Relevance of Buddhism for business management

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Abstract

Buddhism has its practical focus on happiness and communal harmony in this lifetime. It has many solutions to offer to today's business world, which is often full of confusion and difficulty. The alleviation of suffering is the basis of the Buddha's first teaching, the Four Noble Truths. These noble truths say that suffering exists everywhere, that it has a cause, that it can be cured, and that there is a remedy in the practices of balance and awareness. How does this idea of suffering apply to businesses? Businesses suffer in much the same way that people do. This is the area of discussion of this paper.

Keywords: Buddha, business, happiness, sufferings,

Introduction

Buddhism has its own unique management theory and practice, which has evolved since past 2600 years. As early as Sakyamuni Buddha’s time, the sangha community has had a well-developed administration system. Over time, the system has undergone into lots of alterations and evolved various methods of management and leadership. In the Avatamsaka Sutra, commenting on the “Three Refuges,” Buddha said: “Taking refuge in the Sangha means one should make the Sangha a well-administered and harmonious community for all sentient beings.” From this comment, it can be seen that Buddhist sangha communities were organizations that excelled in managerial skills.

The Buddha frequently made the following comments: “I myself am just a member of the sangha” and “I do not govern, the Dharma governs.” The Buddha never considered himself the “leader,” rather he let the truth govern. The sangha community was ruled by the members’ respect for moral conduct. Upon admission, each member had to give up his or her previous social status, wealth, fame, and other privileges. All external classifications and differentiations were disregarded. Members differed only in their stages of internal cultivation. The operation of the sangha community was based on mutual respect and love, and sometimes on the order of seniority. Thus, the bhikhus, bhikhunis, and the others each had their own rules. When disputes arose, the “Seven Reconciliation Rules” made by the Buddha were followed to settle the conflict.

Buddhism teaches that nothing exists in isolation independent of other lives, all forms of lives and every sphere of a life is interrelated. Nothing can exist in absolute independence of the other or arise of its own accord; everything in the world comes into existence in response to causes and conditions of dependent origination and thus is in balance with all the other. The present paper draws on research built upon extensive literature review and analysis from spirituality and business.

Literature Review

E.F. Schumacher (1973) [1]: in his book ‘Small is Beautiful’, Buddhist economics first gained widespread attention. He said that Buddhist economics is a “Middle way” of development, aiming to achieve maximum well-being with minimum consumption. Accordingly, the function of work should act as educational toward development of skills, a sense of community, and satisfaction through meaningful work. Monotonous or overly specialized work, thus, is a grave indignity to humanity. Labor should instead serve as the individual’s sense of fulfillment and satisfaction. Buddhist economics serves to purify human character through challenging and meaningful labor, as opposed to a focus on maximizing production.
and consumption. Frederic Pryor (1990) \textsuperscript{2}; he outlines Buddhist economic behavior personal and social ethics, aligned economic institutions, and the attitude toward property and wealth. In a Buddhist Economic System-in Practice, he highlights applications of such principles, in redistribution of income, radiation, trade, competition, and economic policy. He discusses the divisions in Buddhism based on monks and laity and draws much attention to the methodology of each. To him, both Theravada and Mahayana schools align with Buddhist economics.

Apichai Puntasen (2005) \textsuperscript{3}; in his book ‘Buddhist economics: Evolution, Theories and its Application to Various Economic Subjects’ he thoroughly \& comprehensively accounts for the scientific methodology of Buddha’s enquiry into human nature and how it can be directly applied to economics. He clarifies that Buddhism is not a religion but instead a science based on the development of the mind. The primary emphasis is the development of a calm mind, a clean mind, and a clear mind. He suggests that the fundamental difference between the modern economics \& Buddhist economics is the understanding of human beings.

