). The technocracy produces pollution of nature but also of human life. The control and

manipulation causes unfreedom for masses (f.e. debt slavery). The inspiration for mentioned problems could be Franciscan values poverty and liberty. The poverty contains freedom, independence and openness. It is liberty *from* slavery and also liberty *to* spiritual autonomy.

*The fifth line:* the centralisation and concentration of power and wealth is the current paradigm (Coghlan, MacKenzie 2011, p. 8-9). The structure of power uses hierarchical order and money as instrument of authority. Therefore we can observe the static and fixed structure of technopolis as consequence (Winner 1986). Economics and politics converge. Markets and international corporations have a great influence and power. Virtuality of high-tech culture without personal relationship is another obvious consequence. Fraternity, like Franciscan answer, is not about money, power or virtuality, but it is teaching us about confidence of God's care, ministry, working for others and personal relations.

*The sixth line:* the instrumental and utilitarian rationality, which is the "soul" of capitalism, is our last paradigm (Etzioni 1988; Weber 1997, 1998). It is still dominant perspective (Bouckaert, Zsolnai 2011, p.5). The instrumental rationality reduces the mind to the instrument which is value-free. The utilitarian rationality focuses on utility maximizing and losses minimizing. Simply spoken, everything is used as instrument and utility. The incarnation of this mentality requires usage of people and a cold bureaucracy in the leadership praxis. The result of this approach is a big corruption, exploitation of human and natural sources, and an unsustainability of companies and economics. In this case we need to look for Franciscan peace and joy. If somebody has deep peace in his heart and he takes pleasure in the whole creation, then he could not use something for own utility.

The next step is an interpretation of the second table, which describes *Franciscan Values for Sustainable Economics* (Table 2). The first column contains characteristics of *transformative* leadership (Caldwell et al. 2011). Franciscan values and its applications to leadership are described in the second. They have been identified and named in the previous sections. The third column shows mentality of sustainability and the last one introduce us a new practice of economics, which is deduced from no mainstream concepts in academia and the business world (Bouckaert, Zsolnai 2011, p.5). We would like to distinguish common correlations among all four aspects. Our hypothesis is:

*Transformative theory of leadership shows, how Franciscan values and its applications to the leadership fit well in a new practice (mentality) of sustainable economics* (Hypothesis 2).

**Table 2. Franciscan values for sustainable economics**

<b>Transformative leadership (perspectives)</b>	<b>Franciscan values and its applications to leadership</b>	<b>Mentality of sustainability (value)</b>	<b>New practice of economics</b>
• principle-centred	<i>to live evangel</i> • spiritual experience • personal transformation	• responsibility	• value-driven economy • non-material (spiritual) goods
• servant	<i>humanity</i> • to be human • no selfish interests • empathy and kindness to others • to discover the relation	• care about others	• relationship with the stakeholders
• covenantal	<i>humility</i> • to accept reality • self-reflection • be open to learning	• frugality	• self-restricting needs
• transformational	<i>poverty and liberty</i> • openness to others (nature) • distance from money approach	• ecology	• greening technology • technoscience as help

<ul style="list-style-type: none"> <li>• level 5</li> </ul>	<p><i>fraternity</i></p> <ul style="list-style-type: none"> <li>• no bureaucracy</li> <li>• flexible decentralized team</li> <li>• protecting others</li> </ul>	<ul style="list-style-type: none"> <li>• trust</li> </ul>	<ul style="list-style-type: none"> <li>• non-hierarchical decentralized structure</li> </ul>
<ul style="list-style-type: none"> <li>• charismatic</li> </ul>	<p><i>peace and joy</i></p> <ul style="list-style-type: none"> <li>• inner peace and joy</li> <li>• humour</li> <li>• authentic and charismatic influence</li> </ul>	<ul style="list-style-type: none"> <li>• authenticity</li> </ul>	<ul style="list-style-type: none"> <li>• balanced approach</li> </ul>

*The first line:* the principle-centred perspective of transformative leadership (Caldwell et al. 2011, p. 5-6) focuses on identifying universal principles and values, based on Aristotelian or virtue ethical foundation (Aristotle 2000; Pieper 1996). This pursuit can help with becoming a better person and with creating more moral society (Covey 1999). Franciscan spirituality contains a many principles and values from the teaching of Jesus Christ (Celano 1988, Part I). The spiritual experience and personal transformation give the inner base for the virtue, value and principle. Therefore they create the application into the leadership. Responsibility, the sign of mentality of sustainability, is going hand in hand with any value or any principle and theirs realisation. It should not be only our own responsibility but also responsibility for others - all being, life, and nature. The new practice in economics is a value-driven economy. It means that, post capitalist economics is driven by a complex balance of material and non-material (spiritual) values. There is always place for spirituality, business spirituality (Bouckaert, Zsolnai 2011, p. 6). It is an opportunity for a better and sustainable world for us and future generations. New values of the value-driven economy are: frugality, authenticity, trust, reciprocity, responsibility, deep ecology (Bouckaert, Zsolnai 2011a).

*The second line:* the servant leadership's perspective is focused on service to stakeholders (Caldwell et al. 2011, p. 6). The leader concerns for the welfare and growth of others. He pursues the desires, needs, and interests of others above personal self-interest. This approach is seeking the long-term success of the organisation (Caldwell et al. 2011a). Transformative leader, as servant or his ability to serve, corresponds with Franciscan deep humanity. Only person who is human can truly serve to others. It requires the ability to empathize and to be a patient with others. Consciousness of own limits can create fellowship, which is necessary for service. The application in praxis means to be more human in leadership, to have more empathy and kindness to others. It is needed to prefer interests of others more than selfish. It is necessary to discover the "relation". This builds the base for service to others. No selfish interests but care about others (people, nature) is the main mentality for sustainability, because it can create a better world. The re-discovering and re-creating relations with the stakeholders are necessary for ethical and sustainable growth.

*The third line:* the covenantal leadership is a true-based ethical perspective. The role of the leader is to be a teacher and to be a creator of new meaning and truth. His life is a message and he creates a culture of learning and creativity (Caldwell et al. 2011, p. 6-7). Humility as value is closely related with permanent learning, because only humble person is fascinated and opened for something new. Humility in praxis means accepting of the reality as it really is, without self-deception. Critical thinking and self-reflections open us to change and truth. The frugality is the value, which corresponds very well with true, creativity, learning, humility and reality. It is a conception of the good life, which implies low material consumption, simple lifestyle, it opens the mind for spiritual goods or the quest for God or "ultimate reality" (Bouckaert et al. 2008, p. 3). Free-chosen self-restricting needs are the core for rebalance between material and spiritual values in economics. Hence, the spiritual-based praxis of frugality is needed (Bouckaert, Opdebeeck, Zsolnai, 2008).

*The fourth line:* transformational perspective is predicated on deontological ethics (Kant 1997). It is made up of four components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. This model pursues the synergistic interests of employees and the organisation (Bass 1985; Caldwell et al. 2011, p. 3). Franciscan poverty and liberty correlate with this perspective, because they are base for transformation. They influence, motivate, and stimulate the others. These values distance us from the money approach and on the other side they open us to empathize with others and the nature. Ecology is the main mentality of sustainability. It considers not only *return to nature* or *protecting the plurality of life' forms* but it includes also *ecology of human*. We could see a lot of activities in the field of greening technologies and protecting nature, but it is not enough. It would be better, if current technoscience will serve for us and for futures generation. There are various questions, for which ethics of science (technoscience) is looking answers (Resnik 1998).

*The fifth line:* the message of the level 5 perspective means to "treat people fairly, give them credit for their achievements, and support them wisely to help them to achieve organisational greatness" (Caldwell et al.

2011, p. 4-5). Fraternity represents this approach in Franciscan spirituality. It is a space, where the relations are lived and built for common good. Then the individuality of person and good of community could be achieved. This goal eliminates bureaucratic approach in praxis and it is an inspiration for flexible decentralized team. The leader protects and helps others. This approach corresponds with the other value – trust. This value is the key in building the relationships among people. If it is not present, then relations, society, business will not be functional. There appear still more companies (IT sector), which implement non-hierarchical decentralized structure (less formal) in their management. This structure supports creativity and team approach, which brings more profitability in the final.

*The sixth line:* the charismatic perspective inspires a vision in pursuit of a grand ideal, in creation a personal relationship that brings out the best in others. This leader touches hearts, inspires great sacrifice and creates a strong personal bond with followers (Caldwell et al. 2011, p. 3-4). The Franciscan peace and joy are so much charismatic, because it is touching hearts and changing people. To gain inner peace and joy should be applied into leadership. Peace and joy, these two are forces for overcoming obstacles. Humour hides the authentic and charismatic influence, because it is the external expression of inner quality. Charisma forms the authenticity of person and personality. Only authentic person with inner peace and joy can practice balanced relations, which are determining in the new practice.

## CONCLUSION

The individual lines and their following interpretations of the Table 1 confirm our Hypothesis 1, that *Franciscan values are the adequate answer to signs of unsustainable economics and the inspiration how can the negative phenomenon be solved*. Franciscan values are alternative for answering actual problems (negative phenomenon) of business. Our Hypothesis 2 assumed that *transformative theory of leadership shows how Franciscan values and its applications to the leadership fit well in a new practice (mentality) of sustainable economics*. For this reason, we used a logic argumentation: if transformative theory corresponds to the Franciscan values and also transformative theory corresponds to the sustainable economics, then it follows, that Franciscan values correspond to the sustainable economics. The interpretations of Table 2 confirm it. Hence, Hypothesis 2 is verified. As we can see, Franciscan values correspond to the transformative theory and also to the sustainable economics. These both interpretations of Table 1 and Table 2 suggest their mutual relationship and connection.

We have a possibility to continue in building the unsustainable economics and world, which may be finished by some cataclysm. But there is a possibility to change it and to start realisation of the sustainable and better world for all people and all beings. The Franciscan values, to live evangel, humanity, humility, poverty, liberty, fraternity, peace and joy, confront us. Simply, we can take out the most significant features of St. Francis testimony, give them our own expression and finally, adapt them into the business.

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## Remarks

1 We become familiar with his life from different sources (Chronology; Celano 1988, Part I).

2 Regarding the *methodology* there are some steps. The *first* is to search and to choose the Franciscan values, perspectives of transformative leadership and signs of unsustainable and sustainable economics. We have chosen six lines containing the most significant characteristic of each one. This choice is limited to our goal and scope of the paper. The *second* step is to identify the hypothesis 1 for Table 1 and the hypothesis 2 for Table 2. The *third* step is to find a mapping between corresponding values (lines), to prove the hypothesis 1 and 2. The *fourth* step is the interpretation of the tables. It is necessary to keep in mind that every schema is only simplification, it doesn't describe a complex reality, which depends on much more variables.

3 We can have a look at lists *The World's Billionaires* (Forbes 2012a) and *Global 2000 Leading Companies* (Forbes 2012b).

4 There are 26 transnational companies in the world with more sales (Forbes 2012b) as Slovakia GDP - 126, 9 billion USD in 2011 (CIA The World Factbook 2012).

5 This new model integrates ethically-based features of six other well-regarded leadership perspectives and combines crucial, normative, and instrumental elements of each of those six perspectives, which are shortly described in our Table 2 (Caldwell et al. 2011).

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**AIKIDO IN MANAGEMENT:  
 MARTIAL ARTS FOR ACHIEVING HARMONY AND COLLABORATION**

**ABSTRACT**

The new “connected society” challenges the business. The evolving global competitive spirit fosters stress and results in serious illnesses that should be prevented on individual, group as well as corporate level.

The development of mental and physical stability creates a more effective and “safe” working environment. The daily experience of responsibility, acceptance, respect and ethics result in a trustful and honest corporate culture that is a key success factor for motivating and retaining talents to manage the business such as in fostering innovation and customer satisfaction.

Aikido is an indirect, off-the-job self-improvement “teacher” for that. The harmonizing and collaborative philosophy of aikido supports personal development, stress-, communication- and conflict management as well as leadership. It can become a fundament and compass in your life creating inner-, private- and work-life-balance.

**Keywords:** aikido, martial arts, stress, corporate culture, collaboration, harmony, management, multinational, company, corporation

**JEL codes:** A13, D23

## 1. TODAY'S SHARPENING COMPETITIVE ENVIRONMENT

Today, we are living in a technology-driven global society. The technological developments establish new opportunities for individuals, transform the society: new communication channels, a new understanding of knowledge (e.g. „you can google it”) and information. It creates new habits (e.g. e-communities and e-networking), new needs (flexibility, mobility) and lifestyles (being online on laptops, tablets and smartphones), resulting in an absolutely new environment, in which currently a new generation is growing up.

The Generation Y („Millennials”) enters the labour market in these moments and the Generation C („Connected”) will also close up in a few years. These generations grew up with e-Products: they are 24/7 online, search for everything on Google, build their knowledge by Wikipedia, listen to music on YouTube, communicate with others via Skype, MSN Messenger and e-mail as well as other applications on their smartphones. They socialize on Facebook, Twitter and other networking platforms, fix their “real-life” appointments in an electronic calendar, make e-notes, read e-books, find a restaurant with Google Maps and navigation systems, share a new album of photos on a regular basis and type faster on their keyboard than by handwriting.

This new world (global & digital society) in combination with the still perceptible effects of the economic crisis brings new challenges for the business: how to adapt these new needs to remain on the market profitable and successful? The global competition is getting fierce...

- **Adaptation of innovative technologies:** strategic conflict of innovation vs. cost reduction/optimization, an exemplary dilemma is:
  - ⇒ If innovation becomes a must, but the market stagnates, how to avoid cost restraints and lay-offs?
- **War for talents:** attraction and integration of the Generation Y with different needs, expectations, working methods, incentives, networking styles
  - ⇒ How to align the company to make it attractive for young professionals (flexibility, mobility, mentorship and empowerment etc.) and how to deal with generational conflict, internationalization and diversity?

- **Motivation/retention:** the trendiness of mobility and connectedness result in higher aptitude for fluctuation; good and bad information spread more rapidly; customers, employees and other stakeholders are continuously reachable and connected  
⇒ How to develop a positive and sustainable employer brand?
- **Change management:** transformation becomes an ordinary, daily used expression as the market is changing; on the other hand employees are resistant (fear from change, work overload and lay-off)  
⇒ How to make change understandable and accepted for the employees?
- **Customer satisfaction:** there is an accelerating amount of daily perceived information to be managed and analyzed; the company should adapt these findings to increase satisfaction and remain on the global market  
⇒ How to deal with this information efficiently and how to react to remain successful on the market?

The challenges could be listed further and further. The world lives through a rapid acceleration. The civilization feels frustrated with the ongoing transformation and change, fear losing their secure jobs. As an applicant for instance, you are not only competing with your fellows from your university/city/country, but with everyone from all over the world.

After being hired at your ideal workplace, the continuous stress goes on. How to overperform steadily to keep your job? Besides all these facts, your inferiority complex could increase further on the other hand by being 24/7 online: following the achievements and career steps of your friends (competitors?) might increase your expectations as well not to feel ashamed.

### But where are we heading now?

Is the increasingly competitive atmosphere the only way of dealing with the current conditions? Is it unavoidable? How to get stability, peace, security and acknowledgement without overcoming others?

Unfortunately the continuous focus on cost efficiency, overwhelming workload and performance pressure has become normal nowadays. On the other hand, health problems, stress, burnout and various illnesses become more „popular” and widely discussed. But where do these trends lead? How to save health as an individual; how to ensure health of your employees?

Prevention of stress and burnout as well as sustainable health management became relevant leadership and HR topics these days. But independently from the means of „tools” (massages, sports and free time activities) how to save your health on the long-run?

## 2. SUSTAINABILITY THROUGH INNER BALANCE & COOPERATION

Health is one of the most valuable „assets” of a human being. As a lot of illnesses have a stress/psychosomatic reason, in the following, two critical success factors will be shown and described to reach long-term success in your job and private life with a higher chance and ensure your health in the meantime.

1. **Individual self-leadership** based on inner balance as a prerequisite for managing others and control situations effectively

2. **Cooperation** in private as well as working situations based on respect, responsibility and ethics

The starting point could be the following statement<sup>2</sup> I have learned recently (based on Plato’s quote<sup>3</sup>) to explain the importance of **self-leadership**:

*„The ability to lead yourself is the fundament of managing the business.”*

First of all, you should get to know yourself, your skills and capabilities, strengths and weaknesses. It helps you to elaborate your own appropriate self-leading strategy. Self-confidence, the radiation of stability makes it easier to control others and other situations. And this is a prerequisite of a sustainable management approach in overtaking leadership responsibility and helps to protect your health as well.

Covey has also described the importance of this approach:

*„Self-mastery and self-discipline are the foundation of good relationship with others.”* (Covey, 2004)

<sup>2</sup> Haniel Scholarship Seminar, March 2010

<sup>3</sup> „So first of all, you need to obtain the virtues as anyone, who is willing to domain and look after not just himself, but also the state and the matters of the state.” (Socrates in Plato, 4th millenium BC; Platon, 2005 – own translation from Hungarian language)

Now the question is: how should you attempt to manage others/situations? Do you want to radiate and influence by a positive (assertive and **cooperation**-based) or a negative (power-based and competitive) control? This is your individual choice. But Covey describes the importance of the „positive” attitude:

„*The habit of effective interpersonal leadership is Think Win/Win.*” (Covey, 2004)

It is crucial for long-term success not to lead just by power. People can be approached in a respected, cooperative manner as well. It enhances your communication effectiveness<sup>4</sup> in reaching group goals.

However, in the digital age of the 21<sup>st</sup> century, it is not just a good advice. You cannot afford it anymore as a leader, otherwise your employees will leave your company or your team more frequently. But you can see the same trend as an employee: if you behave disrespectful and competitive with others, the team/company will through you out sooner or later.

### 3. THE APPROACH OF AIKIDO<sup>5</sup>

Aikido is one of the Japanese BUDO martial arts founded by Ueshiba Morihei at the beginning of the 20th century.

The founder mixed the principles of the martial art Daito Ryu Aiki Jujitsu with the philosophy of his religion Omoto-kyo and established aikido with its special spiritual approach. It combines the above mentioned two critical success factors – teaching you self-leadership and a cooperative attitude based on essential values.

The word aikido consists of three kanjis:

- Ai: joining, unifying, combining, fit
- Ki: spirit, energy, mood, morale
- Do: way, path

It means „The way of unifying (with) life energy” or „The way of harmonious spirit”.

Aikido is the only Japanese BUDO martial art that is not a sport, as there is no competition in it. The philosophy of aikido is to create harmony with your opponent (defend yourself by cooperation). The goal is to solve each situations (attacks) causing the least damage for the partner (win/win situation). Of course the harmony with the environment needs a calm presence and sharp perception (self-confidence, self-control and inner harmony), which are major goals of BUDO martial arts.

Aikido is basically a defensive martial art, where the power of a 6-year-old girl should be enough for you to defend yourself. There is a relatively high ratio of women due to its approach. Aikidokas (aikido practitioners) learn to step out of the line of the attacker, use the arriving energy and lead it further on a circular movement until reaching the ground. In aikido there are no colorful belts (except black and white, differentiating student levels from master levels) to signalize equality.



Aikido creates an effective environment for **personal development** and improving your abilities to work with a partner, community/team:

- **Creating the inner balance** (you learn to better perceive your environment, developing yourself and your confidence): a martial artist must be mentally “present” and stable in all senses to deal with the opponent successfully
- **Respect of people:** you learn to respect others and to cooperate with them
- **Acceptance of people and the environment:** you accept your opponent and the attack to control it effectively
- **Collaborative approach:** if an unexpected situation occurs in your life, you face it fearlessly and solve/neutralize the “attack” with the possible least damage
- **Make decisions and take responsibility:** you respond to “stimuli”/situations and feel responsible for the consequences (as a defender you can damage others seriously in aikido, if you do not take care; you are fully responsible)
- **Better confrontation/readiness:** you always look into the eyes of the attacker (without fear), understand and decode the intention and react
- **Ethical mindset:** you solve a situation based on your best knowledge (your conscience remains clear)

<sup>4</sup> The same principle is taught by NLP (neuro-linguistic programming) as well. (Seidl, 2011)

<sup>5</sup> Based on: Ujvari, 1984, Ueshiba, 1997, Ruglioni 2000, Bennett, 2009, Gere, 2011

These characteristics are interesting and very useful in corporate environment as well. Self-confidence and self-leadership combined with the choice of the assertive and cooperative behavior help you to better succeed on individual, corporate and social level and aikido could be a reliable compass to reach these goals.



#### 4. THE PHILOSOPHY OF AIKIDO IN MANAGEMENT? (5 HYPOTHESES)

This chapter will introduce five major areas (hypotheses), where the philosophy of aikido can give you a significant support in achieving harmony and collaboration in your working environment as well as an inspiring corporate culture.

##### ***1. hypothesis: The aikido training is a platform to learn Respect towards others and experience (accept) Diversity.***

Respect is one of the key values of BUDO martial arts. During the training, you discover the fact that you can learn from everyone in the community – independently from their ranks. Advanced students can teach you more on the technical side, while beginners will „show” you when your technique does not work (as they still do not know, how to react to your moves).

On the tatami<sup>6</sup>, your age, sex, job, nationality, disabilities are not relevant. Everyone is equal and the only goal is to concentrate and manage the attack based on the philosophy of aikido. You learn to accept others, experience diversity (in all aspects) and build mutual respect with your fellows.

Nowadays, diversity is on the top agenda of many multinational corporations, as diverse teams work more effectively. But how to overcome the resistance of current employees and managers? How to convince them to hire international employees, if it might bring along a shift of the corporate language? How to motivate employees to take it as a positive change?

Aikido teaches you to accept others as well as not to fear attacks (*change* can be considered as an attack). If you accept the situations (attacks) that come in your life, you can deal with i.a. *change* much easier.

##### ***2. hypothesis: The philosophy of aikido helps to experience and train (Social) Responsibility.***

The aikido training gives the opportunity to feel responsible. During the delivery of a technique, you are completely responsible for the safety of the partner. You always need to be fully present, otherwise injuries can occur in any movement.

Some techniques need more space, e.g. if too many students attend a training, it could also make you feel: „I do not have enough room” (to finish a technique). Therefore, the next step is to focus on your whole environment (not just the partner) and feel responsible for everyone. Senior aikidokas support juniors naturally, the same way they were treated a few years ago when they came as a beginner.

Nowadays, companies speak frequently about (corporate social) responsibility. Managers should feel responsible for their subordinates and in a broader sense, you (as a company) should not just focus on profit, but support those in need in the society (CSR). This mindset can be developed by aikido naturally – if this becomes an integral part of the attitude of the employees it makes CSR not just paperwork or checklist item, but an honest activity.

New employees of a company normally receive an onboarding (information on the company, team, contact persons, services etc), sometimes a mentor as well. The shift of the mindset to feel real responsibility for „newcomers” is also a huge benefit of aikido trainings, where you learn to deal with beginners as a mentor self-evidently.

##### ***3. hypothesis: The philosophy of aikido offers an alternative approach for Stress Management.***

In the digital world of the 21<sup>st</sup> century, people are confronted with a great variety of stressors: criticism of your boss, losing the job, competition with others, deadlines and time pressure, too much information to manage/work with, health problems etc. But are these factors objective stressors?

<sup>6</sup> Tatami is a type of mat used as a flooring material in traditional Japanese-style rooms.

