

# Governance by Consciousness

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## Abstract

Corporate Governance has become one of the buzz-words in corporate and management circles. The corporate world as a whole is in the process of acquiring a moral conscience. The new and emerging concepts in management like corporate governance, business ethics and corporate social responsibility are some of the expressions through which this emerging ethical instinct in the corporate world is trying to express or embody itself in the corporate life. However effective implementation of an ethical ideal or concept requires two factors: creating an ethical consciousness and promoting ethical conduct and behaviour. But for the outer conduct and behaviour to be authentic, sincere and effective, it has to be a spontaneous expression of a corresponding inner state of consciousness. This article examines the concept and practice of corporate governance in an integral, holistic and consciousness perspective. By the word “integral” we mean both the inner and outer dimensions of the phenomenon under study. By the word “holistic” we mean what is now called as “systemic” perspective which views corporate governance as a subset and in the context of the larger corporate environment. By the word “consciousness-perspective” we mean an emphasis on the inner change of consciousness, but without ignoring the need for its outer expression in the collective life.

**Keywords:** Self governing consciousness; transforming leadership; sustainable community.

## TOWARDS SELF-GOVERNANCE

In our integral perspective, the ideal of corporate governance is to create a corporate consciousness which leads to self-governance. But a corporate manager or a government administrator may say “O, I am tired of such philosophical sermons and rhetoric, tell me how to do it”. This is a legitimate demand of the pragmatic mind provided it is not a demand for immediate results. For implementing or implanting

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ideas with ethical overtones requires a long persistent and sincere inner and outer discipline. However, the idealists must respect the legitimate demands of the pragmatic mind and must indicate a plan of implementation.

Conversion of an ideal or a concept into reality requires three tasks. The first is to have a clear perception of the ideal, which means to have a clear vision of what would be the condition of the corporate world when the ideal is fully actualized. Second is an equally clear perception of the actual facts and the present evolutionary condition of the corporate world, or in other words the gap between the ideal and the reality. The third is a plan of action by which individually and collectively we can advance consciously towards the ideal.

The ideal of corporate governance is to create a corporate consciousness and environment in which those who display genuine ethical, social and ecological responsibility, not merely in Director's speech or annual reports but in concrete actions, prosper, progress and become leaders and decision-makers of the corporate world. Conversely those who are obstinately unethical are either weeded out or feel the consequences of their action. And others who are hovering between the two are given the opportunity and feel the pressure to take a decisive step in the ethical path. In other words, a corporate environment governed by the law of ethical Darwinism by which ethically fittest survive and prosper, the ethically ambivalent are reformed and the ethically unfit or delinquent become extinct. By the term "ethically fittest" we mean those who have fully internalized the ethical consciousness and do not need the threat of law to be ethical. A biographer of JRD Tata relates an interesting and illustrative episode. Tata was questioning an executive who was trying to save tax returns to government. The executive justified his action by saying it is not illegal. But JRD asked "Not illegal, yes, But is it right?" We can see here the difference in the mind-set between the legally ethical and the intrinsically ethical.

## **THE EMERGING CORPORATE SCENARIO**

The second task is to have a clear perception of the present facts and condition of the corporate world. The new and emerging ethical

tendencies like business ethics, corporate social responsibility and environmental sustainability have to be encouraged, strengthened and given a deeper, broader and a more intrinsic orientation. But at present most of these ethical impulses are not intrinsic but the result of external circumstances and environmental pressures like customer demand, social or green activism.

To be pragmatic is legitimate in business. But to take the next higher step in evolution the corporate world has to move up towards a higher level of pragmatism based on the Indian concept of Dharma. In this Indian perception when all the movements and activities of our inner and outer being, individually and collectively, is in harmony with the laws of universal Nature, then it leads to inner moral and spiritual development as well as outer material, economic and social efficiency, prosperity and progress. This is because when we are in total attunement with the laws of Nature we are in tune with the creative energies and rhythms of Nature, which is bound to bring its material results. The modern science of ecology reveals the dharma of the physical dimensions of universal Nature. The ethical and spiritual values discovered by the ancient spiritual traditions of the world reveals the ecology of the moral, psychological and spiritual dimensions of Nature. The principle and practices of Corporate Governance must be based on an enlightened understanding of the integral ecology of Nature in all the dimensions—physical, moral, psychological and spiritual.

