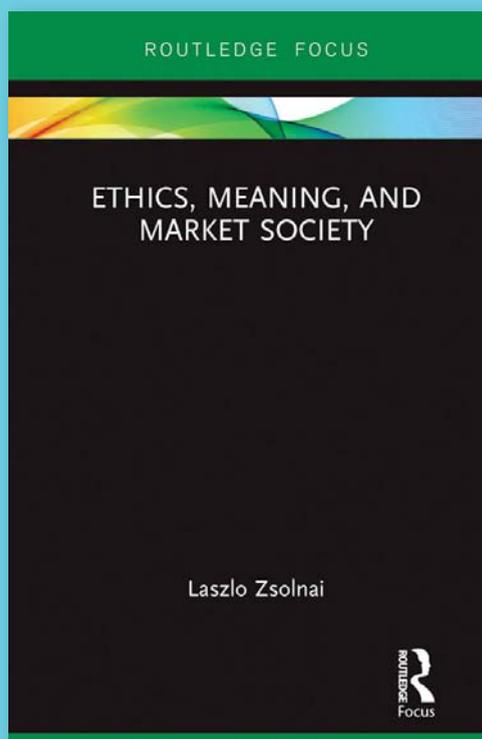


ETHICS & BUSINESS

ANNUAL REPORT OF THE BUSINESS ETHICS CENTER — 2018

INSTITUTE OF FINANCE, ACCOUNTING AND BUSINESS LAW · CORVINUS BUSINESS SCHOOL · CORVINUS UNIVERSITY OF BUDAPEST



ETHICS, MEANING, AND MARKET SOCIETY

Laszlo Zsolnai's monograph entitled *Ethics, Meaning, and Market Society* was published in 2018 by Routledge (New York and London).

This book explores the underlying causes of the pervasive dominance of 'unethics' in contemporary affairs in economics, business, and society. It is argued that the state of unethics is related to the overexpansion of market and market values in all spheres of social life and human activities. A correlate of this development is the emergence of an extremely individualistic, materialistic and narcissistic mind-set that dictates the decisions and behavior of people and organizations. The author argues that art can help to overcome the dominant market metaphysics of our age, as genuine art creates models of "poetic dwelling," which can generate non-linear, progressive change that opens up a larger playing field for ethics. Aesthetics and ethics go hand in hand. Ethical action is not just right for its own sake, but makes the world a richer, livable and more beautiful place.

*Genuine
art creates
models
of "poetic
dwelling"*

The contents of the book are as follows:

Part 1: Why Unethics?

- Introduction: Market Overreach

Part 2: The Mechanism of Unethics

- The Market and the Corruption of Activities
- When the Invisible Hand Fails
- Moral Disengagement

Part 3: Nature and Future Generations

- Integral Ecology and Future Earth
- Nurturing Place
- The Fate of Future Generations

Part 4: Business and Economics

- The Fallacy of Stakeholder Management
- Economic Ethics and World Religions
- Beyond Self

Part 5: The Richness of Life

- Art Can Save the World

The website of the book:

<https://www.routledge.com/Ethics-Meaning-and-Market-Society/Zsolnai/p/book/9781138633742>

 **Routledge**
Taylor & Francis Group

CONFERENCES AND WORKSHOPS

CORVINUS & ROME FACULTY SEMINAR



On April 11, 2018 the Business Ethics Center organized a Faculty Seminar with *Gian-Vittorio Caprara* (University of Rome) on *Moral Disengagement*.

Caprara argued that in reality what people proclaim in the domain of values and virtues does not necessarily correspond to what people do, as declarative morality does not necessarily turn into practical morality. Since individuals have to live with themselves, they strive to preserve self-views as people worth of respect. This, however, can be achieved through means that may also include compliance, self-deception and moral disengagement, when self-interest is at stake and people behavior do not accord with their moral standards.

As Stanford psychologist Albert Bandura discovered mechanisms of moral disengagement – such as moral justification, advantageous comparison, euphemistic labeling, diffusion of responsibility, displacement of responsibility, distortion of consequences, attribution of blame and dehumanization. These mechanisms largely account for a kind of moral leniency that allows people to live in peace with their conscience despite transgressing the moral principles they proclaim. The same mechanisms have been proved to be at work across context so to undermine the set of reciprocal obligations and expectations that the good society entails as regards trust, respect and fair treatment.

Caprara's conclusion was that an ethic of public good requires moral agents capable of refraining from doing what may damage others and fully committed to the pursuit of common good.

ECOLOGICALLY CONSCIOUS BUSINESSES

On June 5, 2018 the Business Ethics Center organized a workshop entitled *Ecologically Conscious Businesses*. The workshop was part of Andras Ocsai's research scholarship project *New Models of Ecologically Conscious Business* supported by the ÚNKP-17-3-III New National Excellence Program of the Hungarian Ministry of Human Capacities.

The program included presentations by *Laszlo Zsolnai* and *Andras Ocsai* (Business Ethics Center), *Adrian Zelenak*, owner and manager of Zoldbolt.hu/Ecoizm.com, the first for-profit eco-shop in Hungary; and *Andrea Szilagyi*, owner and manager of NES Shoes, a unique sustainable hand-made shoes brand.



Laszlo Zsolnai discussed the key features of progressive business models, the need for reinventing business, and presented their new book entitled *Progressive Business Models* with some international case studies. Adrian Zelenak and Andrea Szilagyi, as ecologically conscious business people, presented their businesses showing their challenges and opportunities by real world examples. Andras Ocsai presented the main elements and findings of his research project and a case study on Yvon Chouinard and Patagonia, a sustainable outdoor clothing retail company. He concluded that committed social and ecological entrepreneurs as genuine leaders and innovators, maintain a supporting and developing human community, and inspire people and businesses to take responsibility and do good for the others and the environment.



25TH ANNIVERSARY CONFERENCE OF THE BUSINESS ETHICS CENTER

On December 4, 2018 the Business Ethics Center celebrated its 25th anniversary by an international conference. The program was as follows:

- Peter Rona (University of Oxford): *Economics as a Moral Science*
- Laszlo Zsolnai (Corvinus University of Budapest): *For Genuine Business Ethics*
- Panel Discussion: *Humanizing Management Education*

CHAIR: Zsolt Boda (Corvinus University of Budapest).