Let's take the approach of aikido. Stress is the effect of those factors in your life that you experience as stressors (attackers). The question is, what problems/tasks (attackers) of life can you confront and manage (do a technique)? There is always a working solution (technique). You just need to be self-confident and seek for it. In this sense, the amount of stressor can be decreased significantly – and less stress contributes to better health conditions on the short- and the long-run.

Reflecting this approach to aikido, you can realize its philosophy: find yourself, build your self-confidence and dare to confront the attacker. The attacker (stressor) could be your boss, your team members, family or other situational problems of your life. Turning a „problem” to a „tasks” with the confidence that „you can do it” will improve your opportunities/working conditions by far.

#### **4. hypothesis: Practicing aikido develops your Communication and Conflict Management skills.**

The basic principle of aikido is cooperation. When the attack is coming, you step out of the attacker's way (no direct confrontation), you reposition yourself in a more advantageous position and go on with the technique/movements successfully with better chances. This idea helps in business and private life as well both in communication and conflict management.

How to deal with a situation when your boss is nervous and approaches you with extra tasks or a negative feedback? It is always a matter of choice: do you want to get into the game of conflict or try to understand the point of your boss, take responsibility for the situation, „step out”, „reposition yourself” and use/absolve his „energy” by „leading away” – bring in your argument cooperatively.

In your communication/reactions assertivity is a good orientation point (that shows parallels with the philosophy of aikido). Assertivity means trying to understand the point of the other party and introducing your ideas/listing your arguments starting from the point of view of the other.<sup>7</sup> It ensures a better understanding. It makes your colleague certain, that you understand him. The aikido techniques basically apply the same theory: with the help of stepping out, you reposition, take the „stand-point” of the attacker and then you lead the situation further.

#### **5. hypothesis: An aikidoka evokes a Multiplier Effect in a community.**

This last hypothesis still needs to be examined deeper, but let's consider that there are different types of people in each team and of course, people might have different inner values, communication styles as well as interests.

Nevertheless, if there is at least one „cooperative” person in the group with a forward-thinking, positive attitude (ideally the boss/leader of the meeting), this „harmonizing mediator” might be able to better synchronize and assemble opposite interests to achieve the group goals faster. Probably the colleagues cannot define why it was a pleasant meeting, but e.g. „we came to a conclusion quicker than usual”...

These characteristics of the aikido's philosophy might cause a big shift in corporations. If this pleasant behavior pattern can be learned unintentionally, it may result in a more positive working atmosphere resulting in a more promising corporate culture.

The mindset of people should be changed not to fear upcoming situations and to confront them in the appropriate way. Everybody can influence the “system” (e.g. working environment) and contribute to this process.

The increasing number of positive, self-confident and collaborative people results in a healthier society. The prevention of stress and the development of mental and physical stability create a more effectively working and “safe” environment. The deepening and daily experience of the values such as *Responsibility*, *Acceptance*, *Respect* and *Ethics* result in a trustful and honest corporate culture. (The adequate behaviour of managers and executives has crucial importance in establishing this culture; in gaining trust and commitment of employees.)

### **5. AIKIDO FOR A HEALTHY CORPORATE CULTURE**

The new “connected society” challenges the business. The evolving global competitive spirit fosters stress and results in serious illnesses that should be prevented on individual, group as well as corporate level.

The maintenance of mental and physical stability develops the corporate culture that is a key success factor and becomes more and more relevant in the 21<sup>st</sup> century. The attraction of talents is just the first step.

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<sup>7</sup> The same principle is taught by NLP (neuro-linguistic programming) as well. (Seidl, 2011)

You also need to motivate and retain them, in which a good corporate atmosphere is essential. The commitment and enthusiasm of employees enhance productivity (willingness to do more; with pleasure), foster innovation and better customer orientation, as well as result in less fluctuation, less resistance from change.

The HR departments of companies usually take responsibility for change management, developing the corporate culture as well as increasing employee satisfaction by incentive programs, development opportunities, health programs etc. But how to reach managers and employees even “deeper” and affect their assumptions, attitude and basic values?

**Aikido is an indirect, off-the-job self-improvement “teacher” for that.** It is not the primary aim to give solutions for corporate situations, but as a “secondary product”, it helps you to deal with them. However, aikido is not a general medicine and not the only opportunity to help in corporate/cultural problems. It works exclusively under the conditions of „freedom of choice”. This is the reason, why it is working. The philosophy of aikido is a way of life and if you choose this way, it can affect several areas of your life. But if it appears as a forced checklist item on the development requirements as a manager/employee, it will not work.

I introduced aikido, as I truly believe that the transferred values and directions that are taught there help in personal development, stress-, communication- and conflict management as well as leadership and can become a fundament and compass in your life creating inner-, private- and work-life-balance.

**Raise your self-awareness and use the KI energy in your life ethically to contribute to a more sustainable economy and society.**

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Botos Katalin, Luk Bourckaert, Laura Baritz and Antal Szabó  
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Photo © by Antal Szabó

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**ART AS A MEANS TO INCREASE SENSIBILITY  
FOR SPIRITUALITY AND SUSTAINABILITY****ABSTRACT**

The Author calls attention to define what should be understood under the expression of Good and Evil and what a good human being should be. When defining the sustainability concept we should take into consideration the geoethic, a combination of the geosciences and the ethics.

She highlights how to use arts in the education process. She focuses on the role of the classical music and presents the relations of the music and the beaux arts. She presents concrete examples from the Czech musical culture like Smetana, Dvořák, Foerster and Novák.

**Key words:** geoethics, arts in education, classical music, Czech composers.

**JEL codes:** A13

**1. INTRODUCTION**

Ideas of freedom accompanied the human kind for ages. Numerous examples can be presented: rebellions of slaves, French revolution 1789 with demands of equality, liberty and fraternity, decolonisation process, destruction of the “Eastern block” 1989 – until recent movements in the world. Until nowadays various false explanations of freedom (oppressing well-being and destabilizing personality) have had consequences; they increase various present crises. An incorrect understanding of liberty brings lot of conflicts when unethical priority is given to individual personal profit and interest. New alternatives combine economic, social and environmental issues with actual safety and security aspects. Problems of sustainable development are to be completely respected. Unstable modernity of today with so many evil examples (of high priority in media) increase lack of ability to discern Good from Evil. We need to define what should be understood under the expressions of Good and Evil and what a “good human being” should be. Various instruments can be applied to improve sensibility for spirituality and sustainability. No changes can be realized only by using rhetoric and legislation processes. Respect to ethical values of Europe as well as to the social teaching of the Church is to be taken into consideration.

**2. GEOETHICS**

When sustainability concepts should be examined by an ethical prism a relatively new discipline in the family of applied ethics is to be taken into consideration – **geoethics**. Geoethics is an interdisciplinary field between Geosciences and Ethics which involves Earth and Planetary Sciences as well as applied ethics. It deals with the way of human thinking and acting in relation to the significance of the Earth as a system and as a model. Scientific, technological, methodological and social-cultural aspects are included (e.g. sustainability, development, geodiversity and geoheritage, prudent consumption of mineral resources, appropriate measures for predictability and mitigation of natural hazards, geosciences communication, museology, art etc.), their liaison with concepts of geoeducation is evident.

Also the necessity of considering appropriate protocols, scientific integrity issues and a code of good practice -regarding the study of the abiotic world - is covered by this discipline developed by *Václav Němec* and by the author since 1991. Studies on planetary geology (sensu lato) and astrobiology also require a geoethical approach (as suggested by *Jesus Martínez - Frías*). It is necessary to incorporate geoethical principles in the optimal way into the consciousness and the daily life of the global society. All efforts of not only Earth and Planetary scientists, ecologists and pedagogues but also of other professions including managers, leaders, politicians and statesmen at any level should respect – in the sense of geoethics – their own responsibility for the fate of our planet and of all its inhabitants including the future generations.

Geoethics combine the science and ethics. In other words: we need the combination of the brain (i.e. a very rational way of thinking) and heart. Many bad examples from today practices can be also given, e.g. greediness of entrepreneurs seeking only the profit from a wasteful and shameless use of natural resources, without considering the needs for the future. Therefore we cannot forget precautionary principle and the final effects on the human kind activities.

As emphasized many times by one of the previous Presidents of the International Union of Geological Sciences Bill Fyfe (one of the first top supporters of geoethics), our duty is to transmit the Earth to the future generations at least in such a situation which existed in the time of our birth (if not improved). He was remembering the fact of overlapping the areas of war conflicts with those of mineral deposits as we can see in geographical maps.

The Earth as a planet has been developed for many billions of years, passing various periods in the geological time; everything is hidden in the Earth crust – an extremely important archive of the Nature history. Even if we are not earth scientists we should know and love our planet, understand its own development and live together in a co-existence respecting the laws of the Nature. Many of these laws have not yet been fully discovered. It is extremely necessary to decipher and understand laws of its behaviour – the only way how to improve a predictability of potential natural disasters...

Geological factors need to be reflected and respected in any concept of environmental sustainability. Thanks to the interdisciplinary approach a need arises to seek new priorities emphasizing more and more the solidarity of human kind. These priorities have been defined by the [International Declaration of Geoethics](#) (2011).

### 3. USING ARTS IN THE EDUCATIONAL PROCESS

For the art of any kind - music, creative graphic and plastic arts, literature (classic, modern incl. science fiction), theatre, cinema, etc. - extraordinary occasions exist to harmonise individual personal interests with those of the humanity well-being and Nature and to cultivate spirituality and the appropriate values. As a significant instrument for improving ethical global climate the art should be used in the never ending education process at any level – not only to strengthen a fair relation of any human being to the Earth and to the global well-being. **Arts can be applied as irreplaceable means for making any human being better, for improving his sense for solidarity and for increasing his ethical sensibility.**

Accordingly to Anton *Pavlovich Chekhov* – one of the Russian classic writers - *“every human being should be completely characterized by a beauty – his body as well as his thoughts.”* Shortcomings in the actual education system in many countries are evident: technical disciplines are overestimated to the detriment of those oriented to the aesthetic feeling and spirituality.

Also entrepreneurial environment should be adopted to increase nobleness feelings and behaviour in everybody, emphasising also the importance of aesthetical function of the beauty (rooted in the Nature). Methodological problems consist in the basic premise: any successful application will depend on personal quality, integrity and **example of promoters** (including players in the markets). Special field for applying art is connected with the popularization of science among employees. Correct presentations of sustainable development are needed to avoid false misinterpreting ideas. Today for many people only money seems to be decisive in their lives and entrepreneurial activities – even including human relationship.

### 4. THE MUSIC AND THE NATURE

Let me limit my presentation to the very substantial part of the art – **classical music**. The art can serve as the important means how to cultivate our heart. The music cultivates our sentiments, feelings and consciousness including a love for the Nature and its beauty.

We know that the abiotic nature has its own values (cultural, aesthetic, functional, scientific, research, educational, informatics) and that it should be considered as a value itself. The nature is valuable because of its existence, not only for its possible exploitation by people.

How much of inspiration for numerous composers all over the world has been given by the Nature, how much of inspiration for people by such a music increasing nobility of their behaviour and supporting their friendly approach to the Nature.

The classical music can be distinguished in two streams - the program and the absolute music. Sometimes it is difficult to make a distinction. Simply expressed – the absolute music is written without any descriptive purpose or ideas whereas the program music tells or reminds a story. Some music theoreticians speculate that all music has some programmatic element in it, even if only by virtue of the fact that any composed music follows the creative thoughts of the composer.

According to Wikipedia and other textbooks:

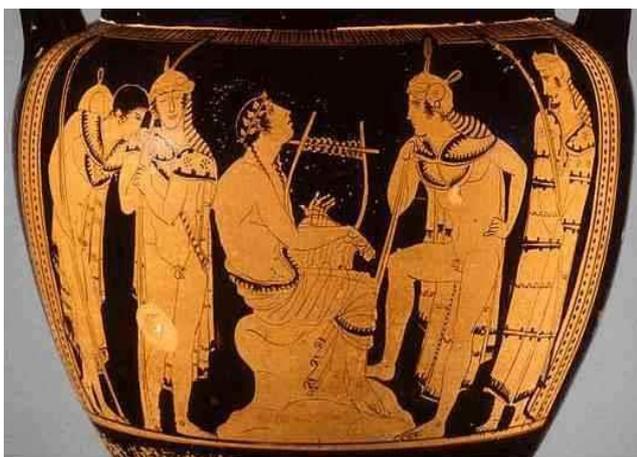
*Generally, program music supports a story, as in opera, ballet or musicals. The idea of 'motif' in the standard opera repertoire is probably the single best example. A short melodic phrase that symbolises a specific character or emotion in an opera is a motif. In program music, it is the story that provides the contour or arch that is filled with music by the composer, and not the musical materials themselves. The music supports and expresses the various emotional states and important events that are unfolding during the production.*

*Absolute music is not in the service of a particular program requirement. The composer is free to mix, match, balance and juxtapose any and all musical materials as he/she sees fit. Within certain broad structural conventions, like sonata form and several dance rhythms, composers can produce symphonies, sonatas, and many other kinds of work including free-form the interaction between the composer and the listener is evident. The fantasy of both is unlimited compositions.*

Anyway and the heart together with the sentiment is touched. Very often the imagination is connected with the painting.

#### 4.1 Music and the beaux arts

**Orpheus** was a legendary musician, poet, and [prophet](#) in [ancient Greek religion](#) and [myth](#). The major stories about him are centered on his ability to charm all living things and even stones with his music, his attempt to retrieve his wife, [Eurydice](#), from the [underworld](#), and his death at the hands of those who could not hear his divine music. The famous Czech painter Max Švabinský (1873 – 1962) changed the traditional instrument of Orpheus (violin instead of a lyre). But also the harmony with the Nature (not only biotic) is evident. Let us compare an antique presentation of Orpheus with that of Max Švabinský.



#### 4.2 Concrete examples

Many classical music compositions can be found with a strong inspiration by the Nature itself from the past until today. Let me present the most famous Czech composers inspired by the nature:

**Bedřich Smetana** (1824 – 1884):

*At the sea shore* – a concert etude for piano inspired by his stay in Göteborg (Sweden),

*Vltava (Moldau)* – a symphonic poem from the cycle “My country” inspired by the river crossing Bohemia from the South to Prague,

*From the Bohemian woods and meadows* – another symphonic poem from the cycle “My country”

**Antonín Dvořák** (1841 – 1904):

*V přirodě (In the Nature)*

**Josef Bohuslav Foerster** (1859-1951):

*Velké širé rodné lány (Big large native fields)* – a choir for men singers inspired by the nature in the country where he as a boy living in Prague was visiting his grand-father

**Vítězslav Novák** (1870 – 1949):

*In Tatra mountains* – a symphonic poem expressing the author’s love for the famous Slovak mountains.

In my oral presentation two examples from the work of **Bedřich Smetana** were presented. Smetana is considered as a typically national composer (in comparison with the other eminent Czech composer Antonin Dvořák or famous well recognized



composers of the 20<sup>th</sup> century like Leoš Janáček and Bohuslav Martinů). Being in Hungary I would like to remember the personal friendship of Smetana with Franz Liszt. They met many times in Prague, Weimar (1857, 1859) and elsewhere, also in Budapest. Franz Liszt after the death of Smetana declared: *“I am deeply moved, he was really a genius”*.

**At the seashore** (written just 150 years ago – in 1862 – remembrance of a longer stay in Sweden): in this piano concert etude we can admire the musical description of the seashore, waves, storm, tranquilisation of tides as well as the technical art of the pianist *Jitka Čechová*. By the way this is just an example of the mixture of program and absolute music. Smetana was living in Göteborg for 5 years (1856-1861) with a considerable influence on the local cultural life.

**Vltava** (one of the symphonic poems in the cycle “My country”):

The most famous symphonic composition of Bedřich Smetana is the cycle of six symphonic poems, composed shortly after the tragedy in the life of the composer who in his 50 years became deaf. We can admire his vitality in such a tragic period of his life. (Besides this cycle he as a deaf author wrote 3 outstanding operas and many other compositions for piano, choirs, chamber music). During the presentation we listened to the record of the Slovak Philharmonic Orchestra conducted by *Zdeněk Košler*.

All six poems of the cycle are very important for the Czech identity and the history of the nation. Vyšehrad, Vltava (Moldau), Šárka, From the Bohemian Fields and Groves, Tábor, Blaník. This is the program music. Smetana himself described the content of all poems.

Description of Vltava (Moldau): *“The work describes the flow of the Vltava river beginning from its two tiny sources – the Cold and Warm Vltava, the joining of the two little streams into one, then the sweep of the Vltava through the groves and along the meadows, through the countryside where feasts are being celebrated. In the night, the moonlight dance of the water-nymphs; on the near-by rocks proud castles rear up, stately homes and ruins; the Vltava swirls through the St. John’s rapids, then flows in a broad sweeping current on to Prague where Vyšehrad comes into sight, and finally disappears in the distance with its majestic sweep into the Labe (Elbe) river.”*

## 5. Conclusion

Music has been accompanying humanity throughout the whole history. It has been always linked with a cultivation of the human spirituality and it is extremely important for our spiritual life, sentiment, feeling, consciousness. In many respects it can be combined with our admiration for the Nature and its beauty, for our environment. Let us remember – the Music brings together all nations of our planet, it is not necessary to make any translation what is important in the globalisation process. Therefore classical music should be unavoidable from our daily life.

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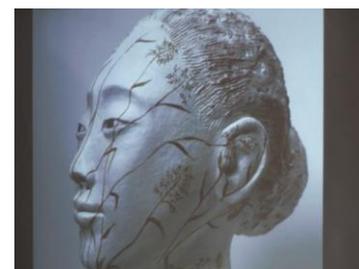
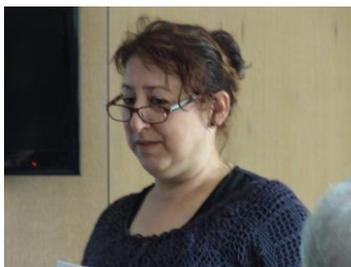
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Arts by Corinne Boureau

Photo © by Antal Szabó

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**FROM MORAL ECONOMICS TO BIONOMIA****ABSTRACT**

In this paper we examine the almost invisible line of moral economics from *Aristotle* to *Amartya Sen*. I strongly emphasize the role of world religions from *Thomas Aquinas* and *CST*<sup>8</sup>, through *buddhist economics*, to the recent speech of the English chief rabbi, *Lord Jonathan Sacks*. Islam economics will have a special focus, in the paper we cover *Ibn Khaldun*, who published his work in 1375, described supply and demand, work distribution and social cohesion – 401 years before *Adam Smith*.

We also grasp the other, more visible school, utilitarian economics, from the *mercantilist ancestors* to the *Chicago School*. This school, what we also call *mainstream* seems to be in his heydays, enjoying a monopoly in business economics and education, scientific literature, Nobel-prizes. We tend to think that if *A* (utilitarian economics) is opposite to *B* (socialism) and *B* fails, than *A* must be “true”, “real”. But it is also feasible that *C* (moral economics) is the most proper answer to our problems.

As the next step to bring about paradigm change we propose *bionomy*, an economic theory, which continues the traditions of the moral school but uses the principles (and language) of natural science. *Bionomia* is a new kind of economics, which is based on the thorough study of the laws of life, with the primary objective of serving life, especially human communities.

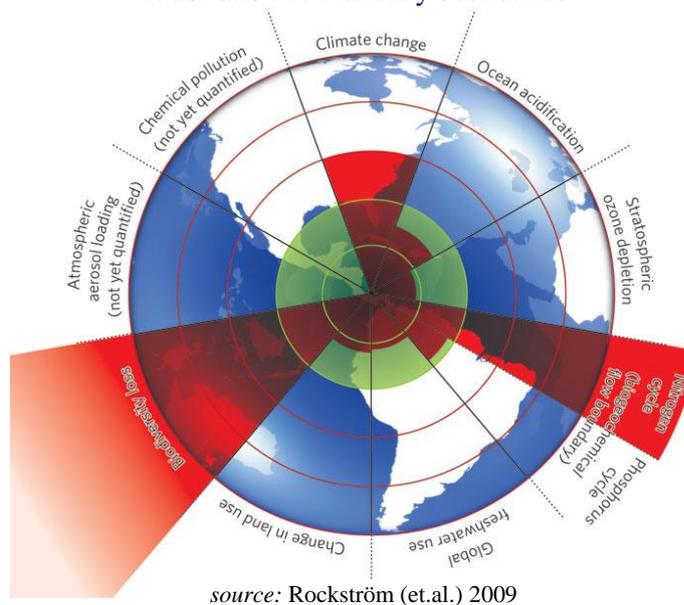
**Key words:** moral economics, utilitarian economics, bionomy

**JEL codes:** A12, A13, Q01, Q56, Q57

Few dispute that the current system is in troubles. Sustainable development is running high – at least at the level of lipservice. But we are far from consensus in specifying why and how our current development path is unsustainable. In this article I argue that the world is on the edge of a radical change of values (as it happened already 4-5 times in our known history). And that the deep core of the problem is our irrationale (or rationalizing) adherence to the self-oversurviving value system. I try to find this value system in the current paradigm, economism, which has passed its competence to a drammatrical extent. This I consider rather a quasi-religion, than a science. As an alternative I depict the recently less visible, but more than two thousand year old tradition of moral economics. Two new economic philosophies are also proposed, which are at the end only one.

Our planet and ourselves on its surface are in danger, this notion has become a banality in the last decade. First we were forced to face sings of an ecological crisis back in the 1960s, most recently shocked by an economic crisis since 2008. I do not think we would need to support this statement in 2012, but let us still look at two graphs from the most researched and visible environmental part of unsustainability<sup>9</sup>.

*Illustration 1: Planetary boundaries*



<sup>8</sup> Catholic Social Teaching, as manifested in 14 documents from *Rerum Novarum* (1891) to *Caritas in Veritate* (2009).

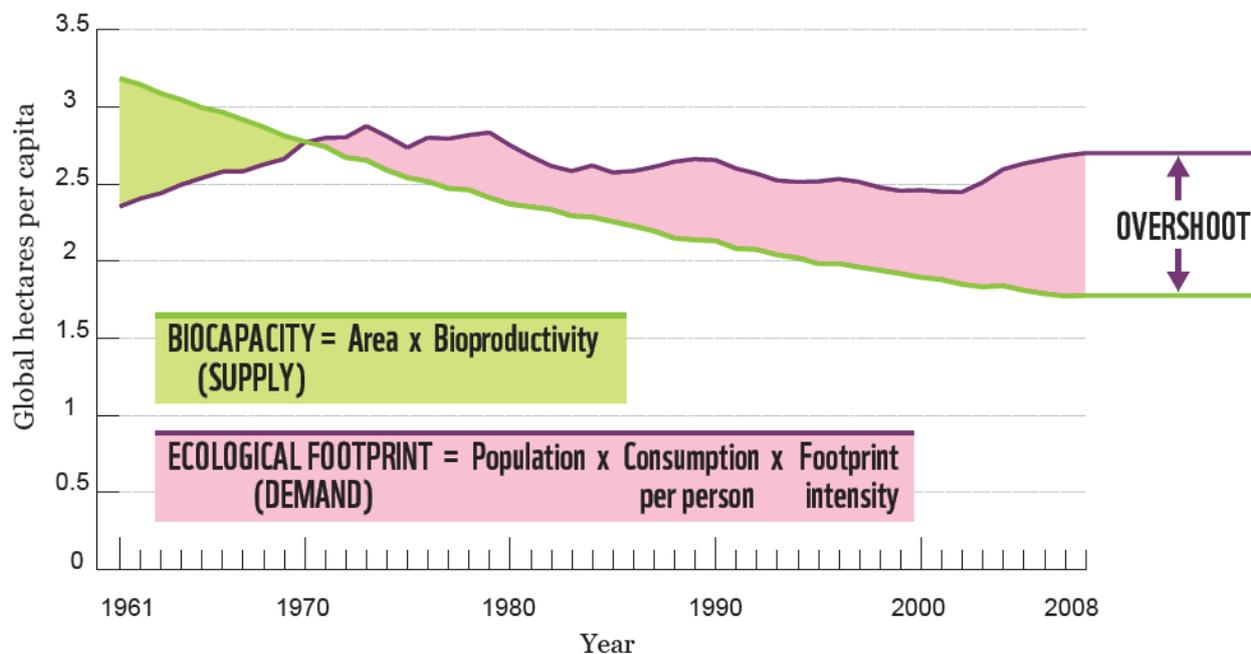
<sup>9</sup> I cannot fully agree with the Triple Bottom Line (TBL) approach of sustainability, coined by John Elkington. Due to its wide spread, I still use it when it is not about deeper analysis. According to TBL the three pillars of sustainability are

Rockström and his 30 co-authors propose a new approach to (ecological) unsustainability, in their article published in 2009, in the Nature magazine. They define the carrying capacity of Earth on nine key areas. Overpassing these “planetary boundaries” has significant, in three cases irreversible, uncontrollable and catastrophic consequences.