And the inner source of ethics is spirituality. The ethical motive or impulse becomes fully, entirely and perfectly conscious, enlightened intrinsic and spontaneous only in the spiritual consciousness. So ultimately ethics must blossom towards spirituality. Here comes the importance of some of a new trend in business and management, which augurs well for the higher evolution of business. It is the recognition of spirituality and the potentiality of spirituality for enhancing the quality of corporate life. For example, Academy of Management in US, a leading and prestigious association of management scholars in America has formed a “Spiritual Group” and launched a magazine called **Journal of Management, Spirituality and Religion**, focusing on the emerging spiritual aspiration in business. The prestigious Harvard Business

School organized a conference on Leadership, Values and Spirituality in the spring of 2002. Similarly Indian Institute of Management, Calcutta has formed an institution, Management Centre of Human Value, based on the spiritual teachings of Sri Aurobindo, Swami Vivekananda and Rabindranath Tagore. The concept of spirituality at work is now openly and extensively discussed in management literature. Two management researchers from Copenhagen Business School, Denmark, Pruzan & Mikkelsen (2007) have edited an interesting book “Leading with Wisdom: Spiritual based Leadership in Business” which is compilation of the views and experiences of 31 top corporate leaders from 15 countries who have based their leadership on spiritual and ethical values.

The true meaning of spirituality might not have been fully understood or grasped in most of these new trends of thought in business. What is called as “Spirituality” in many of these movement falls within the domain of mental and ethical aspirations. However, higher mental and ethical motives and aspirations are an indispensable preparation for spiritual development. So, the spiritual groups and institutions all over the world have to actively support, encourage and enlighten these higher evolutionary trends in business by bringing greater clarity and depth to the meaning and significance of spirituality. And every individual or group in the corporate world with a moral or spiritual aspiration and who are in the decision-making positions have to carefully watch and study these higher trends in business.

We have discussed so far only the positive trends in the corporate world. There are also many negative trends like for example the numerous scams and frauds of the Enron-kind. Here comes the role of justice and law. We must keep in mind that individuals and groups are at various levels of inner development. Not all of us, individually or collectively, are at the higher stages of ethical and spiritual development where the ethical consciousness has become intrinsic to our nature. Most of us need an external compulsion to remain ethical and the yoke of law to goad us towards our ethical awakening. This need of Law acquires a special significance in the domain of ecological and environmental responsibility. Though the progressive sections of the corporate world

are becoming increasingly conscious of their ecological responsibility, still large sections of the corporate world, like for example leather industries, are still insensitive to their environmental dharmas. So in our present critical and precarious ecological condition of our planet, factors related to the ecological well-being of earth have to be strictly enforced under the yoke of Law and all violators have to be firmly dealt with.

We have traversed from the ideal to facts. Let us now examine how to progress from the present facts to the ideal or in other word, to use a management jargon, the strategic plan. In our consciousness perspective the plan of implementation would be based on two strategic endeavour: first is to create the ethical consciousness through Education and the second is to build an outer environment favourable to this consciousness and its self-expression in the outer life.

### **SHAPING THE SELF-GOVERNING CONSCIOUSNESS**

Education is the path to a lasting inner change. However mere mental or information-oriented education of the kind given in most of the present systems of education can only bring about a superficial change. At the best, it can bring about a change in intellectual orientation or attitude, which is helpful, but not enough for a lasting inner change. This deeper change can be achieved only by a psychological process and discipline. The main psychological factors which have to be developed and internalized to create an enduring ethical consciousness in the individual and the community are as follows:

- Self-knowledge, self-control and self-mastery.
- Calm, peace and tranquility
- Ethical, emotional and aesthetic intelligence, which has an intuitive sensitivity to higher values like truth, beauty, goodness, harmony, unity.
- Faculties and qualities of Will and the Vital force like firmness, persistence, strength, courage, enthusiasm, energy, which are essential for manifesting these values in work, life and action.
- Kindness, compassion and generosity.
- Integrity, which means in a psychological perspective harmonious integration of thought, feeling, will and action around a higher ideal.