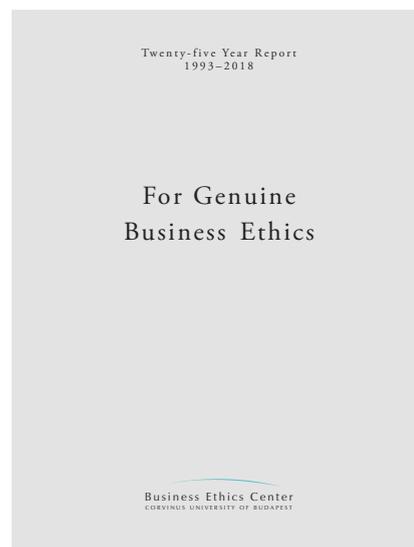
PANELISTS: Josep Lozano (ESADE Barcelona), Eleanor O'Higgins (University College Dublin and London School of Economics), Knut Ims (NHH Norwegian School of Economics, Bergen), Antonio Tencati (University of Brescia and Bocconi University Milan), and Nel Hofstra (Erasmus University Rotterdam).

About 70 scholars and practitioners attended the conference. The Twenty-five Year Report of the Business Ethics Center entitled *For Genuine Business Ethics (1993–2018)* was presented and distributed during the conference.

Main findings are the following:

- (1) Economic behavior is multifaceted and context-dependent. Two major factors determine the ethicality of economic behavior: the moral character of the actor and the relative cost of ethical behavior.
- (2) The fairness of procedures is a major determinant of the willingness of cooperation of economic actors.
- (3) Actors who are intrinsically committed to the common good and define success in multi-dimensional terms are inclined to serve nature, society and future generations.
- (4) Spirituality can play a major creative role in the deliberation of economic decisions and actions.
- (5) Sufficiency-oriented, community-based economic models are crucial for achieving a stable Earth-Human system.
- (6) Only non-materialistic value orientation can produce real material wellbeing for people.

The webpage of the Twenty-five Year Report: <http://laszlo-zsolnai.net/content/genuine-business-ethics-1>



PRESENTATIONS

GERMAN FUTURE EARTH CONFERENCE



(including human and non-human, and future life). New progressive business models are needed and reconsidering the role of business in society and nature is unavoidable. Zsolnai referred to American architect *R. Buckminster Fuller* who famously said: “You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete”.

On behalf of the Future Earth Finance and Economics Knowledge-Action Network Laszlo Zsolnai gave a presentation at the *German Future Earth Summit* on February 8–9, 2018 in Berlin, Germany. His presentation was entitled “*Creating Sustainable and Pro-social Enterprise*”. He emphasized that the business models of today’s mainstream business do not fit in the reality of the biosphere. Business models vary but almost none of them are consistent with the flourishing of life on Earth



CELEBRATING JANOS KORNAI



The 90th anniversary of world-renowned economist *Janos Kornai* (Harvard University and Corvinus University of Budapest) was celebrated by a series of international conferences in 2018. One of these conferences entitled *The Importance of Kornai's Research Today* was held at the Corvinus University of Budapest on February 21–22, 2018.

At the conference Laszlo Zsolnai presented a paper on “*Ethics and Market: The Crowding Effect*”. He analyzed cases where markets crowd out ethical coordination and pointed out the need for developing institutions for markets where ethical motivation and market coordination reinforce one another.

APPLIED ETHICS IN KOLOZSVÁR

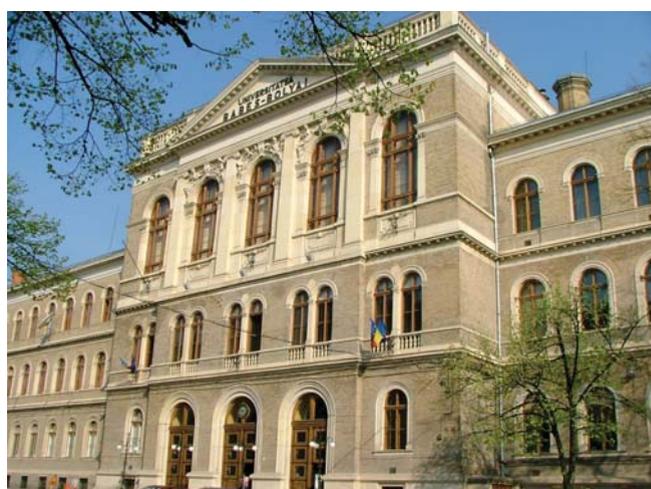
On February 24, 2018 László Fekete presented a paper on *Knowledge, Welfare, and Sustainability* at the *7th Applied Ethics Conference of Babeş-Bolyai University* in Kolozsvár (Cluj-Napoca), Romania. His presentation dealt with the novelty, the speed, and the intensity of the current process of knowledge production and its commercialization. László Fekete discussed the following questions: what the consequences of the expansion of technology-driven economy are if the overexploitation and destruction of natural resources impose the ecological constraints on further economic growth? How can the growing vulnerability of the social and political system be avoided?

He argued that in the 21st century society and economy, knowledge and innovation have become the vital source of capital assets, accumulation as well as social welfare. Economists have started to recognize it only since the mid-twentieth century. Schumpeterian growth model was the first which portrayed knowledge and innovation as the endogenous factors in the production function. The creation of knowledge is a progressive and emancipatory process; however, this is only the first step. Knowledge can be created and can be interpreted in the context of the synthesis of its various kinds from the idea via the industrial and commercial implementation to its widespread availability and use, to wit, in the process of spreading knowledge to other life spheres. In the last result, the creation of knowledge

is not legitimated by the quest for truth, but by solely maximizing economic growth and social welfare or minimizing poverty. Schumpeter assumed that knowledge production and innovation could only be possible in the capitalist economy, „in the perennial gale of creative destruction,” which would be unthinkable in the state of stagnant or slow and balanced growth. The economic, political and social stability of the system derives from economic growth and maximizing social welfare.



UNIVERSITATEA
BABEŞ-BOLYAI



EUROPEAN SPES CONFERENCE IN LEUVEN



European SPES Annual Conference entitled *The Will to Serve – Inspiring Models of Servant Leadership & Social Entrepreneurship* was held in May 24–26, 2018 in Leuven, Belgium. Members of the Business Ethics Center gave several presentations in the conference.

In his keynote lecture entitled “*Serving Future Generations*” Laszlo Zsolnai discussed the questions “Who are future generations?”, “What kind of obligations do we have to future generations?” and “How can we serve the interest of future generations?”. He argued that living a frugal lifestyle, restoring natural ecosystems, preserving the cultural heritage of humankind and inventing life saving knowledge are the best means to serve future generations. Zsolnai concluded that serving the interest of not yet born people is the most altruistic act of all. But, paradoxically, this serves our best interest because improving the prospects of future generations enhances the future of our own generations too.

Laszlo Zsolnai also gave a joint presentation with Kenneth J. Barnes (Gordon-Conwell Theological Seminary, USA) on “*Love in Business: Sentimentality or the Ultimate Virtue?*” They insisted that on the basis of calculative self-interest business will not regain trust from the public and cannot get deep support from its stakeholders. For re-establishing trust and getting deep support business should show that it loves and serves its all stakeholders. Zsolnai and Barnes argued that the virtue ethics literature in business focuses mainly on the cardinal virtues and disregards the role of the theological virtues. But without the foundational role of the virtue of love, the cardinal virtues have a limited role in transforming businesses into high purpose organizations.