Researchers could quantify seven of the nine subject areas, on almost every second we committed a serious “trespass”. The utmost rapid decline of living species is far the most dramatic phenomenon<sup>10</sup>.

The one-dimensional ecological footprint indicator has a longer tradition, the latest results have just been disclosed some days before writing this article, by the *Global Footprint Network*. It is obvious from the graph that according to the latest (2008) data available we face a 52% ecological deficit, in other words we use 1.5 times more from the Earth’s resources, than generated in a single year.

*Illustration 2: The most recent data of the ecological footprint and biocapacity show a 52% deficit*



Source: WWF, GFN, ZSL [2012]: *Living Planet Report*, p.40.

Most people consider avarice, as the core of the problems. Some think that there is a worldwide conspiracy (of certain groups, e.g. multinationals, banks etc.), others go further and start to think that humankind is fundamentally of destructive nature<sup>11</sup> and there is no hope. We see immense nostalgia to “natural tribes” or the supposed harmony of animist religions with nature and society. The common denominator of these opinions is that something has severely gone wrong. But there is absolutely no common thinking whether we should close the banks, abolish money or do not rather regret the envisioned extinct of man (e.g. by James Lovelock). The debate has become ideological, a good example is that everyday people consider overpopulation<sup>12</sup> as one of the three most urgent causes of unsustainable development, while numbers tend show exactly the opposite:

environmental, social and economic sustainability. There is a consensus on the properness of TBL, among business practitioners.

<sup>10</sup> Due to correctness and what is more important, optimism, we have to see that at least on one field we seem to have managed the problems: The Montreal Protocol banning cooling and propelling agents containing CFCs is among the very few success stories of global environmental protection.

<sup>11</sup> As a funny nature conservationist t-shirt formulates: „I am with the bats!”

<sup>12</sup> The Moscow Demographic Summit had almost 1000 participants. Other interesting contributions to the topic are the two twin-articles of Tamás Krúdy. In the first article he describes anti-population opinions of supposedly good-intended and unsuspecting scientists (Malthus, Rousseau, Condercet, then Ehrlich and Holdren in the 20th century), but also the very intended and morally rather questionable movement, which reached its peak in the 1980s, and had been born from the fear of overpopulation (Margaret Sanger, International Planned Parenthood Federation). The article also describes the forced depopulation pursuits of China, Peru and India. Amartya Sen gave an effective answer to these: „The strategy emphasizing the priority of birth control sends the following message to the poor of the world: ‘We wish you were not here!’” The second article analyses the NSSM 200 document, in its popular name the Kissinger-report, which became public 25 years after it was made. This is the conscious position taking and strategic document of the USA, whereby it is clearly stated: “The political consequences of current population factors ... are damaging to the

With reference to the objective and widely accepted scientific data and forecasts of the leading demographers, we express our deep concern about the dangers of the approaching worldwide depopulation. Despite wrong and biased information about “overpopulation” threat promoted by some mass media and international institutions, in reality already for several decades in a row we have been witnessing a global process of demographic degradation. In recent years this dynamic has assumed a threatening scale and magnitude. As a consequence of the global decrease in fertility below the replacement level (2.1 – 2.2), 42% of all humankind live in the countries where even simple replacement of old generations is not taking place. ... Even according to conservative estimates by the UN, within next three decades, the total fertility rate will go down below the population replacement level all over the world. (Declaration of the Moscow Demographic Summit, June 29-30, 2011.)

But what is the cause of the problems? Sometimes utmost complicated problems can be traced back to a single root-cause, which trigger the other troubles, as a chain-reaction. Such mechanisms can lead the human community to a vicious circle, or a descending spiral. In my opinion this root cause is not the basic principle of capitalism or compound interest, but the wrongly applied economic logic, which demand primacy in all social matters and controls the thoughts of West and East, North and South.



Illustration 3: The production-consumption ideology keeps together the economic actors as a vicious circle of economism

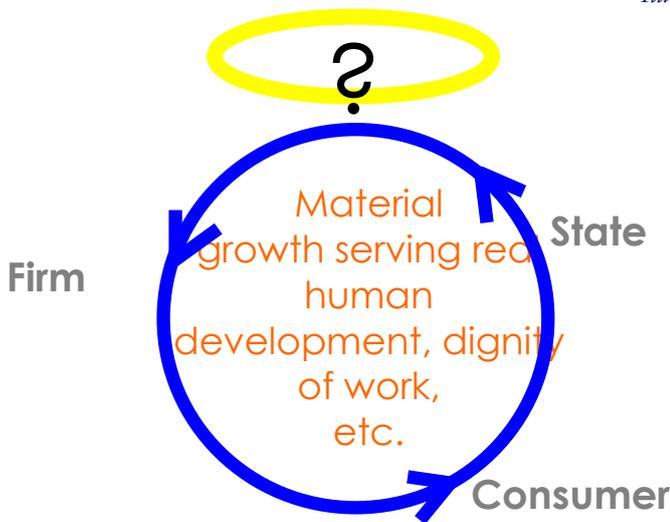


Illustration 4: Breaking the circle sees hopeless, but a benevolent concept can do the job. But what concept?

Nobody forces or motivates economic actors for more income<sup>13</sup> generating higher level of consumption and production, they strive these growth goals from their internal conviction. They do not only produce and buy useful goods, but also needless products, with a low lifespan, which are transported from huge distances. Companies manufacture and trade whatever is demanded on the market, if demand is lacking, they stimulate it as long as it is profitable for them. Individuals

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internal stability and international relations of countries in whose advancement the U.S. is interested, thus creating political or even national security problems for the U.S.” The USA wishes to interfere into the population policy of developing countries through aid policies, especially through international organizations of neutral nature like the UN or the World Bank.

<sup>13</sup> Be it the level of macroeconomics (more GDP), microeconomics (more profit) or consumers (more discretionary real income).

buy anything, if it is at reasonable price, while have been educated the more they consume the better<sup>14</sup>. Ultimately the three main economic actors are bound together in the vicious circle not by GDP, money, profit, not scientific rationale, international intent or other external force, but their very own, shared vision, that is the consumption ideology: ‘everybody is better off, the more and the cheaper products available on the market.’ Substituting GDP to alternative indicators, eco-efficiency or developing eco-friendly products bring about very slight actual change, as we could experience in the last decades. The mental chip, the ideology should be modernized, the software (in this sense the human person) functions in order. And modernization does not mean quicker here, at any rate.

## ECONOMISM, AS A QUASI-RELIGION

The original meaning of *economics* (in Latine and ancient Greek: *oeconomia*) was the careful management of the household. In the last 230 years it has become a social science, later an ideology and a general paradigm, and by today a quasi religion, with its ‘holy trinity’: *efficiency-competition-growth*.

When we hear these expressions, we do not think twice whether their improvement is good for us or not, or what is the price we pay for a more competitive economy (eg. escalated hurry), for a more efficient operation (eg. more machines, bigger scales, less jobs), or for a higher profit (SMEs and local industry go bankrupt). Although not consciously, we tend to consider the three elements as moral goods of the highest priority, in religious terms: idols

In the attached table (6) the essential points of a religion and a science are summarized. Naturally this is to a large extent generalization, since the basic differences between a natural and a social science, or the main motives in Islam or the Protestant Church.<sup>15</sup> The comparison is still useful from the point of view of our subject area, because we are on a safer side in comparing specifically Economics and Christianity. The two systems show deep analogies, except for the last row. Positive science is declared to be descriptive and explanatory, it doesn’t render commands or norms to follow. This is its main difference to a religion, where faith is exercised through action.<sup>16</sup> Where a scientist makes himself a philosopher, politician or campaigner, and most of all makes his theory – which is valid within certain limits of the model – a universal principle, problems start to occur. In this case scientific theory becomes an ideology – this is the danger of – isms.

Illustration 5: The ‘holy trinity’ of economism



In the case of economics the situation is not favourable, as it is not based on a declared axiom, which would be accepted by the majority of people. In the economic education, normally Adam Smith’s *Wealth of the Nations* is cited, as the formulation of the axiom. The axiom would be that humans intrinsically follow their self-interest, utmost motivated by their own material utilities. Literature refers to this as *homo oeconomicus*.

<sup>14</sup> And let us add that more consumption is really good for our soul to a certain extent, if it does not make other values neglected. Material consumption is also a must to keep up our body.

<sup>15</sup> Islam is for example a strictly monotheic religion in the narrow sense, while Christianity understands the one God mystically as the unity of three persons, the Holy Trinity. Christianity adheres to Jesus Christ being the true son of God, as the central and most important doctrine.

<sup>16</sup> Jesus says: „Not every one that saith unto me, Lord, Lord, shall enter into the kingdom of heaven; but he that doeth the will of my Father which is in heaven.” (Mt 7,21) And the Father’s will is love, we have to love each-other as God loved the world. This is the topmost commandment, which tops up the Decalogue of the Old Testament.

*Illustration 6: Comparing the essence of science and religion*

	<b>Science</b> e.g. economics	<b>Religion</b> e.g. christianity
Founder	One (and of course the Greek)	One (and of course the Three)
Arguing	Axioms + derivation	Creed + tradition
„Literature”	Classicals + Peer-reviewed	Doctors of the church + Magisterium
Authorities	Nobel-laurates	Saints
Norms	???	10+1 commandments

First let’s have a look what Smith states in the *Wealth of the Nations*, where the publication year (1776) is also the start of the modern (utilitarian) economics. Smith deals a lot with work distribution, but the essence of the book – at least as long as we remember it after 235 years – is the two basic characteristics of men. According to Smith everybody strives to improve his/her material circumstances, from cradle to grave. On the other hand we exchange and trade, from our very nature. The most cited paragprah of the book is:

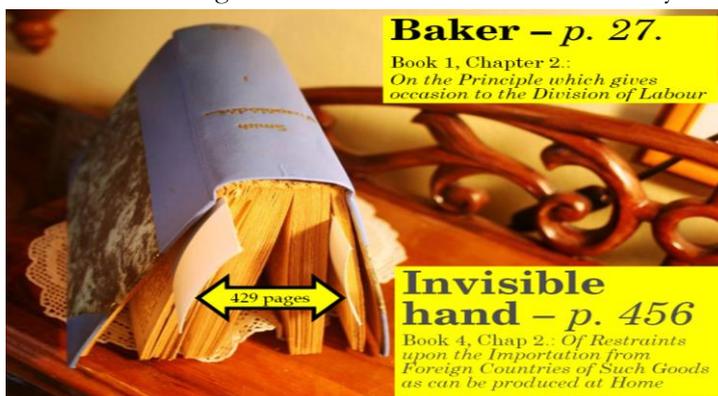
It is not from the benevolence of the butcher, the brewer or the baker, that we expect our dinner, but from their regard to their own interest... We address ourselves, not to their humanity but to their self-love (p. 16.)

Immediately the question occurs, how shall we derive the public good from everybody pursuing his individual self-interest? Smith cuts the Gordian not with the invisible hand:

As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other eases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it (p.456).

Alas very few economics and business students read the original work of Adam Smith. In our hasty life, where the quantity of information we have to process almost makes us sick, most of the people are content with the two citations above. Reading the original texts in their original context is simply not a requirement.

If somebody still undertake toil and moil and reads the original text of the *Wealth of Nations*, he could be astonished to see that the two citations (and their spirit) only one page of the book! What is more, they are very remote from each-other. The *Wealth of the Nations*<sup>17</sup> is actually five books on 950 pages. The central topic of the first book is the division of labor, this is where Smith analyses how demand and supply would determine the natural price. The author wrote an introductory chapter, which is only four pages long, with the forst citation about the baker and the brewer. Smiths uses it as an argumentation for the division



*Illustration 7: The two famous citation in Adam Smith’s Wealth of the Nations – not related*

<sup>17</sup> These references are made to corresponding pages of the best modern edition, the so-called Glasgow Edition: Adam Smith: *An Inquiry into the Nature and Casuses of the Wealth of Nations*. The Glasgow Edition of the Works and Correspondence of Adam Smith, vol. II, edited by R.H. Campbell and A. S. Skinner, Oxford University Press, 1976.

of labor, but the selfish nature of man is not verified or supported, the reader is straightforwardly dehorned from thinking about its causes. In Smith's opinion the division of labor developed from our nature declining to trade and exchange, but the term *homo oeconomicus* never appears in the book. In the fourth book the author disputes the ideas of both the mercantilists and the physiocrats, and forms his opinion that open economies are the most superior. In this part he deals a lot with colonies. The second chapter has a 21 page long chapter of analysing imports and autarky, this is where the invisible hand is mentioned once on page 456. So the two citations, which fit so well in economic textbooks, have a gap between them of over 400 pages, without any cross-reference. We cannot find any economists or political philosopher, who described or explored the axiom of *homo oeconomicus* in a convincing manner, or empirically tested the validity of this image of man.

Among the philosophers it was the French *Claude-Adrien Helvétius* (1715-1771), who laid down the utilitarian basics in his opus published in 1758, titled *De l'esprit*. Its central message is that although man is motivated by self-interest and self-love from his birth, this natural egoism makes a proper fit with community ethics, the central principle of public good: the individual and public interest is the same, self-interest can serve the community. According to Helvétius the main question is only the right education, which makes the link between the two. At the same level we can mention *Jeremy Bentham* (1748-1832), English jurist and philosopher, who is regarded as the founder of utilitarianism, which makes happiness (utility) and self-interest the central topic of life and the value system. Bentham judges legal and political institutions based on the fact, how much they elevate the greatest happiness of the greatest number of people. He emphasized that the utilitarian principle can work in practical life, there is a calculus measuring which of two deeds is more useful.

We can see that economics, as a theoretical science is based on a very labile foundation, because the ever increasing maximization of profit and individual utility cannot be supported, and with this the idealtyp of the profit-maximizing corporation and the rational consumer as well. Most of all the legitimation basis of the system is staggered, whether we always serve the common good through serving ourselves, becomes strongly questionable. Still, the system has been functioning for a long period, supporting huge numbers of people at an unprecedented high level of material welfare, which also guaranteed health, peace, schooling etc.

However, in the last decades critical voices have become louder, more and more people believes that the system built on the expansion of economics also produces losers. Since 2008 we can speak about the widely acknowledged fiasco of economism. Its symbolic signs are the wavering European economies, which have always been considered as the flagships of capitalism. Economism, as developed from the utilitarian economic theory has evolved to a quasi religion, which is almost monolithically followed by the political and business elite of the world. In the next chapter we speak about religious economic schools, but it would be a naivety to suppose that Buddhist countries are governed on the moral basis of Buddhist economics, Arab countries with Islamic economics, Europe and America with Christian economics. Albeit secularization is very much different in these regions, moral principles fall everywhere far from the steering-wheel: the leading elite is a common believer of the world-religion of economism, the 'holy trinity' of efficiency, competitiveness and growth. Very few conceive this as a religious belief<sup>18</sup>, even fewer admit that their views are rather fanatic, based on opinions and myths, not on engineering calculus and rational assessment. For this reason we can understand economism as a quasi-religion. To illustrate this, we can formulate the ten commandments, and the creed of the economism-religion<sup>19</sup>.

#### *Illustration 8: The Decalogue of utilitarian economics*

Commandment I. <b>Man is selfish</b>	Man is homo oeconomicus, maximizing his individual utility, following his self-interest. Be like that yourself, build your strategy on such motives of others!
Commandment II. <b>Cost/benefit</b>	Always evaluate both sides! You are a rational being, aren't you? Minimize your cost, maximize your profit!
Commandment III. <b>Division of Labor</b>	Division of labor helps to satisfy not only basic needs, but also luxury demands. Consuming is good, isn't it?
Commandment IV. <b>Competition</b>	Strive hard to defeat your competitors. Be always and increasingly competit-ive, this will continuously develop your skills. Like in nature, fittest wins!

<sup>18</sup> Eg. Robert H. Nelson [2001]: *Economics as Religion: from Samuelson to Chicago and Beyond*, or Duncan K. Foley [2006]: *Adam's Fallacy*.

<sup>19</sup> The latter is only half-ready with intent, first not to fall into the sin of blasphemy, second because the story is not over. It is likely that the resurrection from the idol-worship of economism (in scientific terms bifurcation) is approximate.

Commandment V. <b>Power, size</b>	In nature the one that adapts the quickest wins. So be swift in adaption, speed up, hurry, grow, be strong and victorious. Be successful, not a loser!
Commandment VI. <b>Unlimited world</b>	Markets have no limits, think globally! One actor is always small to hurt the system. Market mechanisms and technological innovation solves all problems.
Commandment VII. <b>Self assurance</b>	Be self-assure! The system has been working for long. Many predicted its end, but noone had right. However, socialism failed, so capitalism is The Winner.
Commandment VIII. <b>Safety</b>	Strive for complete safety, do not hazard or improvise. Plan, control, act! Minimize the human factor, persons are not reliable.
Commandment IX. <b>Limits</b>	Don't break the law – unless it is really necessary (see Commandment II.) Do not pollute the environment, be ethical, CSR!
Commandment X. <b>„Trust“</b>	The rest you can trust on technology, market, economic development!

Illustration 9: The 'creed' of developments

I believe in Growth, sustainable, almighty maker of products and services, and the Invisible Hand, which corrects all market failures and leads us to the Pareto optimum.

Science of science, rationality of rationality, idol-worship from paradigm, from science pretending omniscience.

Everybody believes but not one has proven, of one essence with the meme, commanding and controlling all our thoughts.

...

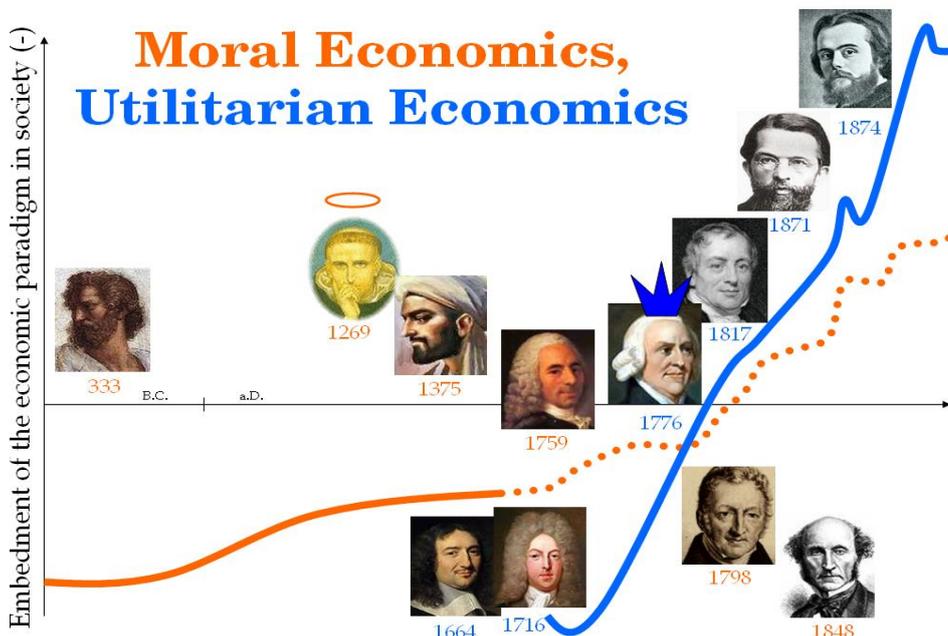
And in the Competition, the only safeguard of development and natural selection, which led from the big boom, through evolution, to the appearance of Man.

It was created for us men and for our welfare, but has become our enemy, descended into hell and made the earth an impersonal hell.

It became a spiritual reality, and was incarnate of the enlightenment and Darwin, Freud, Marx, Helvetius, Einstein. It became a Spirit.

### ALTERNATIVE ECONOMIC HISTORY: MORAL- VS. UTILITARIAN ECONOMICS

If we are up to find the foundation-stone of capitalism, we soon go back to the industrial revolution and the centuries of the enlightenment. We speak of multinational corporations since the establishment of the East India Companies (1664), the contemporary banking system root back on the traces of a Scotch venturer escaped to France (John Law and the French National Bank since 1716). Economics became an independent science in 1776, when Adam Smith published his *Wealth of Nations*. Although the history of economic thinking is normally



clustered to a number of evolving schools, if we emerge a level higher, we can say that its direction and development path is monotonous since the 18<sup>th</sup> century. In other words the basic logic of the system has not changed since the roots mentioned, and especially since the influential ideas of John Maynard Keynes (Bretton Woods 1944, IMF and World Bank 1945, GATT 1947), if we do not consider the impressive collapse of the derivatives market in 2008.

Illustration 10: Major representatives of moral and utilitarian economics

But the utilitarian economics, which has stiffened to the quasy-religion of economism is only one alternative, we have to name the other, *moral economics*, the forgotten branch of economics. This has a 2300 year old tradition with *Aristotle*<sup>20</sup>, clearly dominated the public behaviour of the middle ages due to *Thomas Aquinas* (1269). Under the name of Islam economics it has founders, who were in advance of the father of [in our terminology utilitarian] economics not less than 400 years. This title is almost unanimously granted to Adam Smith (1776), he is the uncrowned king of [utilitarian] economics.

Recently some other opinions have encountered. There lived and worked a muslim historian, sociologist and economist, *Ibn Khaldun* (1375), who wrote a book resembling the *Wealth of Nations* almost exactly four centuries earlier. Some say the original was even better<sup>21</sup>. I cannot judge if this is due to the Arab Spring, the rising self-consciousness of the muslim culture and science, which has been considered as inferior in Europe, in the last centuries, or is it a verifiable fact<sup>22</sup>: anyway, some scientists claim that Ibn Khaldun is not only the father of islam economics, but the whole economic science<sup>23</sup> (Boulakia 1971, Al-Hamdi 2006).