In other words, calm, clarity and understanding in the mind, kindness, compassion and generosity in the heart, firmness, strength and self-mastery in the will, courage, energy and force in the vitality, aspiration for truth, beauty, and goodness in the soul, and an integrated personality, these are the contours of a fully developed self-governing consciousness, what is called as “Strength of Character.”

These traits of character described above have to be internalized through a systematic inner discipline. The first step is to have a clearly perceived self-transcending ideal in the moral, aesthetic or spiritual domain around which the whole being can be integrated. The other aspect of the discipline is a dual process of Aspiration-Rejection. Aspiration means a constant and persistent focusing of all the energies of our consciousness, thought, feeling and will on the ideal. The other aspect of aspiration is a conscious and deliberate cultivation of thoughts, emotions, qualities and virtues and capacities which are in harmony with the ideal or which builds the strength of character. The third aspect of the discipline is rejection, a catharsis, throwing off of all thoughts, feelings, and impulses which are contrary or hostile to the ideal or which pushes us towards unethical action like for example greed, selfishness or vengefulness. We have included calm and self-knowledge as part of the discipline, because someone who is calm and peaceful with an alert and vigilant self –awareness of his thoughts, feelings, impulses and motives is less likely to fall into unethical behaviour than the one who is agitated, restless and unconscious.

However this is only one of the paths. There are also other paths. For example there are paths which doesn't require an ideal. In this path, we simply observe with a vigilant, alert, and detached inner sensitivity our inner movements and try to feel concretely their inner consequences, like for example what are the thought, feeling, sensations or impulse which bring light, peace, joy, harmony, understanding or compassion and conversely the other movements which darken the mind and leads to the opposite. When this discipline is pursued in the right way, it leads to a spontaneous catharsis of negative movement and an equally spontaneous flowering of positive virtues.

This is the psychological discipline for building a balanced, self-governing consciousness which has to become an integral part of the corporate education and training programmes for the management student, practicing executive, corporate leaders and also other workers in the lower levels of the corporate hierarchy.

### **CREATING THE RIGHT ENVIRONMENT**

The consciousness approach, which we are discussing cannot be exclusively internal because the outer environment has an influence and impact on the consciousness. We have to create an outer environment favourable to the growth of the self-governing consciousness and facilitates its self-expression in the outer life. The outer environment includes the material, organizational, social and political environment made of buildings and space, laws and rules, policies, procedures, incentive and practices and many other factors related to the management of the outer life.

The material environment should evoke gentle, pleasant, harmonious sensations in people, which is conducive to ethical and aesthetic development. In the organizational level, there must be active encouragement to ethical, aesthetic or spiritual innovation and excellence. The present motivational strategies in the corporate world encourage only techno-economic innovation and excellence. But for the higher evolution of the corporate world, there must be equal encouragement to what we may call as “value-innovation and excellence” in the mental, ethical, aesthetic and spiritual domain or in other words, there must be something like quality circles for promoting higher values. Workers and employees must be encouraged to offer suggestions on how to make the collective organism more true, beautiful, harmonious, compassionate, creative, progressive. In this task, the house-magazine and the intranet of the organization can be of great help in disseminating higher values in the organization through dialogue, discussion and creative participation. For example, the house-journal of the organization may publish articles, which help in widening the intellectual, ethical and spiritual horizons of the mind. Similarly professional magazines, apart from technical and specialized knowledge related to the specific professional discipline, should also

contain a few articles, which help in the mental, moral and spiritual growth of people or the professional activity. For a professional is first of all an evolving human being, and only secondarily an engineer, accountant or a manager.

At the governmental level, there must be more incentives for organizations, which display genuine ethical, social and ecological responsibility. The government has to create a political environment in which organizations, which are governed by higher values acquire a competitive edge over those which are unethical, insensitive, irresponsible.