Wanna Prayukvong (2005) \textsuperscript{4}; His study shows that the process of thinking which represents right understanding can be continually developed to support economic activities through two factors: the good friend external factor (either an insider or an outsider to a group), and increased skill in analytical thinking by group members. Neither of these factors can be created from investment in physical capital such as buildings or infrastructure or by providing large amounts of financial assets. In an experiment he found out that persons did not put personal interests as their first priority but have considered the needs of society and nature as well, choosing a path whereby they as individuals can coexist with society and nature to achieve a certain quality of life. With limited desires, they were able to obtain contentment and happiness as a result of their actions in each of the case studies.

Subhavadee Numkanison (2002) \textsuperscript{5}; find that an economy according to Buddhist ethics involves 5 basic principles—ownership, liberty, a market system of operations, competition, and the role of the state—just as in the liberal economic system. This shows that Buddhist principles do not contradict those of liberal economic system. Even so, Buddhism suggests solutions to existing ethical problems in business operations under liberalism which may be summarized as follows: 1. a Middle Way economics that focuses on sufficiency; 2. an economics without exploitation of oneself, of others, or the environment; 3. economic activities as the ground for further human development.

Peter Daniel’s (2005) \textsuperscript{6}; demonstrates the intrinsic and integral economic nature of Buddhism. His work is a comparative review which clarifies Buddhist economics in light of neoclassical economics. Buddhism’s central emphasis of interconnectedness helps to create a more balanced and meaningful economic system by filling the gaps by accounting for externalities and well-being outcomes, such as happiness and quality of life, or the capacity for sustained human fulfillment and well-being. He suggests that Buddhist economics broadens the concepts of welfare and human nature as a means to shift the fundamental assumptions in policy and development. With a value-based economic structure, economic growth is not necessarily at an expense. He suggests that trends and shifts in economic structure have led to a greater relevance of Buddhist economics in modern society.

**Basic Buddhist Beliefs**

Buddhism borrowed many concepts from Hinduism and Buddhism was shaped by the cultures and beliefs of the countries to which it spread.

**The Four Noble Truths:** The path to enlightenment begins with the understanding and internalization of the Four Noble Truths. These teaching were first made in Deer Park by the Buddha to his first followers and have since been embedded in all Buddhist teachings. The teachings of the Buddha are referred to as the Dharma, and the Dharma begins with The Four Noble Truths: 1) all life is suffering; 2) suffering is caused by desire; 3) suffering can be ended; 4) the end of suffering is nirvana. Life involves suffering, regardless of one’s position or status in life. The constant attachment to things, or even people, will produce suffering in one’s life. The only true way to end this suffering is to extinguish it, or to reach nirvana. Nirvana is achieved through the Eightfold Path.

**The Eightfold Path:** The Eightfold Path represents good behavior. In order to achieve nirvana one must have the “right” or proper morality, wisdom, and mental discipline. The Eightfold Path consists of: 1) right understanding; 2) right thought; 3) right speech; 4) right action; 5) right livelihood; 6) right effort; 7) right mindfulness; and 8) right concentration. The Eightfold Path is sometimes represented as a wheel in which all the spokes of the wheel must be present for the wheel to function effectively. The path to nirvana involves proper thinking, causing no harm to others, not overindulging, not having improper thoughts or intentions, being mindful of each moment and what we do, and practicing mental concentration or meditation.

**The Five Precepts of Buddhism:** These are broad-based and provide the foundation for the path to enlightenment. The Five Precepts of Buddhism are: 1) abstain from destroying life; 2) abstain from stealing; 3) abstain from sexual misconduct; 4) abstain from false speech; 5) abstain from intoxicants. Buddhist teachings and practices can help business. The key is that we all - as businesses and as people - acclimate to our problems and let them remain. The Buddhist approach is to bring awareness to these problems and say “this is suffering, and there is a cure.” Then we get to work - in a clear, directed, and harmless way - to resolve issues, eliminate problems, and achieve goals.

The application of these 5 percepts of Buddhism to business management can be viewed as follows:

- Our suffering (issues, problems, and long-standing conflicts) matters. In Buddhism, this is included in the First Noble Truth.
- We can stop suffering. In Buddhism, this is the Third Noble Truth.
- There is a relationship between our actions and the results we get, in terms of suffering, and also in terms of business results. In Buddhism, this is called karma. In Western terms, this is called the law of cause and effect, and is a key part of diagnosing and solving problems. If we change the cause, the problem (the suffering) goes away.
Being aware of our thoughts, feelings, and actions helps us change them. Then we suffer less and get some common business notions that open the door to healthier, more effective workplaces.