The first forerunner of modern capitalism and with this utilitarian economics was the mercantilist school, which is symbolized in Illustration 10 by *Jean-Baptiste Colbert* 1664<sup>24</sup>, the finance minister<sup>25</sup> of Louis XIV. (le Roi Soleil). According to the chief mercantilist and his followers wealth is not generated in production but in exchange, and it only incorporates in money (gold). For this reason the sole source of a wealth of a nation is foreign exchange. They did all to create a positive balance of foreign trade. Next to him is *John Law* 1716<sup>26</sup>, a speculator of Scottish origin, who seemed to rescue France from bankruptcy – then failed. When he was studying the Bank of Amsterdam he became convinced that an economy can be driven to an ongoing prosperity, in case of an abundant flow of credit and banknotes. Without telling the full story, we can state that Law can be considered as one of the first pioneers of inflation, stock exchange crash and derivative crisis. We do only mention the other major representatives of utilitarian and moral economics of the 18<sup>th</sup>-19<sup>th</sup> century, as detailed and decent literature is available on them in many libraries and textbooks. These would be *Adam Smith* 1776, *David Ricardo* 1817, *François Quesnay* 1759 and the school of phisiocrats, *Thomas Robert Malthus* 1798, *Carl Menger* 1871 and *Léon Walras* 1874.

Despite of detailed documentation we cannot neglect to describe the ideas of the Englishman *John Maynard Keynes* 1936, and the first empirical researcher and scientific supporter of modern growth theory, the Belorussian-American *Simon Kuznets* 1971. In the most developed Western countries, the three decades between 1945 and 1975 has been called *the age of Keynes*. John Maynard Keynes was the one to differentiate between macro and micro economics, he is the most well-known theoretical economist after Karl Marx, according to many. R. F. Harrod wrote about him in 1951:

<sup>20</sup> On Illustration 10 and hereafter we only depicted the portrays of the scientists, but their name is easy to recognize with the year specifications. For simplicity, we did not locate them in history based on the birth and death dates, but with the year of publication of their magnum opus. The only uncertain data here is Aristotle.

<sup>21</sup> In his full name *Abū Zayd ‘Abdu r-Rahman bin Muhammad bin Khaldūn Al-Hadrami* who was in advance of his age with 400-500 years, when he formulated the concept of the division of labor (in the West Adam Smith in 1776), the law of supply and demand (in the West Alfred Marshall in 1867), what’s more, as a moral economic consideration he also showed that the power of nations lays in social cohesion, in other words too large parities between the rich and the poor are catastrophic for a country’s future.

<sup>22</sup> Since the 1960-70s also Western scientist started to note the results of Islam economics. Hand in hand a movement has started, to make this economic theory an operative policy. An influential player in the field was Baqir al-Sadr (1935-1980) with his work *Iqtisaduna* (Our Economy). Alas the great scientist was sentenced to death by Saddam Hussein. Another proponent of the Islamic economic heritage is Waleed Ahmad J. Addas. At the same time, the young scholar questions in his article *Methodology of Economics: Secular Versus Islamic* if Islam economics would be an independent, consistent science. In his opinion it is rather the articulation of the Wholy Quran and the Shaira, while even at the economic faculties of Islamic countries western mainstream economics is taught.

<sup>23</sup> Joseph Schumpeter (1994, p. 73.) points out the centuries-deep gap of economic thinking, which detaches the modern from the ancient Greek. He only explored in his last days the work of Ibn Khaldun, but that time he was most deeply amazed. He considered the Arab philosopher more authentic than Adam Smith. Boulakia (1971) had similar opinion: „Ibn Khaldun is the forerunner of many economists, he is an accident of history and has had no consequence on the evolution of economic thought...His name should figure among the fathers of economic science.”

<sup>24</sup> Foundation year of the French West India Company and the French East India Company.

<sup>25</sup> Contrôleur général des Finances.

<sup>26</sup> In this year the (French) General Bank was established. Original name: Banque Générale (1716), later Banque Royale (1718), Banque de France (1800), one of the first central banks in the world.

No one in our age was cleverer than Keynes nor made less attempt to conceal it. Keynes sees the economy in a mechanistic way, he grasps it as a complicated machine, with the primary objective of producing even more wealth. He is deeply convinced that the machine is perfect, and all problems occur from the incompetence of the machinememen. He does not think of the limitations of natural environment and human nature. His most important piece of work was published in 1936, *The General Theory of Employment, Interest and Money*. According to all opinions John Maynard Keynes was the most influential economist of the 20<sup>th</sup> century. Most experts also agree that Keynes is the founding father of modern liberalist school. He personally declared:

I believe in free trade because, in the long run and in general, it is the only policy which is technically sound and intellectually tight. (Address to the Liberal Summer School at Cambridge, August 1925)

The two utmost institutions of liberal economics are the World Bank and IMF, both have been proposed by Keynes.

*Simon Kuznets'* major achievement was the elaboration of modern econometrics, having played an important role in the Keynesian revolution. He contributed to what we now know as GDP, in his work *National Income and Its Composition, 1919–1938*, published 1941. He won the 1971 Nobel-prize "for his empirically founded interpretation of economic growth which has led to new and deepened insight into the economic and social structure and process of development". Kuznets defined economic growth this way:

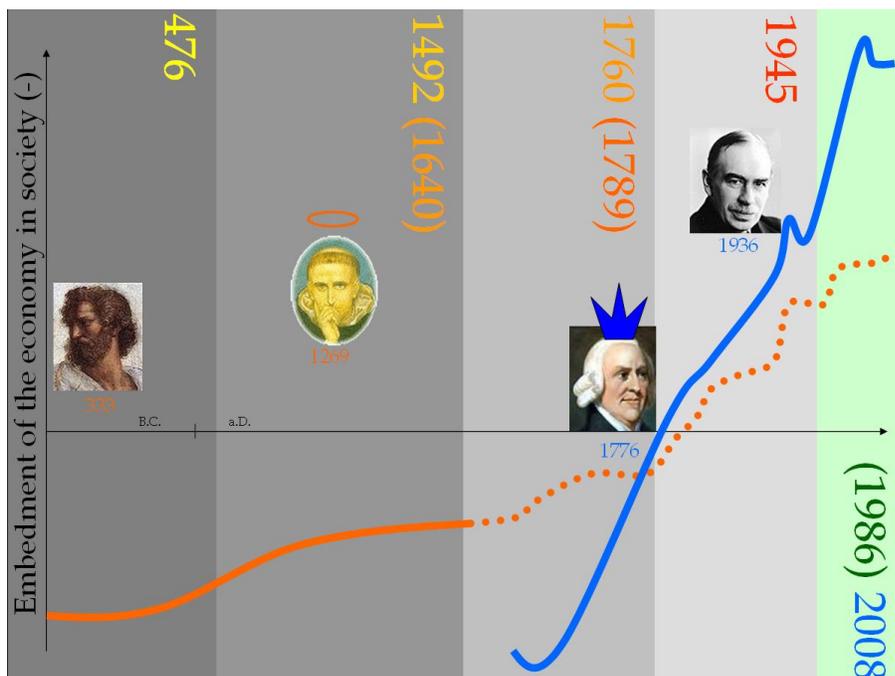
A country's economic growth may be defined as a long-term rise in capacity to supply increasingly diverse economic goods to its population, this growing capacity based on advancing technology and the institutional and ideological adjustments that it demands. (Kuznets, 1971)

He thought that economic growth causes multiple problems, but also generate the tools to solve these problems. Noone has ever<sup>27</sup> disputed, that total benefits are much higher than total disadvantages. Kuznets made frequent efforts to encourage developing countries to play the great game of economic growth, and follow the evidently winning development path of Western democracies. This must be done on a very solid and supportive ideological basis, which helps to progress technology, science and most of all economy. Kuznets perceived no limits to growth:

Unless some obstacles intervene, it [economic growth] provides a mechanism for self-sustaining technological advance, to which, given the wide expanse of the universe (relative to mankind on this planet), there are no obvious proximate limits. (Kuznets, 1971)

Illustration 11 is more simple, it shows the major economists of the last four historic ages. The formula

Illustration 11: Historic ages – most influential economists



is simple: utilitarian economists took over the spiritual power from moral economists<sup>28</sup>, after a long-long dominance. They kept their promises made in the 'election period' – of course hand-in-hand with the technical and scientific

*Limits to Growth* report was the development of the world (Limits to Growth) mathematical simulation, industrialization, pollution, they came with the conclusion industrial civilization will cease. The book published by Donella Meadows translated into 30 languages, the birth of the explicit

Illustration 12: Is Marxism moral or utilitarian economics? Third road, which we know to where leads or the other side of the horse



innovators. Our world has experienced an unseen material progress in the last two centuries, and with this many blessings, of which peace could be the most important.

Utilitarian economics was worth of the trust and legitimacy put in it, deep moral and economic depression similar to the one John Law triggered has not occurred till 1929-1932.

Still, *Karl Marx* and his followers presented the ever greatest challenge to capitalism, which is indicated on Illustration 12 with the year 1848, when the Communist Manifesto was originally published. We do not deal with Marxism since the libraries of supportive

and condemning literature, with the exception of one question: is Marxist political economics of utilitarian or moral nature? In my opinion the movement – despite of its theoretical idealism – does not possess the greatest virtue of capitalism: individual freedom. However, it also significantly differs from the more human-faced moral economics, because it overemphasizes the public good (as specified by a few individuals of totalitarian power). So it falls from the extremity of individualism to the other extreme, we can say to the sin of collectivism.

So Marxism is a third path, which had a chance to prove its viability (better say diebilty), as communism had not less the 100 millions victims, according to modern research (Courtois 1997). On illustration 12 Marxism, socialism and communism is indicated of a graph of a third color, we do not name or deal with its dictators here.

There exists, however, another moral challenge of capitalism, which is a half-century later and non-violent. It is the Social Teaching of the (Roman Catholic) Church<sup>29</sup>. It starts from the very same legitimacy calamity, the unjust and unsustainable exploitation of the workers, and its first document is the document *Rerum novarum* by pope Leo XIII in 1891. It might sound odd, but I consider CST as the most consistent and deepest economic school of thoughts. There<sup>30</sup> one genius scholar makes his contribution, lays down a landmark and finds followers, but then the next school disputes the logic and the findings of the previous, this dialectics makes the progress of the dynamic economic science. Here every pope and synod knows that – in the formulation of Isaac Newton<sup>31</sup> – they stand on the “shoulders of giants”: they regard and appreciate the previous documents, repeat and think them further, trying to answer the most pressing contemporary questions.

The Catholic Social Teaching brought unusual subjects to the public debate already at the end of the 19<sup>th</sup> century, which in the meanwhile have become not only morally self-explanatory, but legally binding. Such instances are the minimum wage, the right to organize, and recreation time. The CST documents give the most complex and deepest analysis of private ownership, work and material growth serving human betterment (dignity) and ecology (in their terminology protection of the creation). There is a detailed literature on the 15

<sup>29</sup> Hereafter we will use the official expression CST, standing for *Catholic Social Thought* or *Catholic Social Teaching*.

<sup>30</sup> “There” means mainstream economics, especially the utilitarian branch. But the statement is also true for laic moral economic schools like ecological economics, even for the younger, less concise and coherent economic teaching of Islam.

<sup>31</sup> „If I have seen further it is by standing on ye sholders of Giants.” Letter to Robert Hooke (5 February 1675)

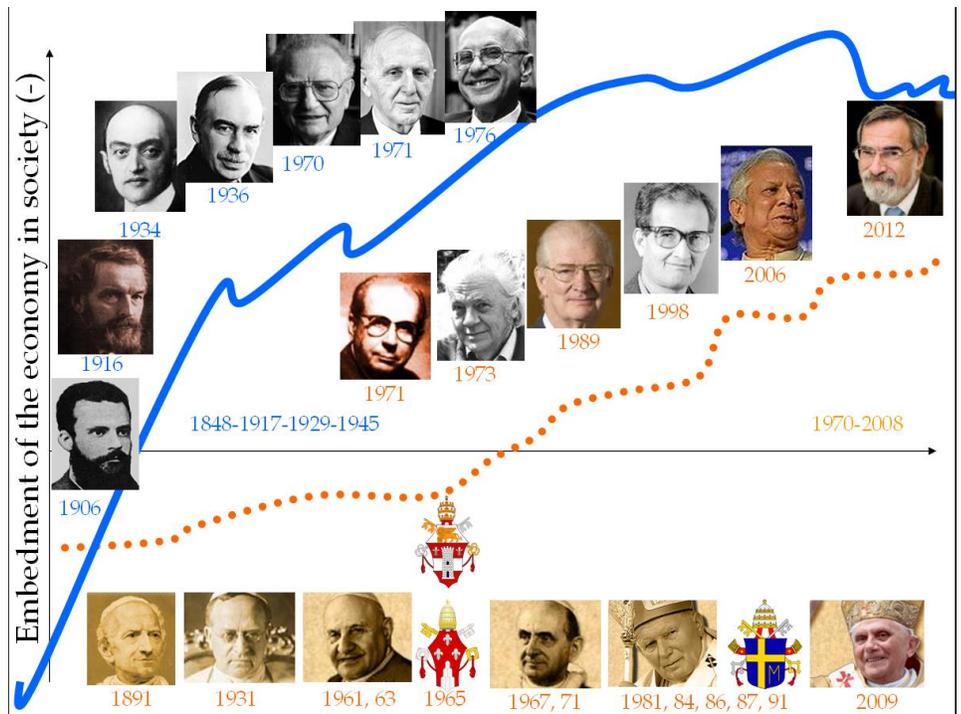
documents extending to 700 pages, which is available in many languages. Instead of further examination, let us site two paragraphs from the 1931 document, *Quadragesimo anno*:

Free competition has destroyed itself; economic dictatorship has supplanted the free market; unbridled ambition for power has likewise succeeded greed for gain; all economic life has become tragically hard, inexorable, and cruel. To these are to be added the grave evils that have resulted from an intermingling and shameful confusion of the functions and duties of public authority with those of the economic sphere - such as, one of the worst, the virtual degradation of the majesty of the State, which although it ought to sit on high like a queen and supreme arbitress, free from all partiality and intent upon the one common good and justice, is become a slave, surrendered and delivered to the passions and greed of men. (QA 109) ... for dead matter comes forth from the factory ennobled, while men there are corrupted and degraded. (QA 135)

On the other side of the coin we have to tell that at least 40 per cent of CST is social, political, and of course religious-moral teaching, in other words it does not relate to economics directly. So CST cannot be understood as an economic school or consistent theory, in its contemporary form. But it can be developed to an economic school, of course not in itself, but in relation with the other mentioned schools of moral economics.

On Illustration 14 we see Catholic<sup>32</sup> Social Thought in the bottom, other harmonizing religious and lay moral economic schools in the middle. Examples are Buddhist economics (*Ernst Friedrich Schumacher* 1973), environmental and ecological economics (*Nicholas Georgescu-Roegen* 1971, *Herman Daly* 1989), or Nobel-laurate scientists from the Indian subcontinent (*Amartya Sen* 1998, *Mubammad Yunus* 2006) dealing with the economics of the poor and desolate, to name only a few. At the end of this part we can summarize the major differences between utilitarian and moral thinking with a table from the doctoral thesis of Laura Baritz.

Illustration 14: i) Utilitarian economists and their challengers ii) alternative schools of economics and iii) the Catholic Social Teaching



<sup>32</sup> Which we consider the most elaborated from the economic teachings of the Christian churches, and which is basically similar to the practice of other established Christian religions. See also Christian socialism.

**Illustration 15: The difference between the relationships of utilitarian and moral economics**

	Utility centered paradigm	Virtue ethical paradigm
<b>Good</b>	Subjective, utility, hedonistic	Objective, goal oriented, hierarchical, rational
<b>Self</b>	Possessing, individuuum, I – IT	Being, fulfillment, person, I – YOU
<b>Happiness</b>	Hêdoné, static	Eudaimonia, dynamic
<b>Virtue</b>	Power, possession, exorbitance	Skill for doing good
<b>Self-interest</b>	Subjectivist: following apparent self-interest	Objectivist: following real self-interest

Source: Baritz Laura [2012]

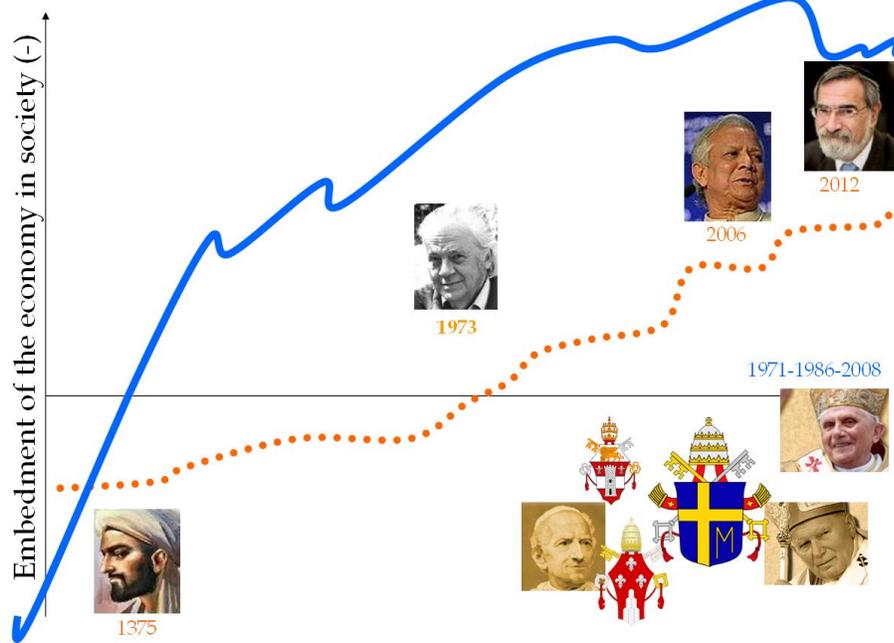
**THE NEW PARADIGM: ECUMENIC, INTER-RELIGIOUS OR EVEN MORE?**

In the third part of the article we try to define the solid fundamentals of the paradigm shift, which is desired by many. The answer seems to be obvious; if the basic assumption is weak or false, let us support or change that! Indeed, we have seen many trials to change the image of *homo oeconomicus* (*homo oecologicus*, *homo sociologicus*, *homo reciprocans*, *homo humanus*). These normally try to substitute the egoist motive of man with some altruistic drive, e.g. social relationship and embeddedness, love or force of nature, etc. Although the idea is not bad, in my opinion it is a bit weak, at least for two reasons. First: speaking in a parallel, it is not possible to lay new foundations for a house via lifting the building, change the base and put the house back to its original position. Second: it is not the case that the self-interest motive is an absolute bad and altruism is absolute good. The point is that we reduced our operative image of man to one-dimensional,

and built our whole modern development on this one-dimensional assumption.

The approach of moral economics is more complex, on this basis we are closer to a value system, which leads us further to real and sustainable development. To understand this, we have to admit what *János Sebye* calls *altruistic self-interest* and what was the basis of moral ethics of Thomas Aquinas: *objective utility*. In the long term it is good to me what is good to the community, and the marginal happiness brought about by the accumulation of money and material goods is shrinking. But this element cannot be

*Illustration 16: Religious schools of moral economics*



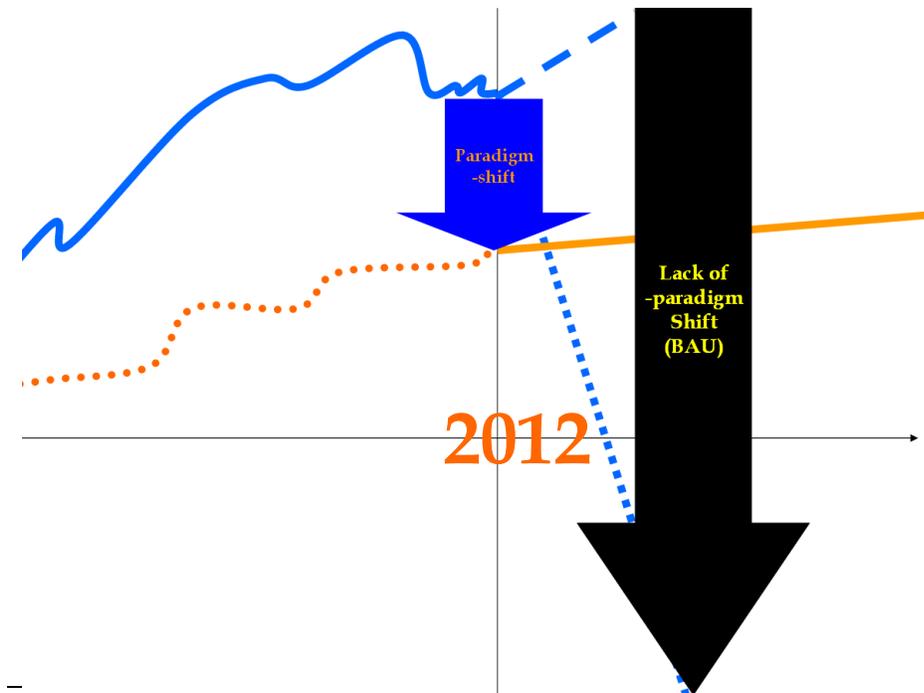
considered independently from its context having evolved for millennia, as there were the world religions, which drew this central conclusion, partly due to long and hard philosophical work, partly through the annunciation.

On Illustration 16 we see again the religious schools of economic thought, but a new element is also added. With this we refer to the lecture of *Jonathan Sacks*, chief rabbi of the British Commonwealth<sup>33</sup>. The Jewish religious leader emphasized that market economy could only take root and prosper in medieval Europe defined by Christianity. Religion was its moral basis, and also set limits to the logic of the market. In his opinion despite of historical clashes, today the two camps are believer Jews and Christians on one side, and powers more and more aggressively secularizing societies on the other. He asserts:

Christianity has survived for two thousand years, and Judaism for twice as long as that. The Judeo-Christian heritage is the only system known to me capable of defeating the law of entropy that says all systems lose energy over time. Stabilising the Euro is one thing, healing the culture that surrounds it is another. A world in which material values are everything and spiritual values nothing is neither a stable state nor a good society. The time has come for us to recover the Judeo-Christian ethic of human dignity in the image of God. When Europe recovers its soul, it will recover its wealth-creating energies. But first it must remember: humanity was not created to serve markets. Markets were created to serve humankind.

I would go one step further and answer three yes to the question in the title of this part. In other words the new economic paradigm does not only need to create unity within Chritianity (ecumenism), but could also set a moral-economic basis all monotheist religions could rest (interfaith dialogue). What is even more, all good-intended and responsible thinkers should work on this common ground (economics of sustainability). The powers of alternative science and religion might together be strong enough for the long-sought paradigm shift. But is it not only wishfull thinking? Would it be really possible to set a common moral economic ground, despite of different background, without loosing the essential diversity? I do think it is possible, at the level of economic teaching. The name of God, the imagination of heaven on Earth and beyond might differ, but responsibility for the future, for nature, for the poor, self-restraint and other values build a very solid and elaborate common dominator. What is even more important to build a robust consensus

*Illustration 17: Changing paradigm is a big task – failing it even bigger!*



is that without active and unified action, our most sacred human and religious values will erode soon, as well as the future of our children.

According to Illustration 17, which concentrates on the current year, utilitarian economics tend to win, as it has constantly increased its edge since the late 18<sup>th</sup> century.

<sup>33</sup> Jonathan Sacks, Chief Rabbi of the United Hebrew Congregations of the Commonwealth. Article available at CatholicEducation.org: Chief Rabbi Lord Sacks. "Has Europe lost its soul?" address given at the Pontifical Gregorian University (Rome, December 12, 2012).