### **SELF-TRANSFORMING LEADERSHIP**

Governance is the function of leadership. Most of the modern management thinking on leadership is about outer governance or “organizational transformation”. But as the Indian thought repeatedly emphasized self-government, Swarajya is the foundation for governing the outer world, Samrajya. Similarly self-transformation is the basis for outer transformation. Someone who cannot govern himself cannot govern others. And someone who is governing himself with higher values can evoke, inspire and induce a similar aspiration and effort in others.

This principle applies equally to organizational change and transformation. Whatever difficulty faced by a leader in her outer life is a reflection of the difficulty within her. If she is able to discover and mend the inner source of the difficulty within her then the outer difficulty sooner, or later tends to resolve itself. As the Mother of Sri Aurobindo Ashram points out: “whatever the external circumstances, they are without exception, the objective projection of what is inside yourself. When in your work you find something giving trouble outside, look within and you will find in yourself the corresponding difficulty. Change yourself and the circumstance will change” (Mother, 2003).

In the same manner, whatever change the leader wants to bring out in his organization, if he is able to achieve this change within him or makes a sincere effort towards it, then it becomes easier to enforce the change in the organization. Interestingly this concept of self-



transforming leadership is beginning to be recognised in modern management.

### **SELF-GOVERNANCE: GUIDELINES FOR SELF-ASSESSMENT**

Let us now examine how a leader can self-examine his capacity of self-governance.

The traditional method of self-assessment used in modern research methodology is “Questionnaire”. The first question we have to ask is what the purpose of the questionnaire is? If it is to assess the degree of self-governance achieved by an individual, then the traditional method of questionnaire with Yes/No answers, is not only ineffective but can also be misleading. For a psychological and subjective phenomenon like self-governance, the right approach would be to provide some broad guidelines or signpost for self-assessment.

Effective self-governance requires three factors: first is consciousness, alertness, vigilance, awareness; second is inner detachment or stepping back; third is firmness and sincerity in the Will. Every individual can assess his “self-government index” in terms of these three factors.

Lack of consciousness and alertness in the mind is one of the major factors behind loss of control. An external stimuli like a temptation or an insult, produces an inner reaction like anger. If we are not sufficiently conscious and alert there is no gap for reflection between inner reaction and outer behaviour. The inner reaction is instantly converted into behaviour. On the other hand, if we are conscious and alert, and able to become aware of the inner reaction the moment it raises, then it provides the needed gap for reflection and ask the question: “Is this the right reaction? What will be the consequences if I act out over this impulse?” In fact, the very awareness of the inner reaction, if it is sufficiently clear, full, detached, will dissolve the reaction or give the insight for right action. So the first question is “How conscious and alert am I of my inner reactions?”

Our human mind has the ability to stand back and watch its own movements as a detached witness. This is one of the main levers for effective self-governance. If the first step towards self-government is

to become aware, the second step is to step back from the reaction or what we are aware of and disidentify from it, telling, "This movement is happening in me. But I am not in it." So the next question is "How much or to what extent I am able to step back and detach myself from my inner reactions and movement."

However if the inner reactions or negativities or outer temptations are overwhelming or strong and obstinate with the force of past habits, consciousness and detachment are not enough. Here comes the importance of Will. There must be firm and sincere will for self-governance. Firmness means strength and determination in the resolve and also persistence and endurance in the effort, not to become discouraged or despondent by repeated failures, difficulty or struggle. Sincerity has two facets. The first one is to constantly strive for harmony between our thought, feeling, will and actions and organize them harmoniously around our highest ideal. The second is to resolutely reject all that is contrary to this harmony or our ideals, especially not to justify or rationalize negative attitudes or feelings or weaknesses or temptations. So the third question is "How much firm and sincere am I in my will."

### **BUILDING A SUSTAINABLE COMMUNITY**

There is one more important function of self-governing leadership. It is to create a self-governing and sustainable community. The concept of sustainability has now been accepted by all progressive thinkers in environment and development studies. However, if we may redefine sustainable development as the path which leads to the safe evolution of humanity towards its highest destiny, then sustainability cannot be confined to the ecology of physical Nature or green issues. There is something like social, psychological and spiritual sustainability.