In his presentation “*Reinterpreting Fashion Retail: The Case of Mr. Sale*” Gabor Kovacs analyzed the case of spiritual driven entrepreneurship and spiritual leadership in practice that introduces Mr. Sale, a Hungarian fashion retail company. The meditation practice of the owner determines the credo of the company and influences the scope of business activities and the way these activities are accomplished. Furthermore, the meditation practice of the owner enables various spiritual values to appear in business, which are compassion, genuine care, responsibility, well-being, moderation, wisdom and creativity. The case suggests that spiritual practice and spiritual value commitment can contribute to the creation of innovative business practices and social responsibility is not in odds with profitability. Genuine ethics may pay as it can enhance profitability.

In his presentation “*New Models of Ecologically Conscious Business*” Andras Ocsai discussed the problematic of ecological consciousness and business ethics in the practice of sustainable economy and business management. He analyzed leading ecologically conscious and

ethical businesses throughout the world to show that ecological consciousness and business ethics provide value systems that are much need in the transition toward global sustainability. The value background and motivation of the studied businesses are rooted in the founders’ and/or managers’ value commitments which serve as internal drivers. At the root of these ecologically conscious practices are deep respect for nature, God or the source of life, or the selfless service of the common good. It appears as common characteristics that their success criteria are multidimensional. They work not only for financial profit but for the well-being of all of their stakeholders. Financial profit is only a means for long-term economic sustainability of the companies.



SUSTAINABLE AND HUMAN DEVELOPMENT

The 8th International Conference on Sustainable and Human Development Through Spirituality, Peace Economics and Peace Science was held on June 6, 2018 in Bangalore, India. Laszlo Zsolnai contributed via a Skype presentation on “*The Role of Responsibility in Sustainable and Human Development*”. He emphasized that the failures of today’s business leadership may be attributed to the strong self-centered orientation of business leaders who pursue mostly self-enhancement goals. In contrast, spiritually enlightened leaders exercise genuine empathy with others and take an all-encompassing perspective.



BUDDHISM AND THE MARKETS



Gabor Kovacs participated in the *Religious and Worldview Perspectives on Human Flourishing and Markets* International Workshop in August 27–29, 2018 in Heiloo, The Netherlands. The workshop was part of the *Weber Project* which celebrates the 100th anniversary

of the publication of Max Weber’s celebrated book on *Economic Ethics of World Religions*.

Gabor Kovacs presented a paper jointly written with Laszlo Zsolnai on “*Buddhism and the Markets*”. The authors argue that the ultimate goal of a Buddhist life is to reach “enlightenment” and put an end to suffering. In this perspective human flourishing can be defined as inner development, that is ethical and spiritual growth which requires only a minimum level of material comfort (food, clothes, shelter, education, and medicine). The paper introduces principles and guidelines for economic institutions and behavior derived from the Buddhist views on human flourishing.

Buddhism suggests creating mindful markets where mindful consumption, mindful entrepreneurship and mindful economic policy mutually reinforce one another. Mindful consumption is (1) wise

(it serves one’s true well-being), (2) non-violent (it does not hurt other sentient beings), and (3) compassionate (it helps others to satisfy their needs). Mindful entrepreneurship applies Buddhist virtues in business activities including production and trade. Mindful economic policy aims to create shared prosperity in a sustainable world with reduced global suffering.

Kovacs and Zsolnai suggest that free-market economies cannot guarantee human flourishing. For the inner development we need mindful markets where market actors avoid vices such as greed, hatred and ignorance, and exercise the virtues of generosity, non-violence, compassion, contentment, wisdom and mindfulness.



OUR SACRED EARTH



Tamas Veress participated in the conference entitled *Our Sacred Earth* in August 28–September 1, 2018 in Lucca, Italy. The event was organized by the Globalization for the Common Good Initiative and the School of Economic Science, London. The central theme of the conference was the converging topics of ecology, spirituality and economics. Tamas Veress presented a paper on the *Commons Approach*, as a social organizational form designed for non-destructive livelihoods of human communities dealing with non-human beings.

TRANSATLANTIC BUSINESS ETHICS CONFERENCE

Zsolt Boda presented a paper on *Business Ethics as Critical Thinking: Moral Motivations and the Limits of Ethics* at the 10th TransAtlantic Business Ethics Conference (TABEC) in November 1–3, 2018 at Rutgers Business School, Newark, USA.

Boda argued that business ethics should address two fundamental questions that have implications for its own role and possibilities. First, why to be ethical when the business community and the rules of the game reward ruthless behavior through recognition and high monetary gains; and when we all have access to psychological mechanisms that help us to cope with the inner pain associated with unethical choices? Second, what should be the role of ethics in contributing to the major sustainability transformation of human society and business?

Both questions refer to boundary problems of business ethics, pointing to limitations of the ethical approach as well as implying new tasks and challenges. Business ethics has to move out of the box of the current business paradigm and contribute to the elaboration of a new one, in which the rules of the game are not in a sharp contradiction with basic moral requirements and which provides support for the sustainability transformation humankind must undertake.

A joint paper by Eleanor O’Higgins and Laszlo Zsolnai on “*Future Earth Leadership*” was also presented at the 10th TransAtlantic Business Ethics Conference.



The authors stressed that one of the biggest problems of humankind today is the considerable ecological overshoot of its activities which transgresses planetary boundaries and results in serious and mostly irreversible ecological degradation. Based on the principle of responsibility developed by Hans Jonas, the paper discusses the roles and duties of business leadership in the age of the Anthropocene.

They argued that the normative concept of Future Earth, namely that human activities should serve the survival of life on Earth (including human, non-human and future life) is central to a moral type of leadership orientation and focus. Going beyond mainstream business practices by creating and implementing progressive business models is a prime duty of responsible leadership today. O’Higgins and Zsolnai’s paper used the cases of Unilever and Patagonia to illustrate how courageous business leaders with novel vision and moral imagination transform their business organizations to stabilize life-conditions on Earth.

INDIAN INSTITUTE OF MANAGEMENT SHILLONG

In November 29–December 1, 2018 Tamas Veress participated in the 7th Annual International Sustainability Conference at the Indian Institute of Management in Shillong, India. He presented a paper jointly written with Laszlo Zsolnai on “*Hothouse Earth and Community Economy*”.

The “Hothouse Earth” trajectory has been created by the so-called “Great Acceleration” which happened in the last few decades. Since 1950s major socio-economic trends caused considerable deterioration of the Earth System. The “Great Acceleration” has been largely dominated by the private enterprise system which favors profit making instead of substantive value creation, prefers enclosure of

common resources over sharing, uses market exchange instead of the circles of reciprocity, employs hierarchy and suppresses participation, strives for financial efficiency instead of material sufficiency, values private property over common property, and produces individual wealth instead of serving the well-being of all parties.