But if we look at the future, trends could easily turn to their reverse. More precisely three scenarios are probable:

### 1. Catastrophe scenario

All forecasts include this sinister scenario, which is characterized by Zsolt Hetesi, as “the future – which actually will not exist”. On Illustration 16 it is symbolized by a dotted blue curve – diving rapidly. Symptoms are global climate and resource crisis (Worldwatch Institute, Al Gore, IPPC), large scale migration or even invasion to secure land, wars for water and other very basic resources. The fundamental reason for the catastrophe scenario is overconsumption (in some opinions overpopulation), which causes dramatic decline of the “common pastures”<sup>34</sup>, which in turn kicks back directly to humanity. In this possible future forcing economic growth further pushes over the balance of nature, developed world economy collapses in its current form, leading to serious humanitarian tragedies.

The large multinational corporations playing on global markets lose their basis of existence in a minute. Remote raw material and energy supplies become unreliable or stop completely, luxury consumption dramatically falls back, stock exchanges and banks close down. Spillover effects paralyze the well functioning system. If we are optimistic, we can envision this scenario not only as a sudden and overall cataclysm – where economy as such ceases to exist – but as wave of clashes, where conditions are normalized and a new, lower balance is reached. In this case those smaller companies will be winners, which are producing basic goods for the region they operate.

### 2. Continued globalization

The data discussed at the beginning of this article might mislead us into a wrong diagnosis, and although the common pasture is full, human invention might solve problems. In this flawless scenario technological development (efficiency and substitutability), and market mechanisms are able to keep up rising yields, we are able to continuously increase the supply of the common pasture. This option is depicted with a dashed blue line, foreseeing ongoing and rapid growth.

Despite the historic consensus, in the last decades fewer and fewer believe in this scenario – still, economies are functioning in this spirit. The European Union strives to be a knowledge based economy, the most competitive region in the world. China is willing to mass produce at incredibly low cost level, if they can come up to the club of the top economic players. USA’s resistance to climate change policies is well-known. Economic growth is still an untouchable sacred cow, restricting consumption or making efforts for even and just distribution are not even in question. We want to tackle climate change with pure technological and market mechanisms, fashionable topics are CO<sub>2</sub> sequestration, trading emission rights, hybrid cars, biomass utilization. Energy efficiency has become a buzzword. Few have a look at graph of total energy consumption, which alas seems not to know the *decoupling* theory and tends to grow steadily.

According to this scenario the electric circuit works this way as well, that is developed countries can reach the state of decoupling, where they can be richer and not to burden the environment any more, and this continuously increases the happiness of the members of the society, despite of the Easterlin-paradox.

### 3. Renaissance of localization

According to the third scenario the airplane will not collapse, but it is also unable to continue flying high. It lands in order on an island, so that passengers have time to think during they relax. Big companies clearly reach less profit than in the current status quo, as their markets shrink and become local. They might lose some benefits of the economies of scale, and even in case they can keep up their current size, local units have to give local solutions to local markets, and dramatically increase their autonomy. This means that in the production sphere less machines and more people work, corporations will think again

<sup>34</sup> Reference to the famous article by Garret Hardin in 1972, referring to the article of William Foster Lloyd from 1833, describing the dilemma of limited common pastures and unlimited increase in consumption of cows.

more in terms of work and cooperation, and less in terms of profit and shareholders. A higher proportion of the big actors' profit will stay at the discretion of the local daughter companies. The energies extricated will be utilized by small companies and individual entrepreneurs. Those who were gradually more and more out of the global supply chain, will gain markets again. This scenario, which is depicted as an orange continuous line on Illustration 16, promises moderate and slow growth, but safe development.

Every normal person wants to avoid the catastrophe scenario, it is simply not worthwhile to believe in it, it is identical to resigning from our future. Excluding hope is detrimental, it does not match our belief of human freedom to act. At the practical level it paralyses positive action and results in apathy. Less and less people believe in continued globalization, the warning signs are so obvious. Our current development avenue is bushed with ecological disasters and adverse global distress. Social crisis symptoms are less visible, but also even statistically obvious (less marriages, declining number of children, aging population). Finally, the system does not seem to have the capacities to solve the economic crisis. We can conclude that the localization scenario is the only realistic alternative, which might promise a less quickly modernizing and glossy future than continued globalization, but an alternative we can believe in and struggle for.

The most pressing question here is whether this ecumenic-economic paradigm shift is a realistic scenario, or merely wishful thinking. Can we realistically expect utilitarian economics loosing domination and the renaissance of moral economics? It is sure that we have to count with the most extraordinary change of our material world and value system within decades. However, we do not know if the material collapse induces a new value system, or the values shift will be able to generate a modest non-material development. On Illustration 16 we show that a conscious paradigm shift is a big challenge, but it will result in smaller decline of our welfare and a possible rise in our well-being. A much larger decline is foreseen if we force the globalization scenario further and reach the point of the catastrophe. It is of vital importance, that we first decide which scenario we find feasible, and not to react to the situations afterwards. Listing the proliferation of initiatives of local economies and the escalation of localization would overburden this article, but there are more and more. On the other hand we could list instances showing that the way of thinking have not changed, even not since 2008. In this interdependent world of today we have to act not only smart and cunning, but also wise. In other words our individual actions have to serve the common good, if we only follow our individual interest in a smart way, that might even lead us further to unsustainability. Once again: the common good is identical with the localization scenario, which is only possible through a value-shift, getting rid of economism.

In the closing part of the paper we try to find an answer to the question in the title, namely how to call the new theory<sup>35</sup>. We can summarize what we know of the new scientific theory. It:

1. Should be in an economic theory.
2. Must not result in significant downturn, but should not make unrealistic promises.
3. Cannot be told in a religious language,
4. But must harmonize with major religions.
5. Must harmonize with natural law (in narrower terms with ecology, biology and ethology).
6. Must „pack a punch“, should be well-established, integrative, understandable.
7. Must be simple, just, effective, shortly: beautiful!

The economics promising sustainable development can be defined as this: **economics** is the proper management of resources, which can be extended by technology and market, but are ultimately limited, to serve persons and their communities. To accomplish that, we must take into consideration the material-spiritual needs of at least the seven coming generations, and to let living space and chance for other species, worthy of their nature.

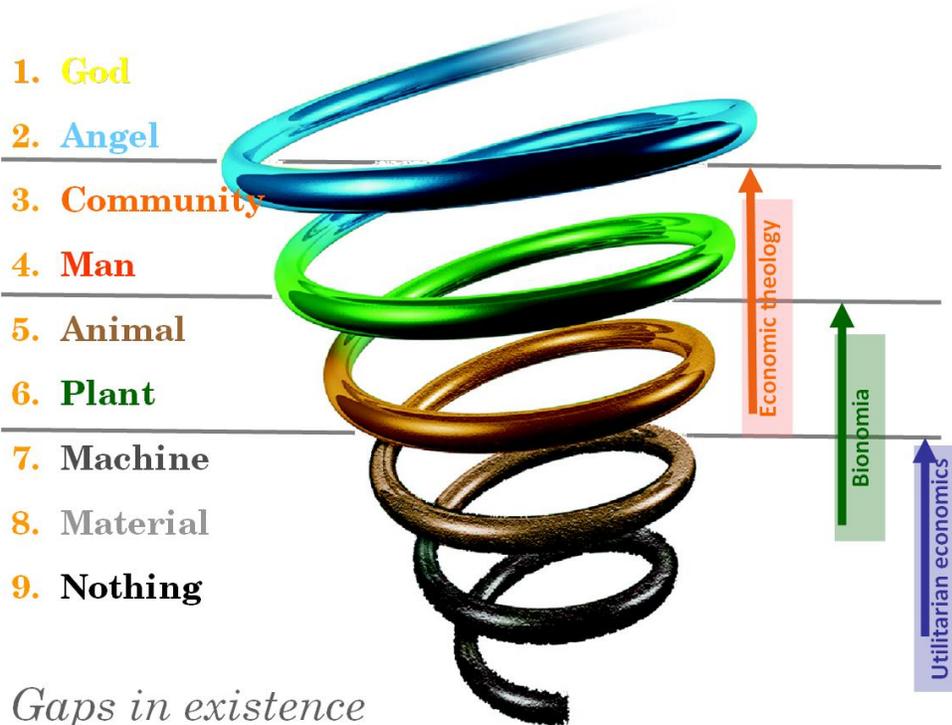
It might be disappointing that we do not get further than coining a name and defining the new economic theory. But the name also outlines the direction: while the old (utilitarian) economics aims at saving and rationality, the new theory is based on the necessary minimum and the belief of wisdom beyond rationality.

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<sup>35</sup> I do not use the term paradigm here, although paradigm shift is the goal. I think, however, that we cannot make a paradigm shift with articles or movements. Nevertheless, it is possible to work out a scientific theory, which people hold true and can believe, and in the spirit of the new theory they change the paradigm themselves.

The one dimensional economic theory (concentrating on material growth) can be exceeded in two steps. First we can learn principles and programs from nature, which are free from unsustainability. This we call bionomy. **Bionomy** is a new kind of *economic theory*, which is based on the thorough study of the laws of life, with the

*Illustration 18: Theoretical clarification of name and focus of the new paradigm*



primary objective of serving life, especially human communities.

Second we must overpass tangibility and positivism, to aim at the supernatural, setting a uniform goal to the economy. This we call economic theology.

**Economic theology** is an *economic philosophy* from the school of moral economics, which considers material goods as a means to advance towards

God, to human improvement, which embraces the economic teaching of world religions, alternative schools of economics and sustainable development science.

Many questions arise: why do we need two new theories instead of one, why do we need a theory building on God, in an age when religion is regarded a most private matter, while economic development is the most accepted public matter? I would like to answer these with the last illustration. Utilitarian economics built an economy at the image of a machine, which had been a proper approach, when the sole task of the economy was to increase its production. With bionomy we attempt to learn from the wisdom we find in nature, and we may expect excellent outcomes: to grow while necessary, and to stop when needless. But to build solely on the “wisdom of nature” is problematic twofold. First it is hard to learn from someone or something, acting in an unconscious way. We cannot ask trees why they grow less and less, and why they concentrate on bringing fruits after a while. Why don't they do it continuously, why do they obey the cycles good and bad times, seasonality. The wisdom of nature is blind, it cannot be researched beyond its mechanisms. It also assumes a creator, who planted wisdom into the unconscious. The second reason is that with bionomy we would still imitate a pattern in our economic communities, which is inferior to us. Because in the hierarchy of the existent, plants and even more animals are superior to machines, which can be repaired and substituted, but are inferior to humans.

In a good community, in some mysterious manner man transcends himself towards God, and this is very true for institutions established by God, such as marriage or family. But it must also be true for working communities, which must finally target at the elevation of the human person, and producing goods or making profit is only instrumental to that. I would like to contribute to the conscious dissemination of sustainable economics with this less elaborate but hopefully thought-provoking article.

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**Pope Benedict XVI**, aged 85, on 11 February 2013, has officially resigned. From 28 February 2013, at 20:00 hours, the See of Rome, the See of Saint Peter became vacant. The Pontific announced, that "I will simply be a pilgrim who is starting the last phase of his pilgrimage on this earth." The nearly eight-year long pontificate has ended with a remarkable resignation. After staying the steering wheel of the boat of Saint Peter with more than 1.2 billion Roman Catholics worldwide he accepted the fact that his physical health has deteriorated to the point where he cannot continue to carry on the heavy responsibilities of leading the Church. Benedict called his decision as of great importance for the life of the church.

The Pope is not a political figure in a classic sense, however what he believes, thinks and says impacts on politics all over the world. This is one of the reasons why the Vatican has an „Observer Status” at the United Nations and embassies in many countries. The Holy Father is the highest intellectual person and his views are beaming like a Pharos – lighthouse – over the heavy sea and the world politics as well.



Lighning struck the Saint Peter's dome  
Vatican ©

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## **WORKING IN WHITESPACE, SPIRITUALITY AND DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP**

### **ABSTRACT**

This paper explores the role of education in relation to spirituality in business. It questions if spirituality can make a contribution to the development of social entrepreneurship, leading to social innovation. It defines social entrepreneurship and describes how new business models emerge, as new social imaginaries (Charles Taylor) about entrepreneurship. Whitespace is introduced, a concept in art that points at the white in text or image. This white seems empty but is at the same hand an important aspect of the work of art that creates meaning. A specific case, a five day training of Belieforama (a European program for adult education on issues of religion and belief) is described and explored using the metaphor of whitespace, both as a method and a container for this exploration. It concludes stating that education can play an important role for the development of social entrepreneurship, giving some recommendations. It requires a different approach, where learning is an ongoing circular process.

**Keywords:** social entrepreneurship, education, social innovation, whitespace, social imaginaries and spirituality

**JEL codes:** J24, L26, A2, A13

*I live my life in growing circles  
which ring out over the things around me.  
Perhaps I'll never finish the last,  
but that's what I'm going to try.*

Rainer Maria Rilke, Stundenbuch <sup>1</sup>

### **WORKING IN WHITESPACE.**

#### **Spirituality and development of social entrepreneurship**

The SPES forum aims to address the question how spirituality can be opened up as a vital source in social and economic life. This paper wants to make a contribution to this conversation by opening the question how spirituality in education can inspire the development of social entrepreneurship in a meaningful way, and how this may lead to social innovation. In view of the nature of this text 'essay' may be a better word for this effort to develop new concepts in this field, while connecting academic reflection and practical experience.

Can spirituality in non-formal adult education create space for the development of social entrepreneurship, and if so, what about the how?

I will introduce a case, a project that aims to develop social entrepreneurship: Belieforama, a European Community of Practice (CoP) for adult education. This CoP wants to address the complex societal issue of religious diversity through adult education. It does so by means of development of educational material and train-the-trainer courses and based upon its own quality framework and expertise within the field. ([www.belieforama.eu](http://www.belieforama.eu))

This effort to develop new didactic approaches needs new language, both as a method for exploration and as a description. Whitespace is a well known concept in art and literature; the white within the image or text that seems to be empty or the white lines between the lines of a poem. Although it seems empty, at the same time this white is a meaningful element of the image or text. It is an emptiness that is filled with meaning.<sup>2</sup> This metaphor will function both as a open, meaningful image for further exploration and as a

container for the outcomes of this paper.

## WHY SOCIAL ENTREPRENEURSHIP?

We live in a world that describes itself by the story of a market; there is an exchange of goods or services for a certain price, aiming to earn a profit in money. The hero in this story is the entrepreneur, an autonomous independent person, who is calculating risks and aiming at optimal profit. Entrepreneurship refers to the quality of an entrepreneur: an enterprising individual who builds capital through risk and/or initiative.

This image is not only prevalent in economic life, but also in other spheres of our society: in social life, in care and education, and even in personal relationships. It sounds like a huge generalization, a cliché even. But clichés often show strong social convictions. They are an ‘implicit understanding’, says Charles Taylor. A *social imaginary*, in his words, contains concepts that enable us to develop images on “the way people imagine their social existence, how they fit together with others, how things go on between them and their fellows, the expectations that are normally met, and the deeper normative notions and notions that underlie these expectations”.<sup>3</sup>

Another social imaginary of entrepreneurship seems to be emerging in the past decade. This image is rooted in much older examples in history, but in a new way. Social entrepreneurship is about recognizing a social problem and using entrepreneurial principles to organize, create and manage a venture to make a social change. A social entrepreneur aims to create social capital, generating value in meaningful social relationships on all levels of society. The social entrepreneur acknowledges his or her dependence on others. The starting point is interdependence instead of independence of the actors. A social entrepreneur focuses on creating social capital, on creating a team of individuals and organizations that share the same goal: further social and environmental goals. This form of entrepreneurship aims at the creation of added value in society by building meaningful social relationships, both on an individual and an organizational level.<sup>4</sup> The social entrepreneur usually seeks to make a profit that can be used to improve the venture and underpin the social and entrepreneurial goals.

Gerard is a social entrepreneur. He is a director of an organization that provides housing facilities for the elderly. He initiated the production of a book for children-caretakers of their elderly parents by building a team of sponsors and a team of researchers and writers.<sup>5</sup> His story shows that the social entrepreneur doesn’t have to be a business person.

*I started about two and a half years ago when my organization did an assessment of our relationship with “clients” (elderly people living in our homes getting care from us while living at home). Our consultant advised us to have interviews with those clients. We observed that the children of those clients were playing a surprisingly important role for them. I felt that I had to take some action based on this observation: it is important to focus also on the system around the client: how about the children?*

*A year ago this observation touched me again in a more personal way, when my mother (recently being widowed) said to me: “Now you must be thinking ‘what will we do with mother for Christmas?’” It made me more aware of my personal drives and the role my organization plays in a societal, public issue.*

This social entrepreneur is an autonomous person, but he is showing a *deepened* autonomy, an autonomy that constantly is recognizing the fact that he is living in a dynamic of interdependence, both on a professional and a personal, existential level.<sup>6</sup>

## DEVELOPING NEW BUSINESS MODELS

The development of new social imaginaries of social entrepreneurship requires the development of new business models, emerging from a practice of entrepreneurship based on deepened autonomy. There is a need for experimenting, to develop new thinking.

In the Netherlands, several universities are doing research in this field. One of them is the University of Nijmegen, where Jan Jonker, wrote an exploration paper on examples of new models, based upon qualitative interviews and research in the field.

His paper shows that all practices mention the importance of *cooperation* as a central principle; it is about the art of creating new forms of cooperation. This is important because social entrepreneurship requires

the ability to create *crossovers* between different worlds: profit, non-profit, education, voluntary work etc. The new business models show forms of *community building* around a product or service. The enterprise addresses *multiple balanced values*: nature, care, attention, money. Money isn't only *means of exchange*; it can also be time, energy, care. Sometimes, there are alternatives for money like points, LET's, local coins. Often, the added *value is shared* with participants. This is consistent with a philosophy that means of production are not owned, but shared, where use is being paid, not property. It is economic practice that is *based on needs and utilization*. Reliability in the relationship between business partners is more important, there is a focus towards *commitment for the long run*.

## **CAN SPIRITUALITY MAKE A CONTRIBUTION TO THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP?**

SPES forum defines spirituality as *the multiform search for a transcendent or deep meaning of life that connects people to each other and brings them in touch with God or 'Ultimate Reality'*. *Within this definition there is room for differing views, for spiritualities with and without God and for an ethics of dialogue or 'active pluralism'* (www.eurospes.be). This definition resonates with the description of secularity in the third sense as Charles Taylor describes this in a Secular Age. He expands the understanding of secularity in the first or second sense, the disappearance of God from public space or personal life. We live in a secular age where "Faith, even for the staunchest believer, is *one human possibility* among others".<sup>8</sup> In line with Taylor's own work, one might say that he is describing an emerging new social imaginary: a secularity in which there exist different approaches from man what it is to believe and to investigate the fullness of life through meaningful experiences.

This approach starts from the perspective of the inner world of human beings and opens up to a rich, but complex approach of spiritual life today. For every human being, spiritual life is complex and diverse. It is only partly visible from the outside and more often it is not, not even for the person itself. This secularity is not about the question: are you a believer and what do you believe? As if these are established, well-defined labels to begin with. People often explore during their lives (even at one and the same time) a wide range of beliefs in the quest for the fullness of life. Life may become richer this way, allowing personal freedom, but it also becomes more confusing. One constantly needs to position oneself in the complexity of spiritual and moral space in order to discern what is best to do.

In this condition, people need to belong to groups with shared views on spiritual life and to develop new horizons of value. Often, the belonging to a group with a shared view or doctrine, practice, rules and community, a group with a social imaginary is missing. The less shared experience there is, the harder.

The confrontation with the complexity of this situation urges to slow down. This is in itself an ethical move, as complexity thinker Paul Cilliers so eloquently shows in his article "On the importance of a certain slowness". Acknowledging the fact that "I am in trouble", as he puts it, is an ethical choice, to begin with. Or, to put it differently in the words of the definition of SPES forum: slowing down when in trouble of a complex situation is a practice of active pluralism. Making this movement enables participants in a conversation to see each human being in its own right, to read the 'subtle languages' of each one's identity.

## **DEVELOPING NEW SOCIAL IMAGINARIES; REFLECTIONS ON A PRACTICE.**

The context of training in a group may create an opportunity to build new horizons of spirituality and ethics for business and professional life. Starting with an active, involved attitude, participants create a common space (whitespace). Based on a growing awareness of the inner world, there is room to postpone judgment and confront issues, which creates room that can lead to social innovation.

The European project Belieforama is an example of 'active pluralism' in the sense of the SPES-definition. CEJI, a Brussels based NGO (A Jewish organization working towards an inclusive Europe) initiated this project, a network of European partners. (www.ceji.org) It started as an EU Gruntvig program (funding for life-long-learning programs), and there were several consecutive projects since 2006. Belieforama's core philosophy: non-formal education for adults can make a significant contribution to societal change. If human beings are more aware of their personal beliefs and convictions, more able to resolve possible conflict with others, they can make a more meaningful contribution on this issue in their personal sphere of life and work. This is the basis of the pedagogical and didactic flow of the course, which is built upon five developmental stages. It builds an environment for experiential learning, building a safe foundation

to explore one's own identity, for examining and confronting issues. The goal: education leading to higher self-awareness will lead to a bigger ability to deal with conflicts on issues of religious diversity, in a non-violent way.

I will explore this a bit further making reflections on a 5-day training "Religious Diversity and anti-discrimination", in December 2011. My German colleague Nina Mühe and I facilitated a 5-day training course with a group of mixed nationalities, (Spanish, German, Belgian, Dutch, English, Danish) beliefs, (Christian, agnostic, Muslim, Humanist, Buddhist, atheist) professions (education, training, consultancy, academic world) and ages (20 to 60). We were kindly hosted by the Spanish partner of the project, ICA, in Madrid. Given the amount of diversity and professional experience within the group, Nina and I decided that we would act as facilitators of peers, which means: taking seriously what participants bring to the floor, giving them the opportunity to steer their own learning process, empowering them to develop themselves in their role as social agents in their own personal and professional life. Our main focus was to build a clear structure for the process, allowing space for exploration by the participants.

First stage: *Building the foundations*. It is only in a psychological safe environment that participants can share thoughts and feelings on existential and spiritual issues that are very intimate to them and (even more important) confront each other in a constructive way. Facilitation of a space to talk about your hopes and fears when starting a course like this enables people to voice their personal needs. Especially the movement of slowing down, switching to another rhythm of action and conversation, is essential

In this group, one of the participants suggested to start each day with a moment of silence. Question was: does the silence feel comfortable to both religious and non-religious? We agreed to explore it by doing it, leaving it open whether we should continue to do it. As it turned out, everyone felt very comfortable with those few minutes of silence each morning.

The second phase, *Identity*, enables participants to reflect upon their own identity: where do I come from, what makes me tick? One of the activities in this stage was a simple questionnaire on *Head, hands and heart*: which qualities and questions do I bring to this training, what do I want to learn? It was fascinating to listen in to the conversations on this subject, because they show what is often not taken into account: reflection upon personal beliefs (religious or non-religious) reveals a complex and rich inner panorama although it is sometimes a quest to find words for it. We took our time, which turned out to be worthwhile, because this created an atmosphere of respectful dialogue, which enabled us to enter a next stage of raising cultural awareness; exploring and sharing about daily life practices on religion and belief.

Then we entered the phase where we started challenging politically correct behavior: *Examining issues*. Being respectful and willing to start a dialogue is one thing, but what to do when things get really difficult? For instance: where do I stand, taking position on a contentious statement? What do you do when you literally have to take position on issues that touch your deepest convictions? Because of the foundation that was built by the group, participants were able to reflect on a meta-level upon their personal choices, doubts and emotions after the activity.