Is there a standard of principles, like the gold standard in economics, which can help us in choosing or shaping the values which can steer the sustainable evolution of the human society or a community towards its highest destiny? There are certain principles discovered by the higher mind or the collective wisdom of humanity in its progressive evolution. It is a quaternary: Liberty, Equality, Fraternity and Progress.

These values are neither Eastern nor Western, modern or ancient. They are in their essence, as Sri Aurobindo points out “the eternal attributes of the Spirit” in man which means intrinsic qualities of the human soul (Aurobindo, 1972). However they have an inner as well as an outer dimension. The modern secular mind of the west has understood these principles in its outer economic, social and political significance. On the other hand the spiritual mind of the East laid a much greater emphasis on their inner significance. For a sustainable evolution of the community, we need a social synthesis which embraces both the inner and outer dimensions of this quaternary of value, but with an emphasis on the inner awakening of these values in the consciousness of people.

However we should not get trapped in the either-or syndrome of the human mind. The inner awakening and outer actualization of these quaternary of values are not mutually exclusive. The path towards inner awakening requires education and inner discipline based on the principles of Yoga. The external actualization requires proper organization of the outer life. Both can be pursued simultaneously in a synergic manner through a triune process. The first and the most important task is to understand the deeper and inner significance of these values and create an inner awakening in the minds and hearts of people. The second, as this inner realization proceeds, allow it to express itself freely in the outer life from within outwards. The third is to create an outer organization and environment which felicitates this inner awakening and its outer expression. Let us now explore how to implement these values in the corporate life.

## **UNLEASHING LIBERTY**

The first important requirement here is empowering people which means liberating and energizing people with minimum rules and maximum freedom-what the management guru Tom Peters called as “Liberation Management” (Peters, 1992). This will require creation of an organizational culture in which each individual is given sufficient freedom and opportunity to think, initiate, decide, organize, achieve, learn and progress towards his (or her) highest potentials and express his potentialities in his work-life. But this outer liberty is not enough.

For the future evolution of the corporate world this outer liberty has to be reinforced by an inner liberty from greed, violence, lust, selfishness and other negativities in emotions, and attachment to false, one-sided, partial and outdated dogmas, beliefs, ideas and ideals in thought. This inner freedom is not merely a matter morality or idealism. It has pragmatic consequences for the corporate world. This inner liberty will open our heart and mind to deeper sources of innovation, creativity and sensitivity to higher values and felicitates the flowering of emotional and intuitive intelligence.

### **CREATING EQUITY**

True equity involves awakening each individual in the organization to the equal dignity or divinity of the human essence, irrespective of the position and status in the social hierarchy or variation in capacities and other external factors. Next we need to Promote Distributive Justice, which means equitable distribution of wealth, power, knowledge, information, culture and the fruits of development in the community. We must note here equitable does not mean equal. Perfect equality of distribution is neither possible nor desirable in the economic, social and political life. There can be equal access to resources and opportunities like knowledge, information, education or training and other opportunities for growth and learning. But the reward system has to be based on capacity and contribution. Further there is need to Create an equitable reward system, which means each individual gets the reward he (or she) deserves according to his capacities, creativity or the nature and quality of his contribution to the organizational goals or to the well-being and progress of the group.

Levels of hierarchy have to be reduced. This will enable free flow of information and interaction between various levels of the organization. This would also involve sharing of wealth and profits in such a way that there is no large disparity between the higher and lower income groups in the organization. This feeling and effort towards equity should extend beyond the organizational community to the larger economic and social environment, which means, there must be a conscious effort

towards creating an equitable and inclusive social order in the world around.

### **FORGING FRATERNITY**

There also a need to create a sense of inner and outer unity and solidarity among people-between management and employees, among employees, and with other stakeholders like customers, supplies and the community and finally with humanity and nature. Professional teamwork, pragmatic interdependence, shared values and ideals can create a certain amount of outer fraternity. But for a more enduring unity, we have to create an inner fraternity based on a deeper emotional and psychological solidarity among people. To achieve this, groups like customer, suppliers or employees should not be considered as abstract or professional categories with whom we enter into an impersonal or contractual relation. They have to be viewed as living human beings with inner and outer needs and aspiration and with whom we enter into an intimate personal relation.