Relevance for Business Management:
The principle of non-exploitation should ideally hold good in all the relationships of life. Beyond a certain point, any commercial profit made is necessarily at the expense of someone else; but the plight of the losers in the game does not generally bother the winners. It is from this point the issues of exploitation & unethical activities enters into the business practices. Buddhist values and practices as mentioned hereunder may be extremely useful to overcome these issues.

Employee-employer relationship: The economic relationship is one of the commonest fields of exploitation in the whole range of human life. Employers exploit employees if they can, and employees exploit their employers whenever they get the chance. We tend to think that problems of suspicion and exploitation between management and workforce, capital and labour, boardroom and factory floor, are peculiarly modern. But the Buddha gave considerable attention to this issue, in his advice to Sigalaka as recorded in the *Sigalaka Sutta*. In the section of the discourse devoted to the employer-employee relationship the Buddha enumerates five duties of the employer towards the employee, and five duties of the employee towards the employer.

Employer's duties: (1) The employer must give the employee work according to his bodily and mental strength - that is, work he or she can do without injury. (2) The employer should give the employee sufficient food and pay. Ensure food and pay that is sufficient in terms of enabling the employee to live a full and decent human existence, not simply sufficient in relation to the work done. There shouldn't be any correlation between the amount of work done and the amount of pay received. (3) The employer should provide the employee with medical treatment and support after retirement eg. Pension, insurance etc. (4) The employer should share with the employee any extra profit he makes eg. Bonus. (5) To grant the employee holidays and special allowances.

Employee's duties: (1) The employee should be punctual. (2) The employee should finish work after the employer. You should try to become free of the whole clock-watching mentality. (3) The employee should be sincere and trustworthy. (4) The employee should perform his or her duties to the satisfaction of the employer. (5) The employee should speak in praise of his employer. The Buddha must have been aware of how readily workers abuse the boss behind his or her back, then as now. They may be dutiful and respectful during working hours, but what you hear outside the company gates can tell a different story.

Problem solving/Decision making: The alleviation of suffering is the basis of the Buddha's first teaching. The four noble truths say that suffering exists everywhere, that it has a cause, that it can be cured, and that there is a remedy in the practices of balance and awareness. This idea of sufferings also applies to businesses. Businesses suffer in much the same way that people do. Here are some examples:
- Businesses fail; people die.
- Some businesses run inefficiently, wasting time and money; some people get sick.
- Some business work environments are full of conflict; some people & families are, too.
- Businesses often have wonderful products or services, but can't get them to market; people often have wonderful dreams, but can't make them real.

This list could go on and on. There is a relationship between our actions and the results we get, in terms of suffering, and also in terms of business results. In Buddhism, this is called karma. In Western terms, this is called the law of cause and effect, and is a key part of diagnosing and solving problems. If we change the cause, the problem (the suffering) goes away. Being aware of our thoughts, feelings, and actions helps us change them. Then we suffer less and get better results. In Buddhism, this is the purpose of meditation and of inquiry into ourselves.