Veress and Zsolnai suggested that creating and recreating thriving forms of community economy is not a matter of choice any more, it is a vital necessity for the deep adaptation required by our ever warming and destabilized Earth. The wisdom of India is very much needed in finding a path to stabilizing our Mother Earth.

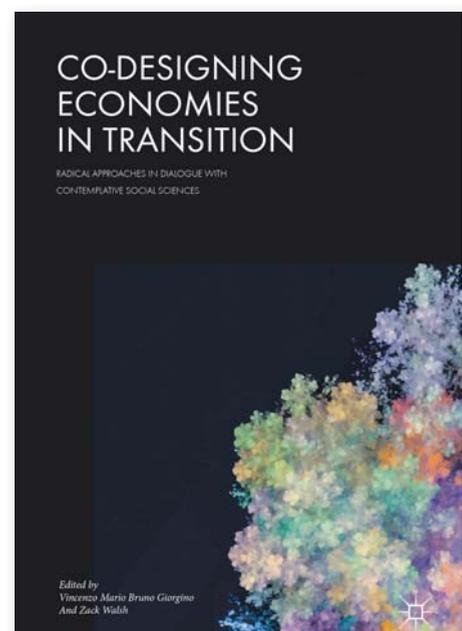


PUBLICATIONS

ECONOMICS BEYOND THE SELF

Laszlo Zsolnai’s paper “*Economics Beyond the Self*” was published in *Co-Designing Economies in Transition – Radical Approaches in Dialogue with Contemplative Social Sciences* (Editors: Vincenzo Giorgino and Zack Walsh, Palgrave, 2018).

The author emphasizes that almost all wisdom traditions of humankind require some form of self-transcendence of the ego of the person to achieve a meaningful and ethical life. This paper uses the example of Buddhism to show how “going beyond the self” can be realized in economic and social contexts. Buddhist economics is presented as a strategy, which can be applied in a variety of contexts. Buddhist economics may help Buddhist and non-Buddhist people alike to create livelihoods which aim to reduce the suffering of human and non-human beings by practicing non-violence, caring and generosity.



GROSS NATIONAL HAPPINESS FOR BUSINESS



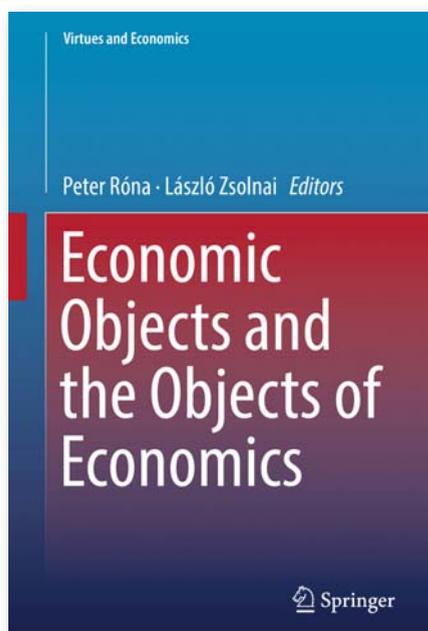
In their paper “*Business for the Greater Good: GNH Rating for Enterprises*” (Dasho Karma Ura and Sangay Chopel (Eds.): *GNH of Business – Proceedings of the Seventh International Conference on Gross National Happiness*. Thimpu, The Centre for Bhutan Studies and GNH, pp. 56–75.) Laszlo Zsolnai and Zoltan Valcsicsak argue that Gross National Happiness (GNH) provides an alternative framework that can help enterprises to develop broader, more inclusive business models that aim to serve the greater good of society. The four pillars of GNH may be used to develop a holistic, multidimensional scheme to measure the environmental, social, cultural, and governance performance of business enterprises.

Zsolnai and Valcsicsak presented an operational model which suggests

rating companies according to their performances in pillars defined by GNH. The underlying logic of their suggested rating scheme is as follows: GNH* rating means that the given enterprise satisfies basic criteria of environmental conservation. GNH** rating means that the given enterprise satisfies the basic criteria of environmental conservation and equitable socio-economic development. GNH*** rating means that the given enterprise satisfies the basic criteria of environmental conservation, equitable socio-economic development, and good governance. Finally, GNH**** rating means that the given enterprise satisfies the basic criteria of environmental conservation, equitable socio-economic development, good governance, and cultural preservation. It is proposed that individual ratings would be determined by a representative stakeholder group that includes members of the public and private sectors as well as of the community.



ECONOMIC OBJECTS AND THE OBJECTS OF ECONOMICS



The book *Economic Objects and the Objects of Economics* (edited by Peter Róna and László Zsolnai, 2018. Springer) examines the nature of economic objects that form the subject matter of economics, and studies how they resemble or differ from the objects studied by the natural sciences. It explores the question of whether economic objects created by modern economics sufficiently represent economic reality, and confronts the question whether tools, techniques and the methodology borrowed from the natural sciences are appropriate for the analysis of economic reality.

The book demonstrates the unsustainability of rational choice theory. It looks at economic agents, such as individuals, groups, legally constituted entities, algorithms, or robots, how they function and how they are represented in economics. The volume further examines the extent, if any, that mathematics can represent the objects of the economy, such as supply and demand, equilibrium, marginal utility, or the money supply as they actually occur in the economy, and as they are represented in economics. Finally, the volume explores whether the subject matter of economics – however defined – is the

proper subject of theoretical knowledge, whether economics is an analytic or a descriptive discipline, or if it is more properly seen in the domain of practical reason. Specifically, the book looks at the importance and the ambiguity of the ontology of modern economics, temporality, reflexivity, the question of incommensurability, and their implications for economic policy.

Contents of the book are as follow:

Part 1: Introduction

- Peter Rona (University of Oxford): *Ontology and Economics*

Part 2: The Importance of Ontology

- Peter Rona (University of Oxford): *Objects of Nature and Objects of Thought*
- Stephen Pratten (Kings' College London): *Positioning and the Nature of Social Objects*
- Tony Lawson (University of Cambridge): *Central Fallacies of Modern Economics*

Part 3: Ontology of Modern Economics

- Daniel M. Hausman (University of Wisconsin-Madison): *Social Scientific Naturalism Revisited*
- David Colander (Middlebury College, Vermont): *Is Economics a Moral Science?*
- Carlos Hoevel (Catholic University of Argentina): *New Theoretical City or Dispersed Tribes? An Explo-*

ration Journey Through Contemporary Heterodox Economics and Methodology

Part 4: Temporality, Reactivity and Crowding

- Roger Teichmann (University of Oxford): *Rational Choice Theory and Backward-Looking Motives*
- Kevin T. Jackson (Solvay Brussels School of Economics and Management): *Time-Value in Economics*
- Bruno S. Frey (University of Basel): *The Crucial Role of Reactivity in Economic Science*
- Laszlo Zsolnai (Corvinus University of Budapest): *Economic Actors and the Ultimate Goal of the Economy*