So do we with Nature. Man is part of Nature not only physically but also psychologically and spiritually. So Nature has to be viewed not merely as a physical and biological organism but a living conscious Being or a Universal Force of the Spirit, with a physical, psychological and spiritual dimension. The integral aim of ecology is attunement of human consciousness and life with universal Nature in all the dimensions of our being-material, psychological and spiritual.

### **PROMOTING THE PROGRESSIVE EVOLUTION OF THE INDIVIDUAL AND THE ORGANISATION**

We should be responsible for creating a system of Education and Motivation, which leads to the progressive evolution of the individual and the organization from the physical, vital and the mental to the spiritual dimensions of consciousness. Each individual has to be awakened to the highest spiritual goals and aims of life. But for practical motivation each individual has to be taken as he/she is in his/her present condition and helped to take the next higher step in evolution and a step towards his spiritual destiny, like for example from physical to vital, from vital to mental and from mental to the spiritual. Making

a conscious effort to constantly enhance the capacities, creativity and contribution of employees through continuous education, a training and co creation or partnership.

The organization as a whole has to be steered toward higher and higher levels of growth by reorienting the goals of the organization towards deeper, higher and more inclusive vision, values and ideals. For example, stakeholder value is a more inclusive ideal than shareholder value; creativity, innovation and knowledge-management is a deeper and higher ideal than efficiency and productivity; ecological and social responsibility is a higher ideal than profit-maximization for the company; similarly, employee wellbeing is a greater ideal than skill-development.

In this paradigm of corporate governance, full, harmonious and integral development of the human potential in the organization at all the levels of human consciousness-physical, vital, mental, moral, aesthetic and spiritual-and its harmonious and integral self-expression in the outer life is the aim of organizational development.

### **VALUES OF CORPORATE DHARMA**

As a conclusive summary we are listing values, principles and guidelines which can help in manifesting the highest potentials of business.

- Creating wealth for the society through efficient, economic and productive utilization of resources
- Producing high quality products and services at minimum cost
- Delighting the customer
- Enhancing the quality of the larger economic, ecological and social environment through creative giving or sharing of wealth, knowledge, skill, expertise and resources with the community
- Employee development not only in terms of skill, knowledge and creativity but also in terms of material, mental, moral and spiritual well-being of the employees
- Truth, honesty and transparency in all dealings
- Mutual trust and goodwill among the members of the organizational community

- Fairness and justice in dealing with employee grievances
- Patience, understanding and compassion in dealing with ethical, professional and personal problems among employees
- Creating mutually beneficial win-win situation in all transactions
- Creativity, innovation and continuous improvement in every activity of the corporate life and progressive perfection in work
- Beauty and harmony in the equipment and organization of the material and economic life of the company
- Progressive growth of liberty, equity and fraternity in the social and political life of the organization
- Promoting self-knowledge, self-management, compassion and service as primary leadership qualities
- Cultivating inner Peace and providing reasonable outer Security, acting as anchors of stability in a sea of change
- Providing sufficient rest, relaxation, leisure and inner and outer space to people for reflection, renewal and growth

For every area of activity for an individual in the organization whether finance, marketing or manufacturing etc., there should be some clearly defined professional, ethical, aesthetic and spiritual standards or ideals of perfection towards which the person has to progress continually with a constant uplifting aspiration and effort.

The organization should facilitate triune integration (described earlier) of the body, mind, heart, will and action of the individual around a dharmic ideal or the spiritual core of the individual being. Integration is required at various levels; of the personal and professional life of the employee and of the material, techno-economic, social, political and cultural life of the organization around its mission, vision and values. All these in turn derived from dharma.

Such an organizational environment should have an effective system of education, discipline and communication for internalizing the appropriate values in the consciousness of people. Correspondingly, there is a need to create a system of measurement, monitoring and implementation for materializing them in the outer life. And finally when all these values and principles are progressively actualized in the

corporate life, profit and shareholder values follow as a spontaneous and inevitable result.

**Note**

Some portions of the article are reproduced from the author's own blog available at [www.integralmusings.aurosociety.org/](http://www.integralmusings.aurosociety.org/).

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