This reflection was even more important in the next stage of *Confronting the issues*, where we did a role-play of a little community that had to deal with the issue of a new school, initiated by an external funder. This role-play, a living enactment of the complexity of the issues, "hit participants in the face". They truly experienced the 'trouble' of the complexity of the subject. They were forced to make difficult choices, experienced mixed emotions in action. And of course, afterwards, they had the burning need for analyzing and solving the problems.

Listening to the group after the role play, we as facilitators didn't want to leave the anxiety of the moment too quickly. This would miss the point and an important opportunity to learn, when we would switch to analyzing and problem solving too quickly. To us, this also was a professional challenge. We decided to improvise in the last phase: *Social action*.

We addressed the fact that everyone brought their own talents, experience and emotional involvement to the floor in the exercise. We invited the participants to look at the situation of the role-play, visualized on the sticky wall on little pieces of paper, each describing elements of the situation. We asked them to consider:

How would **I** be an effective and efficient social agent in this situation, accepting what **I** can and can not do? We invited them to go back to what they had written in the exercise on *Head, hands, heart* exercise, earlier in the week. This led to an insightful conversation which didn't reduce the complexity of the situation, but addressed the question: what would **I** do in this situation? There lies the best starting point for social action.

In their evaluations, participants made clear that the training course had been both informative and inspiring, and that they felt empowered to work on those issues in their working environment.

## WORKING IN WHITESPACE; AN EARNEST PLAYGROUND

I want to conclude with some observations about meaningful aspects for training for development of social entrepreneurship.

Playful elements were essential in this training process: brief intermissions with energizers, spontaneous song or reading poetry, making jokes about practical things that went wrong (as they always do, working with an international group in a foreign city). And of course: free time, an afternoon with no program, enabling participants to digest their experiences in the way that suited them best and build new networks among them.

One can choose many positions, but are you able to postpone judgment and are you able to you play with the choices that you can make? It made this training like a playground, but an earnest one.

When people reveal themselves in speech as they did in this training, the relation with the other is of essential importance. Halsema introduces the notion of horizontal transcendence, of *“transcending oneself and the other in dialogue”*. Only if I can admit that I am not omnipotent and omniscient, but that something, or rather someone is not to be managed, then I can respect this person in his or her own right. The conversation that focuses reflection on what is important in mutual coexistence, namely the different thoughts about what is just, what a good and proper relationship with others should be and what it means to consider one’s own life to be a good life. It involves articulating a horizon of values that are not fixed.<sup>10</sup>

Baker and Jensen, in cooperation with Kolb (an established thinker about experiential learning) developed some interesting ideas on what they call conversational learning: *“a way of being in conversation and of fostering experiential learning that increases the likelihood of creative learning within conversational spaces - i.e., providing a common ground that is safe and broad enough to invite a deepening engagement with differences”*<sup>11</sup>

They explore five dialectics to describe important conditions for this process: integrated knowing, praxis (a rhythmic process of action and contemplation), a spiral movement around doing and being, intersubjectivity and hospitality. An essential condition for conversational learning is room to stay in the transition phase between order and surprise, room both in time, space and mind. This room is given to you by other human beings. It is, in other words: whitespace.

These are all efforts to develop new didactic approaches, of new language, to describe the process of accommodating space to read the subtle languages of the inner and the outer world, both personally and in a group. Deepened autonomy is the starting point: the inner diversity of each participant mirrors itself to the inner world of the other. It is about bringing ‘active pluralism’ into practice. Most didactic theory and practice is built upon the assumption that learning is a linear process, leading to new knowledge from a starting point of relative ignorance. Maria de Lourdes Pintasilgo brings in another kind of rich image, a dynamic circle:

*“The linear concept of human beings going up the ladder, following the clear-cut pattern of a career, “getting there”, may still be the one where people are always seen in the limelight, public figures once and for all. But, I ask, isn’t there another form of being in history? The spiral evolution of the ziggurat in Mesopotamia (I remember looking endlessly at one near Bagdad) is not the image of another mode of intervention?”*<sup>12</sup>

The practice of active pluralism is about learning in those circles of the ziggurat, rather than a staircase, leading to higher (self) awareness and skill to read emerging existential knowledge and integrate this into action.

How can spirituality in non-formal adult education create space for the development of social entrepreneurship? Building new social imaginaries on spirituality and social entrepreneurship needs to be done in a process of continuous conversation and reflection. It is about developing practices of active pluralism while doing it. In order to go beyond the ‘fat ego’<sup>13</sup> of the independent autonomous human being to the deepened autonomy of interdependence, there needs to be space to open up to existential sources, and to integrate existential and moral knowledge. Doing so is building new social imaginaries; it is building a collective practice<sup>14</sup>.

*The centre is still and silent in the midst of an eternal dance of circles.*

Tagore

**Subscript Notes:**

1 In German:

*Ich lebe mein Leben in wachsenden Ringen,  
die sich über die Dinge ziehn.*

*Ich werde den letzten vielleicht nicht vollbringen,  
aber versuchen will ich ihn.*

2 VAN DIJK, Yrra van, (2006), *Leegte, leegte die ademt*, Nijmegen, Vantilt

3 TAYLOR, Charles, (2004) *Modern social imaginaries*. Durhham: Duke University Press, p. 23

4 ABU SAIFAN, S (2012), *Social entrepreneurship, definition and boundaries*, *Technology Innovation Management Review*, February 2012: 22-27

5 Gerard Schoep, director of ZZWD, housing facilities for the elderly. Interview October 2010 (not published)

Book: Help, mijn moeder wordt oud! [www.helpmijnmoederwordtoud.nl](http://www.helpmijnmoederwordtoud.nl)

6 KUNNEMAN, Harry (2005), *Voorbij het dikke ik*, Amsterdam: HUP/SWP

7 JONKER, Jan ism. Marloes Tap en Tim van Straaten, *New Business Models*, working paper *Duurzaam organiseren*,

<http://www.degroenezaak.com/upload/documents/WP%20Nieuwe%20Business%20Modellen%20Jan%20Jonker%20>,  
retrieved 30-6-2012

8 TAYLOR, Charles, (2010), *Een seculiere tijd*, Rotterdam: Lemiscaat, p. 3

9 CILLIERS, Paul, (2007), *On the importance of a certain slowness*, in: *Worldviews, Science and Us: Philosophy and Complexity*, ed. Carlos Gershenson a.o., Singapore;World Science Press

10 HALSEMA, Annemie, (2007), *Horizontale transcendentie in een multiculturele wereld*, in: *De stille kracht van transcendentie*, Amsterdam: HUP/SWP

11 KOLB, David, BAKER, Ann & JENSEN, Patricia, (2005), *Conversation as experiential learning*, in: *Management Learning*, vol. 36, issue , 411-427

12 PINTASILGO, Maria de Lourdes (1980). *Creative Women in changing societies*. Retirado em março 10, 2009 de <http://www.arquivopintasilgo.pt>.

13 KUNNEMAN, Harry (2005), *Voorbij het dikke ik*, Amsterdam: HUP/SWP

14 See website of interesting project at University of Utrecht: [www.collective-action.info](http://www.collective-action.info)



Auditorium of the SPES Forum in Visegrád

Photo © by Antal Szabó

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**OUR COMMON LIGHT****ABSTRACT**

The ancient culture already knew the relationship between life and light as well as between colour and energy. She draws attention that our common value is the nature. The human being could contemplate the garden. Nature, spirituality and beauty are steaming from the same roots. In her painting metaphors revealing the message which is invisible.

**Keywords:** light and life, colour, the role of colours in nature

**JEL Code:** D60, Z1

**The history of humanity begins in a garden.**

**The garden germinates from an infinitely small seed.**

**This pit contains a wise magic: matter, energy, space and time.**

**“The Dreamtime”... That's what the Aboriginals call the primal blackness, before the Big Bang.**

Certain dreams are audacious and limitless...

The pit swells, explodes, distends itself, giving birth to time.

Stars, galaxies and our solar system organize itself.

The fabulous promise is finally fulfilled when rains of dust of the stars sow the primitive oceans. The pure white energy of the stars impregnates the earth with life, which appears in the form of seaweed. Now, it so happens that this ‘seaweed-mother’ contains in its cells the colours of the rainbow. It is therefore, the atoms forged in the constellations to which we owe colour, which represents the passage to life.

Green was the firstborn: Chlorophyll is a natural green pigment in the plant cells, whose role is essential in the process of photosynthesis. Green arrives long before the fish and the birds because it is the colour of origin.

The ancient cultures already knew the relationship between life and light. Between colours and energy.

We are beings borne of light.

The work of life travelled the mystical intuition of our ancestors, and keeps something impenetrable and intangible, like the art of any genius.

The ancestral knowledge is transmitted through myths and fairy tales, but also through the etymology of words. They illuminate the earth and the story of humanity’s origin and sometimes draw us towards surprising discoveries.

Let us take the word colour. *Color* is a Latin word and its etymology helps us to go back to the source of life. Color is linked to the group: *celare* which means: to hide, to hold secret, to hide from the eyes, from knowledge...

Is it possible that the word colour contains the great secret of the creation of the world and that this mystery is to remain forever inaccessible?

Plants and their colours rooted their energy deep in the tissue of those living on Earth. In the blood of the human slips salt of the sea, our first mother, in our veins flow the shadows of plantlife.

Our common value is nature. Wellspring of light, she centres us again in the cosmos and invites us to seek out and dilate the senses. If we listen long enough, she opens our imagination to spirituality and beauty and can

help us to create a respectful and harmonious humanity.

With the emergence of conscience, the human being could contemplate the garden. The relationship to art and the beauty of the universe is as old as humanity. By associating colours and lining up words, according to astrophysicist Hubert Reeves, humans pursue the creative activity of nature, which she has deployed for 15 billion years.

I remember the first time I saw the tattooed skin of a Maori in New Zealand. The drawings seemed to be inspired from the trunk of a tree fern and could have been interpreted as: "I am the fern, I am the tree; nature is me and I am nature..." So I said to myself: "This Maori man carries with him the Maori signs inscribed in the collective memory, he has traced on his skin the message the ancients already knew: Nature is part of us, it is indelible and I must never forget this! "

Carried by this revelation, I began to explore.

I imagine the pictures of the past that are certainly anchored deep in our bodies, and try to make them reappear through my paintings and my sculptures, like the storyteller. I search how to release what we have not known but what flows in the depths of our souls. The similarities between humans and plants do not expose themselves right away, because the ancestral footprints are hidden under the silent veil of nature. And yet, our knowledge is linked to those little things so close to our eyes. The salt of our tears, memories of a bygone time, the way our palms open and close like flowers, our five fingers and the five points of the star, our veins and the branches of trees, our bones and the stone. Nature inscribes itself in human beings and human beings inscribe themselves into nature.

In the imagery of my work, mysterious divinities are represented through symbols of femininity, that is to say, symbols of fertility and the creative force. They represent the creation of the universe and the forces of life on earth. My goddesses are the center of the world around them, they reign over their respective kingdoms, the plant, the animal, the mineral. All in all, they are the mothers of nature in its entirety, and make me reconnect with the silent traces of the passage of time.

In my painting, metaphors call to one another. I immerse myself in them, revealing the message of the invisible. A foot becomes a root, hair a crown of leaves, arms a vee of branches. I invent tattoos: flowering twigs. Sensual creepers embrace bodies, the yellow sap of grass runs under the skins of their faces. I have always wanted birds to nest in our hair, I paint what it would be like to have sparrows and robins coming to roost in our locks ... I marvel at the divine proportions of shells of snails. Nature, generous and sublime, invades my senses and I become an esthete, all I want is to contemplate this magnificence.

As a child, plants and animals nourished me, they also fed my imagination: the bluetit, the wild orchid, the whale, the grizzly... Inspired so many emotions, still very much alive!

For children to come we have to protect this natural and cultural heritage.

With every species that goes extinct, humanity mutilates its imagination profoundly. With the death of the white bear we lose a piece of our fantasy. With the death of the giant sequoia, we amputate our own freedom...

MacMillan, a 19<sup>th</sup> century American ornithologist, has already alerted the world by writing:

« We must save the condors not only because we need the condors but also because we need to develop the necessary qualities to save them; because these are the qualities that we shall need to save ourselves. »

Corinne Boureau  
23 september 2012  
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## HUNGARIAN MICROFINANCE LEGISLATION PART II. \*

### ABSTRACT

The purpose of this document is to provide a short summary of the legislation currently applicable to the microcrediting sector in Hungary. It also gives a brief outline of how the legislation is put into practice and how it has evolved throughout the times. The document itself does not aim at completeness, i.e. it does not intend to describe the structure and practice of all the organizations defining themselves as 'microfinance' institutions without having a significant social impact. It rather concentrates on the determinant institutions and the practice thereof. However, the legislation presented is considered as standard with regard to all the organizations not mentioned herein.

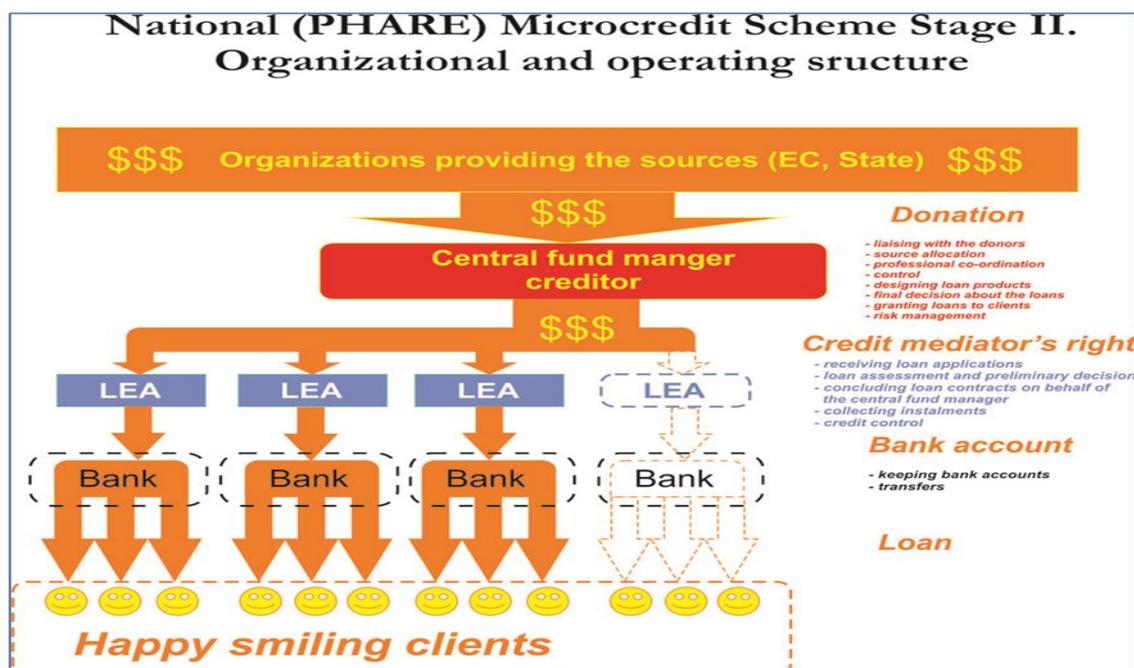
**Keywords:** entrepreneurship, microcrediting, microcredit institutions, microcredit legislation, Hungary

**JEL Code:** G21, G32, L26, O16

## 5. LEGAL ENVIRONMENT AND MICROCREDITING PRACTICE AFTER THE AMENDMENT OF THE LEGISLATION

### 5.1 The organizational and operating structure of the National Microcredit Programme

The organizational and operating structure of the National Microcredit Programme (the former PHARE Microcredit Programme) is shown in the diagram below:



\* The Part I see in ERENET PROFILE Vol. VII, No. 4. as of December 2012.

## 5.2 Summary of the operating characteristics of the National Microcredit Programme

National programme co-ordinator and mediator of the sources – [Hungarian Foundation for Enterprise Promotion](#) (further as **HFEP**)

### Responsibilities:

- designing loan products
- granting loans from the centralized funds (National Microcredit Fund)
- keeping credit records
- final decision prior to the disbursement of the loan
- checking of the LEAs
- risk management

### Local Enterprise Agencies (LEAs)

#### Responsibilities:

- receiving loan applications
- assessment and preliminary decision on the approval of loan applications
- concluding loan contracts on behalf of the HFEP
- collecting loans
- checking loans.

### Commercial Banks

#### Responsibilities:

- keeping the separate programme accounts of the HFEP
- making bank transfers.

In this operating structure the creditor is the HFEP, the LEAs only participate as mediators in return for a fee, and the centralized fund is managed by the HFEP. The role of commercial banks is only limited to keeping the bank accounts and to perform the related transactions.

## 5.3 Interest matrix and the fulfilment of social goals, National Microcredit Scheme

Without additional comment the interests in the programme are shown in the [interest matrix](#) (© Credinfo Ltd.) below.

## 6 OTHER IMPACTS OF THE CHANGES OF THE LEGISLATION

### 6.1 The option for alternative microcredit programmes

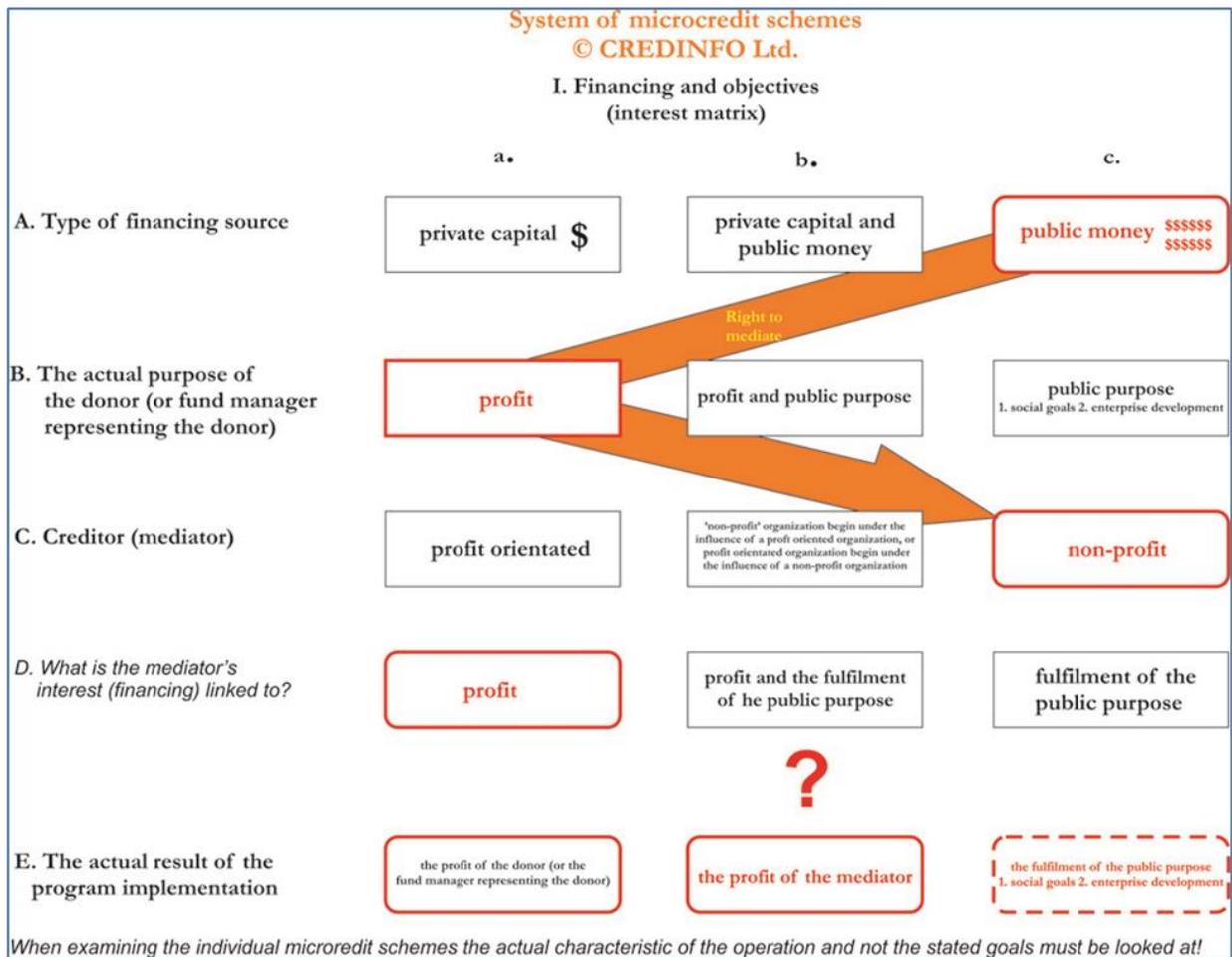
The legislation described above did not lead to the appearance of further microfinance organizations (this is rather a question of interest and not legislation), but it paved the way to the launch of alternative microcredit programmes by the LEAs (Local Microcredit Programmes), which were more flexible and responded better to the needs of the businesses.

### 6.2 The internal regulation of the LEAs

When it became clear after the amendment of the legislation that the microcrediting activity of the LEAs did not violate the law, an internal regulation had to be worked out, which ensured a professional framework for the performance of the lending activity independently of the HFEP and the National Microcredit Scheme. When developing the internal regulation, we did not consider the structure and rules of

the Manual of the National Microcredit Scheme but the **obligations prescribed for financial enterprises by the rules of law in force**. Although there is **no legal obligation** with regard to the creation of the lending rules of the LEAs, the regulations developed meet all the conditions set for financial enterprises operating under the effect of the Act on Credit Institutions.

This compliance made it possible for the majority of the LEAs to join easily and quickly to the Hungarian JEREMIE programme, since this programme required these types of regulations.