Part 5: Implications for Economic Policy

- Zoltan Pogatsa (University of Western Hungary): *How Does the Methodology of Neoclassical Economics Eliminate the Question of Fairness?*
- Arjo Klamer (Erasmus University Rotterdam): *Economics Is a Moral Science: A Value Based Approach*

Part 6: Conclusion

- Peter Rona (University of Oxford): *Postscript on Ontology and Economics*



The webpage of the book: <https://www.springer.com/us/book/9783319945286#aboutBook>

ECONOMIC ACTORS AND THE ULTIMATE GOAL OF THE ECONOMY

Laszlo Zsolnai's paper on "*Economic Actors and the Ultimate Goal of the Economy*" was published in Peter Rona and Laszlo Zsolnai (Eds.): *Economic Objects and the Objects of Economics* (2018. Springer, pp. 151–159). The author argues that mainstream economics employs a rather simplified picture of economic systems. Economic actors are grouped into three categories, namely individuals/households, firms, and the state. Among these actors only monetized transactions are considered. The ultimate goal of the economy is defined as maximization of individual income or financial wealth. In the reality of the 21st century the working of the economy is far more complex. Economic actors represent diverse types and the monetized transactions are only one form of the interactions among them. The paper suggests that we should minimally consider the following types

of economic actors: individuals, organizations, communities, networks, and robots (or algorithms).

Zsolnai suggests that among economic actors at least four basic types of interactions can be identified: market exchange, bureaucratic coordination, ethical transaction, and aggressive action. Different types of interactions may be combined but "crowding in" and "crowding out" effects may happen among them. For example, market exchange may crowd out ethical transaction or bureaucratic coordination may crowd out market exchange. The ultimate goal of the economic system is not to produce material gains but to provide livelihood for those who are involved. Just and sustainable prosperity can be considered as the ultimate goal of the economy against which the performance of any economic system should be measured.

FRANCISCAN ECONOMICS



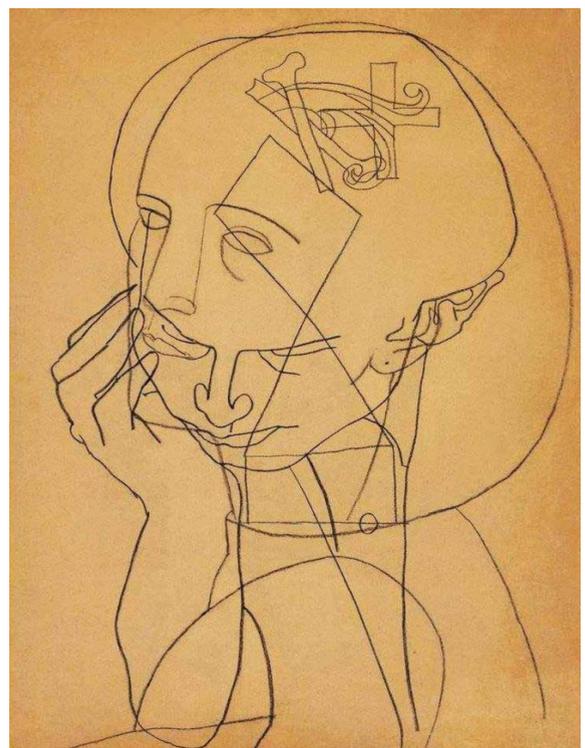
Laszlo Zsolnai's paper on "*Franciscan Spirituality and Economics*" (Religions 2018, 9(10), pp. 288–294.) starts with the observation that St. Francis was hostile to money and material wealth. He was also against exploitation or misuse of natural creatures and promoted voluntary poverty, sharing, and universal brotherhood. The paper examines the implications of St. Francis' views for economics. It is argued that St. Francis' views imply the substantive notion of the term "economic" and favor material sufficiency instead of financial efficiency. Pope Francis' encyclical letter "Laudato si'" is consistent with and supports St. Francis' views, which emphasize the frugality of consumption and acknowledging the intrinsic value of nature. The overall vision of St. Francis can be characterized as "The Commonwealth of Life" based on a God-centered, spiritual way of living and acting.

The paper suggests that the models of a sufficiency-oriented community economy are relevant for realizing St. Francis' legacy in today's reality of climate change described by climate scientists as the "Hothouse Earth" pathway.

FROM ETHICS TO SPIRITUALITY

Zsolt Boda's paper entitled "*From Ethics to Spirituality: Laszlo Zsolnai on Human Motivations*" was published in the book *Art, Spirituality and Economics – Liber Amicorum for Laszlo Zsolnai* (Editors: Luk Bouckaert, Knut J. Ims, and Peter Rona, 2018. Springer).

First, the paper presents Laszlo Zsolnai's intellectual journey through which he broadened his views on the relevant motivations of economic actors from ethical to spiritual ones. Second, it analyses the pivotal role behavioral models play in the construction of social sciences. Following a meta-critical approach it argues that any social inquiry involves some degree of normative content. Behavioral models are not merely descriptive, but prescribe a certain view on reality. Therefore 'transformative sciences', like business ethics or ecological economics, should devote special attention to the problem of human agency as both a practical and a theoretical problem. Zsolt Boda's paper shows that the problem of human agency encapsulates several foundational challenges concerning both economics and ethics that Laszlo Zsolnai faced in his inquiries.





In their paper “*Progressive Business as Social Business Innovation*” (The Journal of the Macau Ricci Institute 2018, No. 2, pp. 47–55.) Eleanor O’Higgins and Laszlo Zsolnai present a series of brief case studies of exemplary companies identified as progressive businesses, understood as ecologically sustainable, future-respecting and pro-social enterprises. These companies follow progressive business practices and embrace

social innovation methods in their business models. They represent a range of industries including ethical and sustainable banking, artisan coffee production and distribution, insurance, clean technology, retailing, and consumer goods. The analysis of these cases is meant to show readers that social innovation is practical for businesses seeking to flourish in the 21st century. These enterprises featured here may help to dramatize the contrast with many mainstream establishments whose business models inhibit socially and environmentally sustainable practices.

ECOLOGICAL CONSCIOUSNESS OF ENTERPRISES

Andras Ocsai’s paper on “*Ecological Consciousness of Enterprises*” was published in Hungarian in *Vezetéstudomány* (Budapest Management Review), Vol. 49, No. 9, September 2018, pp. 2–19.

Ocsai observes that the concept of ecological consciousness has been distinguished from environmental consciousness since the late 1960s. Environmental activists and philosophers thought that the traditional conservation movement narrowly understand environmental problems and define them as technical problems. But environmental problems are consequences of the use of instrumental rationality by social and cultural institutions of modernity.