- Stress Management: Excess tension and anger in the workplace create problems for each person and for the entire company, and there are things we can do about that. The first beneficial effect of meditation is relaxation; the second is awareness of the sources of stress, allowing diagnosis and effective response.
- Personal and team effectiveness: Those who are willing to change to be effective are more open to observing their own behaviour. Buddhism, particularly the Zen tradition, has a long history of working together, defining problems, and achieving goals through effective leadership and teamwork.
- Business Ethics: Buddhist practice is a tool for individuals and teams to effectively make ethical behaviour real in life and in the workplace. As people in business become aware of their actions & the consequences of those actions, it becomes natural to create successful businesses that are good, healthy, ethical & joyful places to work.
- Leadership: The Buddhist belief that nothing is permanent, recognizes that change is constant in the environment, and in us and others. Effective leadership requires adapting to this change while remaining steadfast in one’s principles. Concerning leadership, the Buddha emphasized the importance of maintaining one’s values, promoting self-management, and developing one’s abilities, and the abilities of others. The Buddha said, “As a solid rock is indifferent to the wind and rain, so the wise are indifferent to criticism and praise.” The ideal Buddhist leader does not easily sway his or her position in the face of challenges and social pressure. It is important to maintain one’s true self and values. This is not to say that the leadership style is fixed one, in fact it is just the opposite. Leadership style may change & in most cases should change to fit changing situations but the leader’s values remain as constant as a rock.
- Training & Development: An important aspect of Buddhism is personal development. In order to escape the cycle of birth and rebirth, one must continuously make improvements. The Buddha said, “If a man should conquer in battle a thousand and thousand more, and another should conquer himself, his would be the greater victory, because the greatest of victories is the victory over oneself.” The Buddhist leader places the
burden of development on himself or herself, not only one’s own development, but the development of others. Much can be found in Buddhist teaching concerning self-improvement and bringing out the best in others. As the Buddha said: “Only a man himself can be master of himself: who else outside could be his master? When the Master and servant are one, then there is true help and self-possession.” The development of others should have the goal of producing an individual who needs no supervision, a person who has internalized the mission and goals of the organization, and who is capable of self-management, or being his own master. The ideal Buddhist organization is one in which less emphasis is placed on command and control, and greater emphasis is placed on developing the abilities of individuals to manage themselves.

Team Work: People can learn to work together & that is good for results. Buddhism has 2,600 years experience creating structured team environments adapted to local culture. The Buddhist term for these communities is Sarigha. As against the Western philosophy in Buddhism it is assumed that we are not autonomous and independent entities. Our identity is linked to our associations with others. As the Buddha said: “All the great rivers on reaching the great ocean lose their former names and identities and are reckoned simply as the great ocean.” Our ability to view ourselves as part of a larger social system, and to make the necessary sacrifices for effective team functioning require us to transcend the “I” component of our existence.

The importance of individual sacrifice for the benefit of the group promotes teamwork. As the Buddha said: “Whoever offers sacrifice, or whoever gets others to do so – all these are following a course of merit benefiting many others.” Organizational systems that promote individualism run contrary to the notion of teamwork. For the benefits of collective action to be realized, it is necessary that we begin to think differently about how we structure organizations and reward systems.

Conclusion
This paper explores the relationship between Buddhist beliefs and the practice of management. In particular, the paper discusses the significance of the Four Noble Truths, the Eightfold Path, the Five Precepts, the concept of no-self, and the Dharma, or teachings of the Buddha as expressed in important sayings. The paper shows the impact these Buddhist concepts have on leadership, team building, personal development, conflict, and people management.

Limitations: In Buddhism there are so many social, cultural and religious dimensions & values which are relevant for the business world. This paper pointed out only few of them that become a limitation for this paper. Also the Literature review is not sufficient to cover this broad topic. A detailed and deep study of Buddhist literature are required to cover all the areas of this topic. This paper limits many other dimensions that can be picked from the same topic.

Future Research Implications
Buddhism has a complete socioeconomic system in itself. This paper only attempts to touch only few Buddhist values and beliefs which the author felt important for the business world. Further research can be done to understand the Buddhist way of financial management, Human Resource Management, Trading and other business practices. Buddhism provides a complete way of doing business by focusing on the central idea of human welfare. In future, there is a need to evaluate current trading practices in the light of Zen philosophy which is a part of Buddhism and is developed in the north Asian context and implement it to overcome the ethical and social problems.

Specially after the recent global crisis, the business world is strongly feeling the need to develop ethical business models that are able to maximize the benefits for consumers, manufacturers as well as the society. However, there is still a deeply embodied belief that such business models might embrace social and environmental gains to the detriment of economic profitability. Thus, future research may be carried out in the area of designing a business model by enhancing the social impact through Buddhist values & beliefs.

References