The most important areas concerned by the relevant internal regulations regarding crediting:

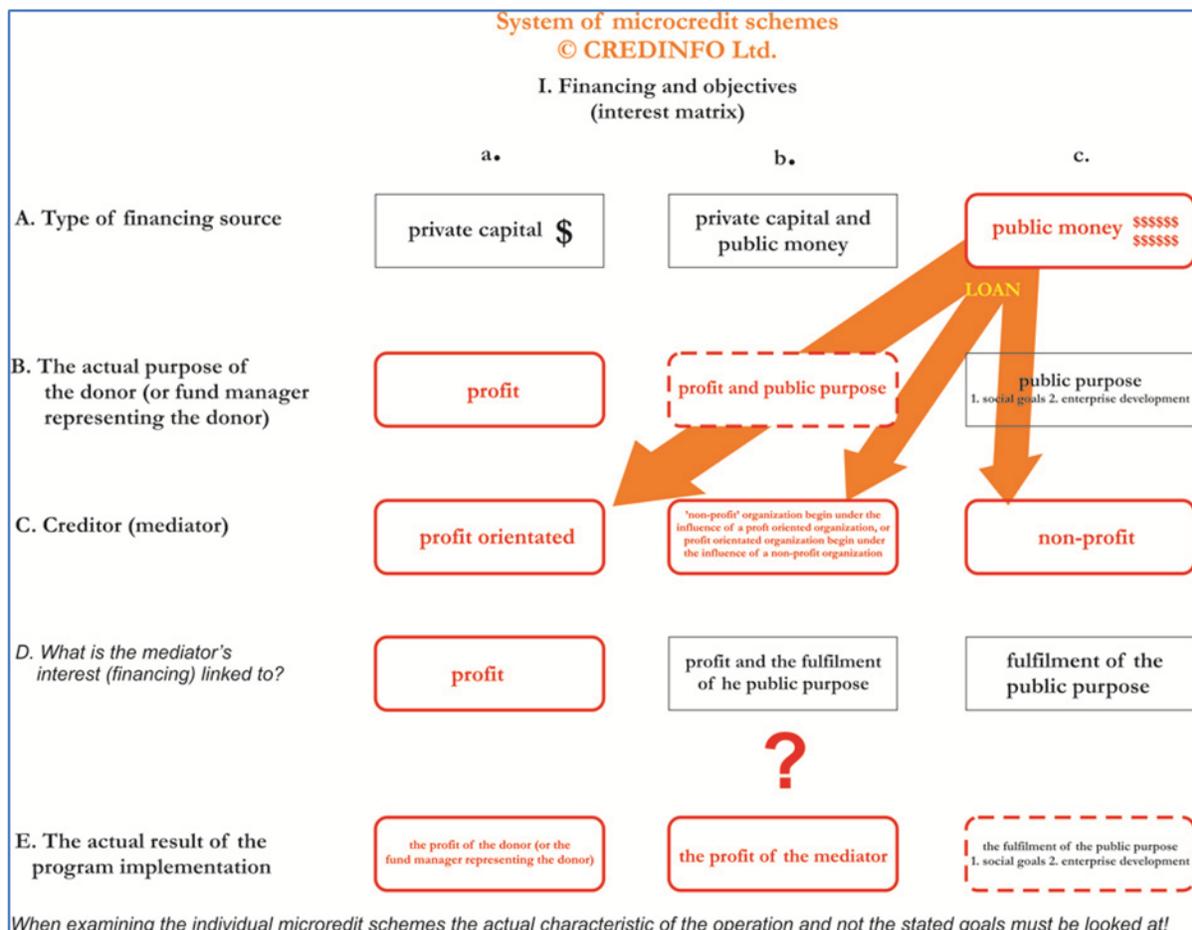
- Operating manual
- Risk assumption regulation
- Rules of procedure
- Valuation regulation
- Debtor rating regulation
- Client rating regulation
- Rules relating to the creation of provisions and expected losses
- Management Information System
- Document handling regulation
- Confidentiality regulation
- Regulation relating to the conflict of interest

## 7 THE APPEARANCE OF THE JEREMIE MICROCREDIT PROGRAMME AND THE PROFIT ORIENTATED ‘MICROFINANCE’ ORGANIZATIONS

The apparent widening of the microfinance sector began when the JEREMIE Programme was launched in Hungary.

That is when the profit orientated money market players started to show real interest towards ‘microfinance’. The **mediators are attracted** by the **profit** gained from the difference between the low source cost (*the refinancing interest rate is 0.4%*) and the interest paid by the clients. Profit orientated financial enterprises receive the sources under the same conditions as the non-profit foundations. The operation is financed from the profit. Although the range of businesses using the loans is limited (they have to be micro or small enterprises), no precise social goals have been set. As a result the financing of the mediators does not depend on the fulfilment of such goals. According to the rules of the programme the maximum amount that may be granted by the non-profit foundations is HUF 10 million (EUR 33 900) (*in Hungary this is the amount under which the commercial banks are unwilling to grant loans due to economic reasons*). In case of profit orientated financial enterprises this amount is HUF 50 million (EUR 169 500), and if the loan is combined with a non-refundable subsidy, this amount can reach HUF 20 million (EUR 67 800). *According to the internationally accepted principles*, due to the amounts that can be granted, the security requirement, and the range of clients financed, this type of **financing is not considered as microfinancing**.

### 7.1 Interest matrix and the fulfilment of social goals in the Hungarian JEREMIE Programme



## 8. REGULATION OF THE OPERATION OF THE POTENTIAL “MICROFINANCING” ORGANISATIONS – REVIEW

Scope of operation	Regulation of the operation of potential MFI organisations		
	Enterprise agencies operating in the counties and the capital®	Financial undertakings	
		Foundation	Business Association
Based on the operation criteria, and in accordance with the generally accepted international interpretation is it to be regarded as an MFI?	Yes	No	No / Possible
<b>Being profit orientated</b>	non-profit	non-profit	for-profit
<b>Legal status</b>	foundation	foundation	company <i>(mostly private limited liability company limited by shares, but it can be a union or branch office as well)</i>
<b>Registration authority</b>	court	Hungarian Financial Supervisory Authority, court	Hungarian Financial Supervisory Authority, Company Court
<b>Establishment costs</b>	not possible any more	By the time of establishment, the complete initial capital shall be placed on bank account, which cannot be lower than HUF 50,000,000	By the time of establishment, the complete initial capital shall be placed on bank account, which cannot be lower than HUF 50,000,000
<b>Regulation on general operation, coming from the legal status</b>	<p><b>Act IV/1959.</b> on Civil Code; <b>Act CLXXXI / 2011</b> on registration of civil organisations by court and the related procedural rules; <b>Act CLXXV / 2011.</b> on demonstration right, legal status of public interest, furthermore on operation and support of civil organisations; <b>Act CLIV/ 2011</b> <i>on consolidation of regional municipal councils, the take over such municipality institutions and some health institutions of the City Council of Budapest (concerns only determined foundations);</i></p>	<p><b>Act CXII / 1996.</b> on financial institutions and financial undertakings; <b>Act IV/1959.</b> on Civil Code; <b>Act CLXXXI / 2011</b> on registration of civil organisations by court and the related procedural rules; <b>Act CLXXV / 2011.</b> on demonstration right, legal status of public interest, furthermore on operation and support of civil organisations</p>	<p><b>Act CXII / 1996.</b> on financial institutions and financial undertakings; <b>Act IV / 2006</b> on companies; <b>Government Decree 250/2000. (XII. 24.)</b> on the specifics of obligation of financial institutions and financial undertakings to elaborate annual report and book-keeping</p>

<b>Regulation on business, audit and report obligations</b>	Act C/ 2000 on audit; <b>Government decree 350/2011. (XII. 30.)</b> on business of civil organisations, donation gathering and some issues of public interests; <b>Government decree 224/2000. (XII. 19)</b> on specifics of some organisations to elaborate report and book-keeping in accordance with the Act on book-keeping	<b>Act C/ 2000 on audit; 350/2011. (XII. 30.)</b> on business of civil organisations, donation gathering and some issues of public interests; <b>Government decree 224/2000. (XII. 19)</b> on specifics of some organisations to elaborate report and book-keeping in accordance with the Act on book-keeping <b>Government Decree 250/2000. (XII. 24.)</b> on the specifics of obligation of financial institutions and financial undertakings to elaborate annual report and book-keeping	<b>Act C/ 2000 on audit; Government Decree 250/2000. (XII. 24.)</b> on the specifics of obligation of financial institutions and financial undertakings to elaborate annual report and book-keeping
<b>General framework regulation on micro financing</b>	There is no such	No possible	No
<b>Specific regulation on micro financing</b>	<b>Based on 2. §. (1) h) of Act CXII / 1996.</b> on financial institutions and financial undertakings the scope of the act does not apply to the activity of the Hungarian Enterprise Development Foundation to provide loan from the National Micro Loan Funds; either to the micro financing activity of regional and metropolitan (Budapest) enterprise development foundations	Not possible	The general regulation of <b>Act CXII / 1996.</b> on financial institutions and financial undertakings is valid, there are no restrictions.
<b>Activity to be carried out based on the regulation</b>	micro financing (Transferring loan in case of MVA from OM)	<ul style="list-style-type: none"> <li>- may undertake bail for the debt of its client,</li> <li>- may provide with bank guarantee for the obligations of its client,</li> <li>- may carry out banker commitment</li> <li>- may broker financial service for other financial institution.</li> </ul>	financial services; additional financial services, other services for example: insurance broker activity, bond renting, trade with gold, running the share book, brokering EU supports, etc.

<b>General rules on internal regulation</b>	Act C/ 2000 on audit; Act CLXXXI / 2011 on registration of civil organisations by court and the related procedural rules; Act CLXXV / 2011. on demonstration right, legal status of public interest, furthermore on operation and support of civil organisations; 224/2000. (XII. 19 on specifics of some organisations to elaborate report and book-keeping in accordance with the Act on book-keeping	Act C/ 2000 on audit; Act CLXXXI / 2011 on registration of civil organisations by court and the related procedural rules; Act CLXXV / 2011. on demonstration right, legal status of public interest, furthermore on operation and support of civil organisations; 224/2000. (XII. 19 on specifics of some organisations to elaborate report and book-keeping in accordance with the Act on book-keeping; Act CXII / 1996. on financial institutions and financial undertakings; Government Decree 250/2000. (XII. 24.) on the specifics of obligation of financial institutions and financial undertakings to elaborate annual report and book-keeping	Act C/ 2000 on audit; Act CXII / 1996. on financial institutions and financial undertakings; Act IV / 2006 on companies; Government Decree 250/2000. (XII. 24.) on the specifics of obligation of financial institutions and financial undertakings to elaborate annual report and book-keeping
<b>Major fields of the internal regulation</b>	<b>Audit rules;</b> <b>Organisation and operational rules;</b> <b>Financing rules:</b> <i>(as detailed above)</i> <b>Rules on Data protection and data Handling;</b> <b>Quality insurance rules;</b> <b>Plans on social targets</b>	<b>Audit rules</b> <b>Money handling rules;</b> <b>Client and partner qualification rules;</b> <b>Rules on cover assessment;</b> <b>Deal qualification and assessment rules;</b> <b>Depreciation and Reserves Rules;</b> <b>Rules on commitment of risks;</b> <b>General terms and conditions</b>	<b>Audit rules;</b> <b>Money handling rules;</b> <b>Client and partner qualification rules;</b> <b>Rules on cover assessment;</b> <b>Deal qualification and assessment rules;</b> <b>Depreciation and Reserves Rules;</b> <b>Rules on commitment of risks;</b> <b>General terms and conditions</b>
<b>Supervisory Board</b>	statutory	statutory	statutory
<b>External auditor</b>	statutory	statutory	statutory
<b>Internal controller</b>	optional	statutory	statutory
<b>Determination of school qualification of managers</b>	based on internal regulation, statutorily determined in the financing field	determined based on act	determined based on act
<b>Controlling authority(exercising lawful control)</b>	Office of Public Prosecutor	Office of Public Prosecutor, HUNGARIAN FINANCIAL SUPERVISORY AUTHORITY	HUNGARIAN FINANCIAL SUPERVISORY AUTHORITY
<b>Reporting obligations towards the authorities</b>	There is not any on general micro financing activity	towards HUNGARIAN FINANCIAL SUPERVISORY AUTHORITY monthly	towards HUNGARIAN FINANCIAL SUPERVISORY AUTHORITY monthly
<b>Reporting obligations towards donors</b>	Daily on-line data service <i>(every transaction on the complete client stock and loan credit portfolio)(JEREMIE)</i>	no	Daily on-line data service <i>(every transaction on the complete client stock and loan credit portfolio)(JEREMIE)</i>
<b>Controls of donor organisation(s)</b>	at least 3 times a year	no	maximum once a year
<b>Compliance with EU regulations (Code of Good Conduct)</b>	undertaken voluntarily (by the time the study is made, one organisation complies in 99%, the others in 90%)	not to be applied	no

## . SUMMARY OF EXPERIENCE

The following shall be examined concerning the regulation of microfinance in Hungary (and generally): *Does the legal regulation establish a proper legal framework for expanding and strengthening the microfinance sector in Hungary?*

The question implies another question: *Why is the expanding and strengthening of microfinance important?*

Without replying this question, the demand for expanding and strengthening the microfinance would remain only a self objective. Of course the objectives **shall be reviewed from the viewpoint of the society**. Taking the international practice of microfinance into consideration, we can determine the following objectives being utile from the viewpoint of the society:

- fight against poverty;
- strengthening self-employment;
- promotion of launching enterprises for the sake of self-employment and increase of work place establishment;
- strengthening the micro enterprise sector via the durable financing of investments, for the sake of long term maintenance of their self-employment and work place establishing ability;
- promotion of economics, in capital poor period, increase of outflow of money into the economy

*It is obvious that there is a significant difference between the first and the last item of the list. This means quite serious differences in financing and methodology in respect of the micro credit programs realising different social objectives.*

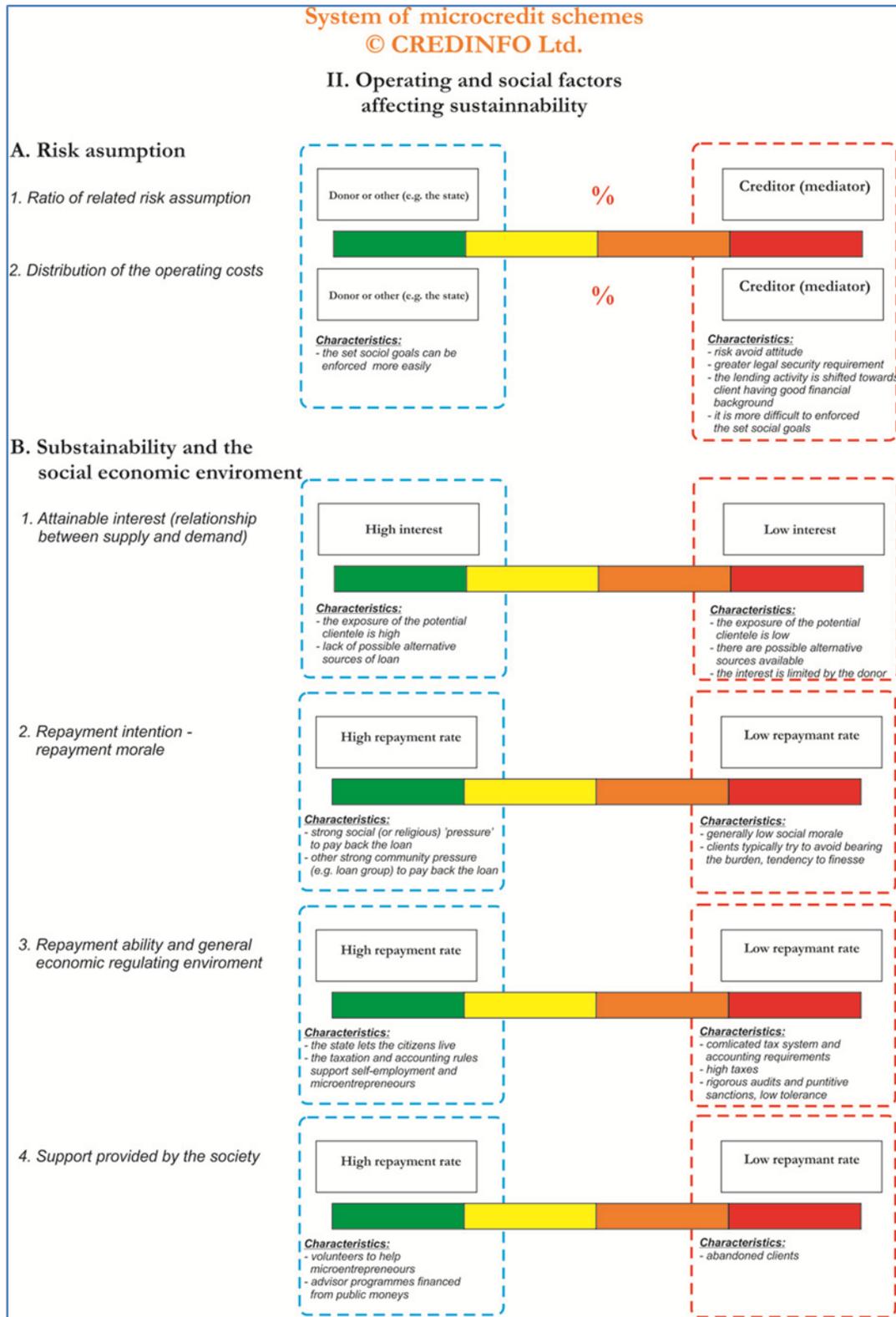
Due to the fact that there are quite significant obstacles of the expansion of micro financing from the viewpoint of financing, sustainability and interests, the issue must be examined as complex. Following the examination of the possible social targets, the initial question shall be raised such as:

*Are the defects of the legal regulations or other factors the major obstacles of the strengthening of the micro financing realising social objectives and the micro financing sector in Hungary?*

As expectations regarding sustainability are quite high towards current micro financing, the fact whether this factor can be realised, is to be regarded as key factor in the spread of micro financing realising social objectives. *(The constructions of micro loans financed by investors expecting extra profit are not classified into this category.)*

Factors having impact on sustainability:

Due to its lengthy nature, I would not like to introduce the analysis of the Hungarian situation based on the above factors (this was not the aim of the present study at all), but I would like to refer to the fact that the obstacles of the expansion of micro financing realising social objectives shall be examined in every country as a complex. A sole factor cannot be simply analysed. Nevertheless it is important and requires analysis that in a given society which objectives from the ones listed above, may enjoy priority, and which problem's treatment is rendered by the economic and social environment possible via the help of the micro loan program. **Finally, replying to the initial question—without detailed analysis—I am of the opinion that in the current Hungary it is not the legal and regulatory background which is the major obstacle of the spread and strengthening of the micro loan for social objective.**



Both the profit oriented and non profit actors' operation is properly regulated in Hungary nowadays. The obstacles in financing, sustainability and the interest of other actors, deriving from the economic and social environment are much stronger obstacles to the expansion of micro loans realising social objectives than the legal obstacles.

## CURRENT EVENTS



### ART AND CULTURE – Košice – European Capital of Culture 2013

A unique artistic character is provided by the Kasárne/Kulturpark. It creates the platform for development of artists, activities and all those who want to be part of the new cultural scene in Košice and the project of European Capital of Culture 2013.

#### **Kasárne (Kulturpark)**

With the transformation of the estate of the former barrack stores of Capt. Jaroš, a venue was established for various cultural functions that were lacking in the city. Kasárne/Kulturpark is the heart of the project Košice – European Capital of Culture 2013 and at present represents a mere fraction of what will take place here in the run-up to 2013: a modern independent cultural and artistic centre for all fields of art and age groups. The mission of the Kasárne is also to support local upcoming artists, to develop their artistic skills, provide space for presenting their works, while also creating the platform for creative co-operation between business and art in the East Slovak region, in line with trends of a creative economy of the 21st century. Kulturpark wants to go even further when it comes to the concept of developing creativity. It wants to convert the passive audience into active participants of artistic programmes and establish a Centre for education in area of creative and cultural industry and city exhibition premises.

**Localisation: Kukučínova 2, Košice, [www.kulturpark.sk](http://www.kulturpark.sk). See [www.kosice2013.sk](http://www.kosice2013.sk)**

#### **Kasárne (The Barracks)**

The Kasárne is now home to the cultural centre Kulturpark. Every month it prepares an attractive multi-genre programme made up of concerts, workshops, lectures, performances, screenings and exhibitions. Co-operation in the creation of the cultural programme and the operation of Kulturpark comes from various entities – civil initiatives, formal groups, or companies, such as Bona Fide, the Na peróne Theatre, Pectus publishing house, MakeUp collective, Kassaboys or Artarch. Kasárne/Kulturpark also hosts international events in the area of contemporary art.

Centre for education in area of creative and cultural industries.

The aim of the centre is to provide support to organisations and companies dealing with various kinds of creative activity and the creation of a synergic effect by concentrating them in one place, i.e. the reconstructed premises of the buildings of the former barracks will be rented out cheap to upcoming and active artists, companies and other entities in the sphere of culture, art and creative industry, including media, and they will also serve for the presentation of works and for education in the field of cultural management.

#### **City exhibition premises**

This project focuses on the creation of a new municipal institution with specific programme, which complements the cultural infrastructure of the city and the need for modern premises. It will be split into a museum and a gallery, which will document the transformation of society toward democracy and human liberty, and its artistic manifestations, including reflection. The Gallery will be used for presentations of visual art from the Centre for education in area of creative and cultural industries and projects as part of the overall concept of the Kasárne/Kulturpark.

The year 2013 will therefore mean new cultural and artistic premises and projects that will breathe a creative spirit into the abandoned army barracks, producing a special atmosphere. You should definitely make a visit.

Source: <http://www.visitkosice.eu/en/things-to-see-and-do/art-and-culture/kosice---european-capital-of-culture>

## EU YOUTH CONFERENCE ON SOCIAL INCLUSION OF YOUNG PEOPLE IN THE EUROPEAN UNION

11-13 March, Dublin (Ireland)



"Young people have named employment as fundamental to being included in society and highlighted the transition from education to employment at a particularly vulnerable time," said Fergus O'Dowd TD, Minister of State at the Department of Environment, Community and Local Government on the final day of the EU Youth Conference in Dublin.

The Minister spoke at the closing plenary of the **EU Youth Conference**, which brought together some 150 young people and 100 policy-makers from all 27 EU Member States.

The Minister noted that seven thematic areas, drawn from the results of national consultations in the 27 Member States, were explored at the Conference. Young people and Ministry officials from the 27 Member States have jointly defined a set of 21 priority conclusions. These will inform a *Council Resolution on Social Inclusion* at the end of the 18-month consultation cycle with young people. They will also inform *Council Conclusions on the contribution of quality youth work to the development, well-being and social inclusion of young people* to be proposed by Frances Fitzgerald TD, Minister for Children and Youth Affairs, under the Irish EU Presidency to the Council of Youth Ministers in May 2013.

The agreed discussion themes, based on the EU-wide consultation findings are:

- **Employment** - Employment leads to inclusion
- **Education** – Inclusive education for all young people
- **Participation** – Equal rights and equal opportunities to participate in civic life
- **Welfare** - Access to welfare
- **Support** – Social and youth services for young people
- **Youth Organisations** – Youth organisations and social inclusion
- **Quality** – Assuring quality in youth work to enhance social inclusion.

The **EU Youth Conference** is an element of the Structured Dialogue process which brings together young people and policy makers across the European Union to jointly discuss and inform the development of youth policy at national and European level. The Structured Dialogue process was established by the Council of the European Union in its Resolution for a Renewed Framework for cooperation in the youth field (2010-2018). The Structured Dialogue process is an important instrument to ensure that the opinions and views of young people are taken into account in the formation of policies in the youth field.

For the 18 month cycle (1 January 2013 – 30 June 2014), the Trio Presidency, Ireland, Lithuania and

Greece, in cooperation with the European Commission and the European Youth Forum have agreed that the theme of the Structured Dialogue process throughout the cycle is Social Inclusion. This was subsequently endorsed by the Council in a Resolution adopted in November 2012. Each of the three consultation phases will reflect this thematic priority, with the results from each phase informing the next phase, leading towards a collective outcome at the end of the cycle. Presidency specific priorities will contribute to the overall thematic priority of social inclusion.

The Irish EU Youth Conference is the first conference within the Trio Presidencies of Ireland, Lithuania and Greece, highlighting the theme of the social inclusion of young people. Seven thematic areas drawn from the results of national consultations provided by 27 Member States and 10 International Non-Governmental Organisations were explored at the Conference via joint workshop sessions. Young people and Ministry officials from the 27 Member States have jointly defined the following conclusions. These will inform a *Council Resolution on Social Inclusion* at the end of the 18 month cycle. They will also inform *Council Conclusions on the contribution of quality youth work to the development, well-being and social inclusion of young people* to be proposed by the Irish Presidency to the Council of Youth Ministers in May 2013.

files:

<http://www.eu2013.ie/news/news-items/20130313post-youthconferencepr/>

<http://www.eu2013.ie/events/event-items/euyouthconferenceanddirectorsgeneralmeeting/>

<http://eu2013.ie/media/eupresidency/content/meetingagendasanddocs/Youth-Conference-Agenda.pdf>

for further information you might contact:

**Letizia Gambini , Communications Coordinator, European Youth Forum**

Phone:+32 2 230 64 90

E-mail: [press@youthforum.org](mailto:press@youthforum.org)



Preparatory discussion for the ERENET ANNUAL Meeting  
By Prof. Zsuzsanna Szabó and Antal Szabó  
in Budapest at the Ferenc Liszt Square

Photo © by Antal Szabó



**6<sup>th</sup> ERENET ANNUAL MEETING**  
**11-12 April 2013, Continental Hotel, Tîrgu – Mureş, Romania**

**INNOVATION-DRIVEN ENTREPRENEURSHIP**

**FOREWORD**

The *Oxford Handbook of Innovation* describes innovation as the putting into practice of inventions. In a narrow sense innovation refers to product and process innovations, or technological innovation. In a broader sense innovation is the development of new products, new processes, new sources of supply, as well as the creation and exploitation of new markets and the development of new ways to organize business.