The paper explores the theoretical background of ecological consciousness (including, deep ecology, ecological economics, ethics of responsibility, spiritual-based leadership, integral ecology, Buddhist economics) and focuses on business applications (for example, the moralistic model of businesses, sustainability-driven, and

nature-inspired entrepreneurship, or “truly sustainable” business models). Also, it presents a comparative analysis of some related Hungarian studies.

As the main practical recommendation, Ocsai emphasizes that the change should begin with an honest review and mapping of the values, thoughts and feelings of enterprises: what are their personal goals, priorities, value commitments; what is their relationship with themselves, with other people and with nature. These are inevitable questions to answer on one’s journey to ecological consciousness.



NEW MODELS OF ECOLOGICALLY CONSCIOUS BUSINESS

The results of the research project of Andras Ocsai entitled *New Models of Ecologically Conscious Business* (supported by the ÚNKP-17-3-III New National



Excellence Program run by the Hungarian Ministry of Human Capacities) were published in a working paper in Hungarian in the repository of the Corvinus University of Budapest.

The working paper presents and analyzes eight exceptional cases of ecologically conscious business throughout the world: Green Monday, Hong Kong; Houdini Sportswear, Sweden; Interface, USA; Natura, Brazil; Organic India, India; Patagonia, USA; Scott Bader, UK; TerraCycle, USA.

Main findings of Ocsai's paper are the following: the business models of the selected ecologically conscious businesses are reasonably similar to each other along several dimensions (core values, value propositions, and cost structure and profit potential). However, the market segments and the structure of value chains

vary significantly as there are differences in their competitive environments. Ocsai concludes that new business models based on ecological consciousness are needed to protect and improve the life-conditions of natural ecosystems, social communities and future generations.

CONTEMPLATIVE APPROACHES TO ECONOMICS AND MANAGEMENT



Laszlo Zsolnai, Gabor Kovacs and Andras Ocsai edited a Special Section on “*Contemplative Approaches to Economics and Management*” in *Society and Economy* 2018, Vol. 40, No. 4. (<https://akademiai.com/toc/204/40/4>).

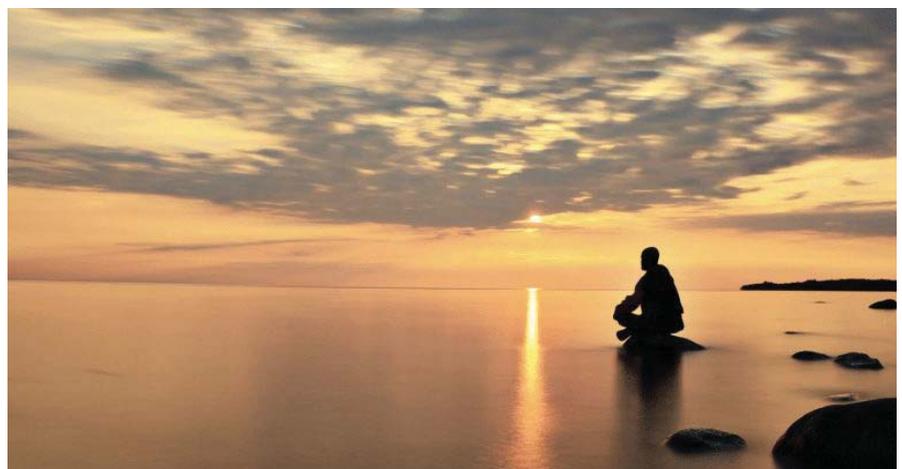
The Special Section contains the following papers:

- Laszlo Zsolnai, Gabor Kovacs and Andras Ocsai (Corvinus University of Budapest): *Why do we need contemplative approaches in economics and management?*
- Clair Brown (University of Californai, Berkeley) and Laszlo Zsolnai (Corvinus University of Budapest): *Buddhist economics: An overview*
- Ernest C. H. Ng (The University of Hong Kong): *Mindfulness and Buddhist economics in the financial market—generating Delta or Alpha?*
- Knut J. Ims (NHH Norwegian School of Economics, Bergen): *Quality of life in a deep ecological perspective. The need for a transformation of the Western mindset?*
- Wanna Prayukvong (Mahidol University, Nakhon Sawan) and James Hoopes (Babson College, Boston): *A Buddhist economics approach to innovation and capacity building: The case of Siam Hands.*

CONTEMPLATION IN ECONOMICS AND MANAGEMENT

In their paper “*Why Do We Need Contemplative Approaches in Economics and Management?*” (*Society and Economy*, 2018, Vol. 40, No. 4, pp. 493–496) Laszlo Zsolnai, Gabor Kovacs and Andras Ocsai recall that contemplative traditions (including meditation) are one of the oldest traditions of humanity. They have been present in all major religions in one way or another. Economics and management seem to be unrelated to contemplative approaches but recent trends in mindfulness applications in business and the growing interest in Buddhist economics show fruitful connections. The authors argue that

contemplative approaches can contribute a lot to economics and management by providing reflective and critical contents and methods for these disciplines. By employing contemplative inquiry management and economics can become more holistic, peaceful and may serve better its ultimate function: helping the flourishing of life on Earth.



WESTERN ECONOMICS VERSUS BUDDHIST ECONOMICS

Clair Brown and Laszlo Zsolnai published a paper on “*Buddhist Economics: An Overview*” (*Society and Economy* 40 (2018) 4, pp. 497–513.). The authors stress that Buddhist economics approach as it has been developed in the last 40–50 years aims to create an alternative worldview that challenges the main underlying assumptions of Western economics.

The mainstream Western economics model is originally based on the following assumptions: rational, selfish behavior; profit-maximization; competitive markets; and instrumental use of the environment. Buddhist economics is based on a different set of assumptions: dependent origination (“pratityasamutpada”), where people are interdependent with each other and with Earth; people are aware of enlightened self-interest based on interdependence and thus are altruistic; firms care about the well-being of workers, customers, shareholders, and community; and all activities include caring for the environment. With these assumptions, the Buddhist economic model has shared prosperity in a sustainable world with minimal suffering as its goal.



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NEWS

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On January 23, 2018 members of the Center for Contemporary Buddhist Studies, University of Copenhagen visited the Business Ethics Center. Visitors included

Trine Brox, Elizabeth Williams-Oerberg, Jane Caple, and Marianne Hedegaard. They presented their Buddhism and Consumption Project and discussed future collaboration opportunities with the members of the Business Ethics Center.



BOCCONI UNIVERSITY MILAN

Laszlo Fekete was invited to participate in the *Labor Issues in Corporate Social Responsibility* workshop organized by UN International Labor Organization and Bocconi University on 13–15 February 2018 in Milan. The workshop



organized by Antonio Tencati endeavored to introduce the graduate students of the School of Economics of Bocconi University to the principles, current practices, and future trends of labor’s rights in the contexts of national and international legislation and corporate self-regulation. The lectures were presented on topical issues such as discrimination, child and forced labor, risk management, just and fair supply chain, and good corporate practices.

Bocconi

CO-TEACHING IN CEMS MIM PROGRAM



In Spring 2018 *Michael Müller-Camen* (Vienna University of Economics and Business) and *Eleanor O'Higgins* (University College Dublin) were teaching in Laszlo Zsolnai's course on the Roles and Duties of Management in the CEMS Masters in International Management program. On April 17 Professor Müller-Camen taught a class on "*Sonnenator and the Economy of the Common Good*" while on April 23 Professor O'Higgins taught a class about "*Unilever's Sustainability Strategy*".



CEMS MEETING IN BARCELONA

The CEMS Business Ethics Faculty Group held its annual meeting on May 18–20, 2018 in Barcelona. Participants included *Laszlo Zsolnai* (Corvinus University of Budapest), *Eleanor O'Higgins* (University College Dublin), *Josep Lozano* (ESADE Business School, Barcelona), *Nel Hofstra* and *Luit Kloosterman* (Erasmus University Rotterdam), and *Jukka Makinen* (Alto University Helsinki). The group discussed research collaboration and future activities, especially those related to the Progressive Business Models project.



CELEBRATING OF LASZLO ZSOLNAI'S 60TH ANNIVERSARY IN LEUVEN

On May 24, 2018 as part of the European SPES Annual Conference a special session and a gala dinner were organized to celebrate Laszlo Zsolnai's 60th Anniversary in Leuven, Belgium.

In the special session Luk Bouckaert (Catholic University of Leuven), Zsolt Boda (Corvinus University of Budapest), Knut Ims (Norwegian School of Economics, Bergen) and Peter Rona (University of Oxford) addressed the works of Laszlo Zsolnai. They presented the book *Art, Spirituality and Economics. Liber Amicorum for Laszlo Zsolnai* (Editors: Luk Bouckaert, Knut Ims and Peter Rona, Springer, 2018).

During the gala dinner in the Faculty Club of University of Leuven Peter Pruzan (Copenhagen Business School), Nel Hofstra (Erasmus University Rotterdam) and Manas Chatterji (Binghamton University) greeted Laszlo Zsolnai and recalled joint activities and projects with him.

In his response Laszlo Zsolnai recalled the Buddhist concept of "anatta" (no self) which suggests that the self is not important, even it does not exist. But if the self is not important, then, – he asked – what is important? He suggested that friendship is important and it is worthy to be celebrated. Perhaps friendship is the highest quality of human relationship that we



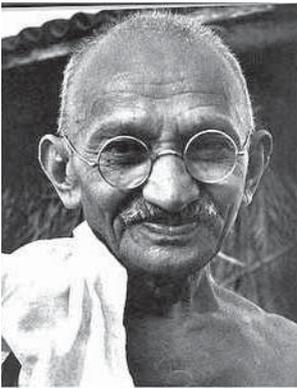
can achieve in this material world. Aristotle described perfect friendship as individuals recognize each other as good characters, spend time with each other, and engage in activities that exercise virtues. In Zsolnai's view the European SPES Institute is a society of friends working on a noble cause, that is, promoting the primacy of the spiritual over the material, and making a contribution to the flourishing of life (including human, non-human and future life) in different fields of social activities such as economics, business, politics, and art. So it is worthy to celebrate this kind of friendship.

TRANSFORMATIVE DESIGNS FOR SUSTAINABILITY

Tamas Veress attended the symposium *Transformative Designs for Sustainability* held in June 18–20, 2018 in Hannover, Germany. The event was organized by the Club of Rome, the Volkswagen Foundation, the Collective Leadership Institute and the Institute of Advanced Studies in Sustainability – Potsdam. Participants of the symposium were invited to study design methods which help to shift the human mind from the “Appropriator of Nature” to the “Steward of Mother Earth”.



GANDHI CENTER BOARD MEMBERSHIP



In 2018 Laszlo Zsolnai has been elected a member of the Advisory Board of *Mahatma Gandhi International Research Center for Conflict Prevention and Management* in Acharya Bangalore Business School, Bangalore, India.

The Gandhi Center is lead by Manas Chatterji (Binghamton University, USA), Madhumita Chatterji (Acharya Bangalore Business School, India) and Partha Gango-padhyay (University of Western Sydney, Australia). The interest of the Center is to understand conflict resolution processes by keeping socioeconomic priorities in perspective. Therefore, the spectrum of research is broad and includes not only political, ethnic and religious conflicts but also water, energy, food, migration, environmental and other types of conflicts in the development process of particularly emerging economies.

RESPONSIBLE CAPITALISM

Tamas Veress attended a summer school on *Responsible Capitalism* held at Venice International University in June 24–28, 2018 in Venice, Italy. Participants discussed the question whether such configuration as responsible capitalism might emerge and if so, to whom it would be responsible and for what.



ZANGLA-ZANSKAR RESEARCH COLLABORATION



The *Csoma's Room Foundation* founded by architect Balazs Irimias developed a research cooperation with the Business Ethics Center and the Cultural Heritage Studies Program of the Central European University. The aim of the collaboration is to study the socio-economic and cultural development of the Zaskar region of Ladakh, India. Research interests include living Buddhism, heritage management, sustainable and spiritual tourism, and community economy.

NEW NATIONAL EXCELLENCE PROGRAM

In June 2018, Andras Ocsai successfully completed his research project entitled *New Models of Ecologically Conscious Business* in the framework of a 10-month research scholarship supported by the ÚNKP-17-3-III New National Excellence Program of the Hungarian Ministry of Human Capacities.

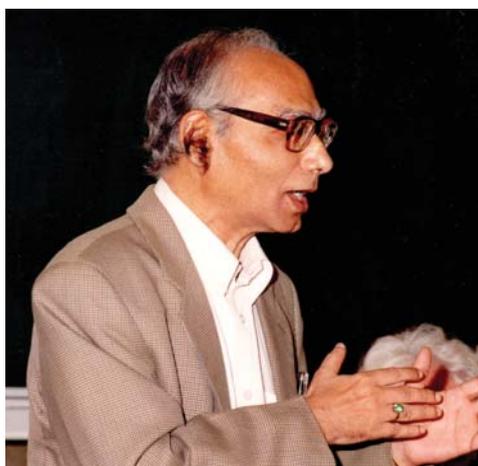


STEPHAN ROTHLIN'S VISIT

On September 7, 2018 *Stephan Rothlin, SJ* visited the Business Ethics Center. Professor Rothlin is an international expert on Chinese business ethics and spiritual leadership. He is Founder and President of the the Macau Ricci Institute in Macau, China. Research collaborations were explored with his institute on spirituality in business in Europe-China perspective.