The European Commission's Green Paper on Innovation states that *“Innovation is at the heart of the spirit of enterprise and thus companies must constantly innovate, even if only gradually.”* In the context of this document, innovation is taken as being a synonym for **the successful production, assimilation and exploitation of novelty** in the economic and social spheres. It offers new solutions to problems and thus makes it possible to meet the needs of both the individual and society.

**The aim of the Workshop on Innovation-driven Entrepreneurship organized within the framework of the 6<sup>th</sup> ERENET Annual Meeting as part of the International Conference on Law and Public Administration to be held on 11 April 2013 in Tîrgu Mureş is to highlight the EU innovation policy, present best practices on innovation in entrepreneurial education and promotion of SMEs and discussed further activities of the ERENET.**

**PRELIMINARY PROGRAM**

**11. April 2013**

12:00 – 14:00

**Delegate arriving and Registration**

**OPENING CEREMONY**

14:00 – 14:30

Dr. Marian Liviu, Former Rector, Dean of the Faculty of Economic, Law and Administrative Sciences of the Petru Maior University, Honorary Member of the ERENET  
 Representative of the European Small Business Alliance  
 Dr. Antal Szabó, Scientific Director of ERENET

Dr. Eric Dejan, Director of the Institute of Economic Sciences, Belgrade, Head of the SEE Office of the ERENET

### KEYNOTE PAPERS

- 14:30 – 15:15      **Mathematical method for sustainable policy options to improve the innovative capacity of SMEs in context with regional development**  
Dr. Zsuzsanna Szabó, Vice-Dean of the Economic and Administration Faculty of the Petru Maior University
- 15:15 – 16:00      **Entrepreneurship and Creativity- Creative Knowledge and Innovation Management**  
Prof. Dr. Hans-Jürgen Weissbach  
University of Applied Sciences Department of Economy and Law, Institute for Entrepreneurship, Frankfurt am Main
- 16:00 – 16:45      **The National System of Entrepreneurship in Central and Eastern European Countries**  
Prof. Dr. habil László Szerb, Faculty of Business and Economics, University of Pécs
- 16:45 – 17:00      Question and Answer session

### SESSION ON BEST PRACTICE IN INNOVATION MANAGEMENT

- 17:00 – 19:00      Presentations by ERENET Members on (i) innovation-driven entrepreneurship; (ii) innovation management and promotion of innovative entrepreneurs and (iii) entrepreneurial education
- 17:00 – 17:20      **Be Innovative in the Line of the EU 2020 Strategy**  
Dr. Antal Szabó  
UN ret. Regional Adviser
- 17:20 – 17:40      **Innovation and Entrepreneurship – Western Balkans case**  
Radmila Grozdanic - Mirjana Radovic Markovic - Boris Jevtic - Dejan Vukosavljevic - Miloš Vučeković , Faculty of BA and Entrepreneurship Belgrade, Faculty for ICT of Belgrade and Singidunum University

**12 April 2013**

### CONTINUATION OF THE SESSION ON BEST PRACTICE IN INNOVATION MANAGEMENT

- 9:30 – 13:00      Presentation by ERENET Members
- 9:30 – 9:50      Presentation to be announced later  
Representative of the Strossmayer University, Osiek
- 9:50 – 10:10      Presentation to be announced later  
Dr. Vladimir Gazda, Associate Professor, TUKE, Faculty of Economics, Kosice

- 10:10 – 10:30      **Knowledge Platform in Knowledge Economy: WEB's of SME Learners**  
Dr. Jolán Velencei, Associated Professor  
Óbuda University, Keleti Faculty of Business and Management, Institute  
of Enterprise Management, Budapest
- 10:30 – 10:50      **Stimulating Entrepreneurship through Through Innovative Public Policy**  
Suzanne Mulvehill, International Trade Adviser,  
City of Lake Worth, Florida, USA
- 10:50 – 11:10      **Configurations of SMEs Competitiveness Factors**  
Zhelyu Vladimirov and others, Faculty of Economics and  
Business Administration, Sofia University “St Kliment Ohridski”
- 11:10 – 11:30      **Moral and spirituality like a source for Innovation Management**  
Marian Bedar, Department of Applied ethics, Kosice
- 11:30 – 11:50      **Innovative ways of financing SMEs**  
Florentina Ionescu, Counselor,  
National Gouarantee Loan Fund for SMEs, Bucharest
- 13:00 – 14:30      Lunch

## ERENET REPORTING

- 14:30 – 15:15      **Report on the activities of the ERENET Network in 2013 – Future orientation**  
by Dr. Antal Szabó, Scientific Director of ERENET  
**Co-referent from the SEE Secretariat**  
by Dr. Eric Dejan, Director of the Institute of Economic Sciences,  
Belgrade
- 15:15 – 17:00      **Discussion of the ERENET Work Program for 2013-2014**  
**Chaired by Antal Szabó, Zsuzsanna Szabó and Eric Dejan**
- 16:30 – 17:00      **CLOSING of the Meeting**

## LOGISTICS

For ERENET Members the participation in the workshop and annual meeting is free of charge. Participants should cover their travel and accommodation expenses. The host organizer can provide accommodation at the Continental Hotel, at discount price. (30 Euro single, 36 Euro Double breakfast included)

### For information please contact

**Dr. Zsuzsanna Szabó at [szabo.zs.katalin@gmail.com](mailto:szabo.zs.katalin@gmail.com)**

**Dr. Antal Szabó at [erenetszabo@gmail.com](mailto:erenetszabo@gmail.com)**

## REMARKS

ERENET members wishing to make a presentation are requested to send the title and a short abstract to [IE\\_ICLPA2@ea.upm.ro](mailto:IE_ICLPA2@ea.upm.ro) and [erenetszabo@gmail.com](mailto:erenetszabo@gmail.com) as soon as possible but to later than 20 March 2013 in order to make a final program of the Workshop.

## INSTITUTIONAL PROFILE

### WHO GIVES ORDER TO THE UNIVERSE'S CHAOS

From the 2012-11-08 L'Osservatore Romano

**The universe “is not chaos or the result of chaos, rather, it appears ever more clearly as an ordered complexity” originating “in God’s creative Word”. XVI Benedeict Emeritus – that time the Real Holy Father emphasized this to the participants in the Plenary Assembly of the Pontifical Academy of Sciences, whom he received on Thursday morning, 8 November 2012, in the Clementine Hall.**

**Your Excellencies,**

**Distinguished Ladies and Gentlemen,**

I greet the members of the Pontifical Academy of Sciences on the occasion of this Plenary Assembly, and



I express my gratitude to your President, Professor Werner Arber, for his kind words of greeting in your name. I am also pleased to salute Bishop Marcelo Sánchez Sorondo, your Chancellor, and to thank him for his important work on your behalf.

The present plenary session, on “Complexity and Analogy in Science: Theoretical, Methodological and Epistemological Aspects”, touches on an important subject which opens up a variety of perspectives pointing towards a new vision of the unity of the sciences. Indeed, the significant discoveries and advances of recent years invite us to consider the great analogy of physics and biology which is clearly manifested every time that we achieve a deeper understanding of the natural order. If it is true that some of the new notions obtained in this way can also allow us to draw conclusions about processes of earlier times, this extrapolation points further to the great unity of nature in the complex structure of the cosmos and

to the mystery of man’s place within it. The complexity and greatness of contemporary science in all that it enables man to know about nature has direct repercussions for human beings. Only man can constantly expand his knowledge of truth and order it wisely for his good and that of his environment.

In your discussions, you have sought to examine, on the one hand, the ongoing dialectic of the constant expansion of scientific research, methods and specializations and, on the other, the quest for a comprehensive vision of this universe in which human beings, endowed with intelligence and freedom, are called to understand, love, live and work. In our time the availability of powerful instruments of research and the potential for highly complicated and precise experiments have enabled the natural sciences to approach the very foundations of corporeal reality as such, even if they do not manage to understand completely its unifying structure and ultimate unity. The unending succession and the patient integration of various theories, where results once achieved serve in turn as the presuppositions for new research, testify both to the unity of the scientific process and to the constant impetus of scientists towards a more appropriate understanding of the truth of nature and a more inclusive vision of it. We may think here, for example, of the efforts of science and technology to reduce the various forms of energy to one elementary

fundamental force, which now seems to be better expressed in the emerging approach of complexity as a basis for explanatory models. If this fundamental force no longer seems so simple, this challenges researchers to elaborate a broader formulation capable of embracing both the simplest and the most complex systems.

Such an interdisciplinary approach to complexity also shows too that the sciences are not intellectual worlds disconnected from one another and from reality but rather that they are interconnected and directed to the study of nature as a unified, intelligible and harmonious reality in its undoubted complexity. Such a vision has fruitful points of contact with the view of the universe taken by Christian philosophy and theology, with its notion of participated being, in which each individual creature, possessed of its proper perfection, also shares in a specific nature and this within an ordered cosmos originating in God's creative Word. It is precisely this inbuilt "logical" and "analogical" organization of nature that encourages scientific research and draws the human mind to discover the horizontal co-participation between beings and the transcendental participation by the First Being. The universe is not chaos or the result of chaos, rather, it appears ever more clearly as an ordered complexity which allows us to rise, through comparative analysis and analogy, from specialization towards a more universalizing viewpoint and vice versa. While the very first moments of the cosmos and life still elude scientific observation, science nonetheless finds itself pondering a vast set of processes which reveals an order of evident constants and correspondences and serves as essential components of permanent creation.

It is within this broader context that I would note how fruitful the use of analogy has proved for philosophy and theology, not simply as a tool of horizontal analysis of nature's realities, but also as a stimulus to creative thinking on a higher transcendental plane. Precisely because of the notion of creation, Christian thought has employed analogy not only for the investigation of worldly realities, but also as a means of rising from the created order to the contemplation of its Creator, with due regard for the principle that God's transcendence implies that every similarity with his creatures necessarily entails a greater dissimilarity: whereas the structure of the creature is that of being a being by participation, that of God is that of being a being by essence, or *Esse subsistens*. In the great human enterprise of striving to unlock the mysteries of man and the universe, I am convinced of the urgent need for continued dialogue and cooperation between the worlds of science and of faith in the building of a culture of respect for man, for human dignity and freedom, for the future of our human family and for the long-term sustainable development of our planet. Without this necessary interplay, the great questions of humanity leave the domain of reason and truth, and are abandoned to the irrational, to myth, or to indifference, with great damage to humanity itself, to world peace and to our ultimate destiny.

Dear friends, as I conclude these reflections, I would like to draw your attention to the Year of Faith which the Church is celebrating in commemoration of the fiftieth anniversary of the Second Vatican Council. In thanking you for the Academy's specific contribution to strengthening the relationship between reason and faith, I assure you of my close interest in your activities and my prayers for you and your families. Upon all of you I invoke Almighty God's blessings of wisdom, joy and peace.

*file: <http://www.news.va/en/news/who-gives-order-to-the-universes-chaos>*

## ENTREPRENEURSHIP, INNOVATION, AND ECONOMIC DEVELOPMENT

Source: [http://www.wider.unu.edu/publications/books-and-journals/2011/en\\_GB/Entrepreneurship-Innovation/](http://www.wider.unu.edu/publications/books-and-journals/2011/en_GB/Entrepreneurship-Innovation/)

Entrepreneurship and innovation are two of the most pervasive concepts of our times, yet there are still gaps in our understanding of the interactions between entrepreneurship and innovation, particularly in developing countries. This book is an attempt to fill this gap. It focuses on the entrepreneurship-innovation-development nexus, drawing heavily on empirical evidence from developing countries. Cross-country and individual country experiences cover nations as diverse as Ethiopia, India, Turkey, Vietnam, and also examine lessons from advanced economies such as Finland. Three sets of questions are addressed. What is the impact of entrepreneurship and innovation on growth and development? What determines the innovative performance of entrepreneurs in developing countries? What role does the institutional environment play in shaping the extent and impact of innovative activities? A key message is that entrepreneurial innovation, whether through small firms, large national firms, or multinational firms, is often vibrant in developing countries, but does not always realise its full potential. This is due to institutional constraints, the absence of the appropriate mix of different types of small and large and domestic and foreign firms, and insufficiently developed firm capabilities. The contributions provide a better understanding of the determinants and impacts of innovation in developing countries and the policies and institutions that support or hinder innovation.

„There are three general lessons from our book. First, the impact of innovation is important across countries and institutional contexts. Entrepreneurs in developing countries provide innovations that are important for firm and country growth. Innovation can play an important role in catch-up and growth in a global economy. This is so first and foremost through the varied innovations of local entrepreneurs, but also through the role of entrepreneurs in advanced countries where innovations are generated and applied in developing country context.

Second, large and small firms can be equally innovative, but in different ways. Strong emphasis is in this book on small and medium enterprises as these predominate in developing (and many advanced) countries but which also face particular constraints to innovation. Often such small firms contribute to growth, but not optimally, since they lack innovativeness. Here, characteristics of the entrepreneur (education, age, experience, networks), the region (location), and the sector (technological intensity) were identified to be important determinants of innovation.

Third, the policy and institutional environment is an important determinant of entrepreneurs' innovative behaviour. Governments need to support innovation directly and indirectly. This can take many forms—from reform of the environment for doing business, to providing venture capital, to tapping into migrant workers and diasporas, provision of technical and managerial education, infrastructure, and state-private sector partnerships. Sometimes, even an adverse environment can spur innovative behaviour, and entrepreneurs may become the drivers of policy and institutional change.”

**Publisher:** Oxford University Press  
**Series:** WIDER Studies in Development Economics  
**Title:** Entrepreneurship, Innovation, and Economic Development  
**Authors:** Edited by Adam Szirmai, Wim Naudé, and Micheline Goedhuys  
**Publication date:** April 2011                      **ISBN:** 9780199596515



## CALLS - EVENTS

### MEB 2013 – 11<sup>th</sup> INTERNATIONAL CONFERENCE ON MANAGEMENT, ENTERPRISE AND BENCHMARKING



**31 May – 1 June 2013**  
**Óbuda University, Budapest**

MEB 2013 is an international conference to provide a forum for presentations and discussions of scientific, economic and business areas. This year we would like to focus on the management, development and competitiveness of small and medium enterprises.

TOPICS within the scope of the conference will include:

- Theoretical studies, modelling and adaptive approaches;
- Analyzing measure, structure and organizational parameters;
- Examining the connection between marketing methods and benchmarking;
- Management and competitiveness of small and medium sized enterprises

### REGISTRATION

Prospective participants are kindly asked to fill in the online registration form which can be found on the website.

### SUBMISSION OF PAPERS

Authors are asked to submit electronically a full paper by e-mail.

After notification please send your camera-ready paper of maximum 10 pages according to the paper format to Tímea Edőcs by e-mail (edocs.timea@kgk.uni-obuda.hu). Acceptable file formats are rtf or doc. Please check the website regarding the paper format.

### PRESENTATION

OHP and data projector will be provided for oral presentation. Authors are asked not to use their own laptop, but bring the presentation on pendrive.

### AUTHOR'S SCHEDULE

Deadline of registration .....	31 March 2013
Deadline of paper submission .....	31 March 2013
Deadline of notification.....	15 April 2013
Deadline of final paper submission.....	1 May 2013

**Organized and sponsored by Keleti Faculty of Business and Management, Óbuda University (Hungary) in cooperation with ERENET.**

**ISSME WORLD CONFERENCE 2013**  
**18-21 October 2013, New Delhi (India)**

Warm greetings from ISSME!

It gives me immense pleasure to introduce to you the International Society for Small and Medium Enterprises (ISSME), an ISO 9001 certified International Non-Government Organisation with its headquarters at New Delhi which works with members, affiliates and partners across the world for the promotion of Small and Medium-sized Enterprises (SMEs). ISSME brings together policy makers, facilitators, experts, educators, researchers and SMEs from around the world to share experience, knowledge and expertise in their respective fields.

For more information, please log on to:<http://www.issme.org> and <http://www.iwc13.org>

As part of ISSME's endeavour to enhance effective global networking and to synergize the efforts of like-minded institutions/organizations, we are organizing a four-day World Conference on Best Practices in Promoting SMEs with the main theme of "Fostering International Linkages for SMEs Development" being held in Gurgaon, Delhi NCR, India, from 18-21, October 2013.

The Ministry of Micro, Small and Medium Enterprises, Government of India has shown an inclination to support the ISSME World Conference 2013 (IWC 2013), which will bring together policy makers from governments, representatives of international organisations, support agencies, chambers of commerce & industries, industry associations, entrepreneurs, business advisers, coaches, counsellors, consultants, educators, financiers, mentors, banks & financial institutions and NGOs to discuss issues relevant to SMEs worldwide

The event offers an unparalleled opportunity to create & strengthen partnerships between SMEs and their support institutions/organisations through attractive program, social activities, partnerships and sponsorship options.

The IWC 2013, expected to attract around 1000 participants, provides an ideal opportunity for participants, partners, sponsors and exhibitors to reach out to the global SME community with options including the 4-day Conference (Public Agency Forum, Plenary Sessions, Workshops and Symposiums which will feature keynote speakers and SME experts); a concurrent Exhibition for SMEs and their support institutions to showcase their products, services and expertise and the ISSME Global Awards which recognise the Best of the Best in the World from businesses/entrepreneurs and support institutions/organisations.

I am writing to invite you to be a part of this exciting, dynamic and inspiring four-day conference-cum-exhibition hosted by India and experience Indian culture, heritage and natural beauty, engage with small business experts, heads of organisations and policy makers on best practices in promoting small and medium-sized enterprises. Come and hear firsthand how they are fostering international linkages for SMEs development.

I sincerely request you for your kind participation and to promote the event in your country/ region. Looking forward to seeing you at the IWC 2013.

Warm regards

Sunil D Sharma, Secretary General, ISSME, E-mail: [sg@issme.org](mailto:sg@issme.org)

## INTERNATIONALIZATION OF SMEs

by

Nelly Daszkiewicz – Krzysztof Wach  
Gdansk University of Technology Publishers

ISBN 978-83-7348-411-5

Gdansk, 2012

During the last three decades SMEs have been very important players in national economies. They are dynamic and flexible and their role in job creation is crucial. Moreover, due to internationalization of economies and accelerating globalization processes a decade ago, a growing number of SMEs have been trying to take advantage of new environmental conditions, i.e. appearing chances for internationalization. Thus, many of them have started entering new markets.

It should be stressed that internationalization of firms – as a research topic – until 1970s concerned large enterprises rather than SMEs. It was due to the fact that most of small firms not only functioned locally, but what is more, were not interested in going international at that time. However, international behaviours of SMEs as well as researchers' attitudes towards internationalization have changed over time. Initially, internationalization was viewed as an export-led phenomenon and an incremental process. Later, new approaches were developed.

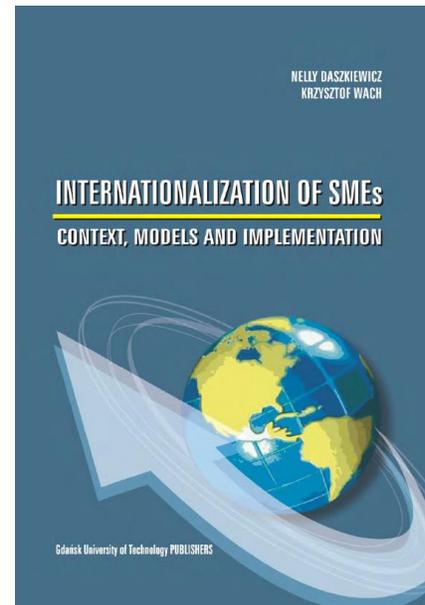
The purpose of this book is to present internationalization of SMEs in a broad sense; its contexts, models and ways of implementation. The book tries to combine two perspectives – the academic theory and the business practice. From the theoretical point of view, the book covers a long research period – since the early 1970s (e.g. stages models) up till now (e.g. holistic and integrative approaches or knowledge-based models). From the pragmatic point of view, the book shows the steps needed to prepare and implement the successful international strategies, especially in the European context.

On one hand, the book can be considered as interesting to academic scholars as well as PhD students exploring the present-day concepts of internationalization of SMEs. On the other hand, the book is addressed to economics and business bachelor and master students as a supplementary textbook. It may also be of interest to entrepreneurs as well as managers, who are considering or are just interested in going international. The book offers to them the knowledge they require as well as useful tips.

The book consists of six chapters, the first two of which try to combine the theory with the practice, while the last four have more theoretical character.

Chapter 1, *Context of Contemporary Internationalization Processes of SMEs*, has introductory character. At first, the key terms (internationalization, globalization, Europeanization) and their contexts are explained. It also presents the role of SMEs in contemporary European economy according to statistical data and research results. Finally, the influence of these processes on SMEs are described.

Chapter 2, *European Context of Internationalization*, shows the conditions for internationalization European businesses within the European Union. The EU law in the field of doing cross-border business (including the EU freedom of establishment and the legal forms of



businesses) was discussed. Finally, the formal and economic conditions for doing business in the EU in the international comparative perspective, were discussed.

Chapter 3, *Internationalization Strategies for SMEs*, elaborates on the implementation of internationalization strategies, their preparation and structures. It presents modes of internationalization in three groups, which are sales internationalization (e.g. indirect, direct, cooperative export, representative offices), contractual forms based on the international cooperation (e.g. licensing, franchising, strategic alliances), foreign direct investments (e.g. branches, joint-venture and wholly-owned subsidiaries). The role and importance of ownership structure for greenfield and brownfield international business was also discussed.

Chapter 4, *Classical Approaches towards Small Firm Internationalization*, presents “old” internationalization theories. In spite of fast development of the research and new approaches towards small firm internationalization, most of the described theories are still very strong and significant paradigms. Stages theory, ‘eclectic paradigm’ (OLI), resourcebased models, ‘born global’ SMEs may be examples of the classical approach. Moreover, models for transformed economies are presented.

Chapter 5, *Internationalization of SMEs through Networks*, concerns the role of network in small firm internationalization process. This approach concentrates on the market and the relationship of the firm to that market. According to the network approach internationalization is seen as a process in which relationships are continuously established and developed, with the aim of achieving objectives of the firm. The impact of network relationship on SMEs internationalization process is also described.

Chapter 6, *New Approach towards Internationalization of SMEs*, shows the attempts to integrate different approaches towards internationalization. There is no doubt that nowadays internationalization is a complex phenomenon. Therefore, researchers have been looking for new conceptual frameworks. Holistic approach, integrative model and knowledgebased models are described.

*Nelly Daszkiewicz  
Krzysztof Wach*



**The address of the ERENET Secretary sees below:**

**Dr. Antal Szabó**, Scientific Director

**Ágnes Kiss**, Secretary

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