IN MEMORIAM S.K. CHAKRABORTY



On September 13, 2018 *S.K. Chakraborty* passed away at the age of 78. He was an intellectual giant and a pioneer who introduced Vedantic philosophy in business and management. Professor Chakraborty was Founder and Convener of the Management Centre for Human Values at the Indian Institute of Management in Calcutta. His Centre fostered and promoted spiritual-based management and values-based human response in organizations.

In 2001 Professor Chakraborty participated in our conference on Spirituality in Management in Szeged, Hungary and contributed to the resulting book on *Spirituality and Ethics in Management* published by Kluwer in 2004 and republished by Springer in 2011.

In his contribution Chakraborty offered his vision on “*Spirit-Centered, Rajashi Leadership*”. The Sanskrit dictum says: “svarat samrat bhavati.” It means one who can rule or govern oneself can also lead others well. That is, the ideal or model leader exercises leadership on himself or herself first. This entails bringing forth the hidden Spirit into the forefront of the leader’s personality. Great examples of Spirit-centered, Rajashi leadership include Emperor Ashoka (220–300 BC), Jamshedji Tata (19th Century), Mahatma Gandhi (20th Century) and R. K. Talwar (20th Century).

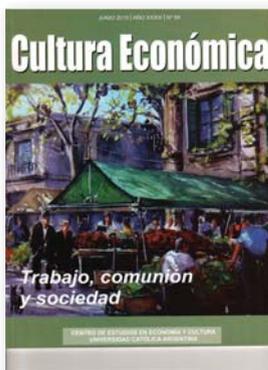
Why does the 21st century need Spirit-centered or Rajashi leadership? Chakraborty’s answer is that because the vast, hidden and irreversible damages caused by economic growth, which thrives on globalized greed, needs to be halted. Spirituality has to be the master, not the servant of material attempts. Relevance to the bottom line of business cannot be the test for spirituality. Instead spirituality has to be the benchmark for business activities. These words are more relevant than ever. We will never forget Professor Chakraborty’s kind personality and his deeply rooted spiritual humanism.

VISIT TO BÉRES VINERY IN TOKAJ

On September 14, 2018 members of the Business Ethics Center visited Béres Vinery in Erdobenyé in the Tokaj region of Hungary. They celebrated the decade-long collaboration with *Béres Pharmaceutical*, a leading company of preventive and natural medicine in Hungary and beyond. The collaboration is culminated in the publication of the case study by Zsolt Boda and Andras Ocsai on Béres Co. in the book entitled *Progressive Business Models: Creating Sustainable and Pro-social Enterprise* (Editors: Eleanor O'Higgins and Laszlo Zsolnai, Palgrave-Macmillan, London, 2017). Third generation business leaders of the Béres family, Melinda Béres and Marcell Béres showed the Béres Vinery to the visitors.



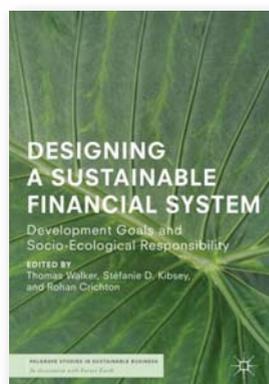
CULTURA ECONÓMICA



In 2018 Laszlo Zsolnai was invited to become a member of the Academic Advisory Committee of the Spanish journal *Cultura Económica*. The journal is published by Catholic University of Argentina in Buenos Aires and is widely distributed in the Spanish speaking world. The journal covers topics such as economy and nature, economic humanism, social networks and the common good, work and community, spirituality in management, justice and liberation theology.

The website of the journal: <http://erevistas.uca.edu.ar/index.php/CECON/index>

PALGRAVE STUDIES IN SUSTAINABLE BUSINESS



Paul Shrivastava and Laszlo Zsolnai serve as editors of the book series *Palgrave Studies in Sustainable Business in Association with Future Earth* (Palgrave-Macmillan, London). This series defines a clear space for the work of Future Earth Finance and Economics Knowledge-Action Network. Publishing key research with a holistic and trans-disciplinary approach, it intends to help reinvent business and economic models for the Anthropocene, geared towards engendering sustainability and creating ecologically conscious organizations.

In 2018 the following volumes were published in the series:

- Sveinung Jørgensen and Lars Jacob Tynes Pedersen: *RESTART Sustainable Business Model Innovation*.
- Thomas Walker, Stéfanie D. Kibsey, and Rohan Crichton, (Eds.): *Designing a Sustainable Financial System. Development Goals and Socio-Ecological Responsibility*.

The webpage of the series: <https://www.palgrave.com/gp/series/15667>

THOMAS WALKER'S VISIT



On November 14, 2018 *Thomas Walker*, Professor of Finance and Co-Director of the David O'Brian Center for Sustainable Enterprise at Concordia University in Montreal visited the Business Ethics Center. He met members of the Center and discussed various research collaboration opportunities especially within the Future Earth Finance and Economics Knowledge-Action Network.



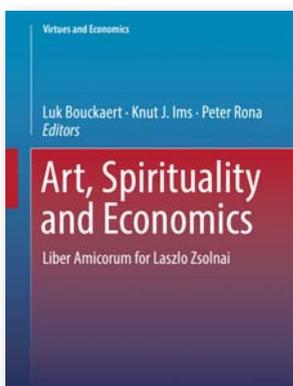
HELPING THE HOMELESS

The Business Ethics Center started a collaboration with Hungarian foundation called “*Nyugodt Szív*” (Quiet Heart) initiated by the well-known Hungarian poet and writer *Endre Kukorelly*. The foundation aims to prevent homelessness by helping single parent families (especially mothers with two-to-five children) who are in serious financial trouble and have the risk of losing their homes. The Foundation represents an innovative business model as its homeless prevention program demonstrates that even modest grants with care and commitment can be effective in the recent growth of housing finance crisis. The members of the Business Ethics Center committed themselves to contribute financially and intellectually in the development of the activities of *Nyugodt Szív* Foundation.



The website of the *Nyugodt Szív* Foundation: <https://www.nyugodtsziv.hu/>

ART, SPIRITUALITY AND ECONOMICS



Luk Bouckaert, Knut Ims and Peter Rona (Eds.): *Art, Spirituality and Economics. Liber Amicorum for Laszlo Zsolnai* (2018, Springer).

This volume celebrates the work of Laszlo Zsolnai, a researcher and scholar in the field of the ethical and spiritual aspects of economic life, who has made contributions to the connection between ethics, spirituality, aesthetics and economic theory. The book offers a selection of essays concerned with the ethical, spiritual and aesthetic context within which economics as a social studies discipline should be situated in order to avoid the sort of

dehumanizing consequences that theories based on utility maximization and rational choice necessarily entail. It presents the economic activities of human beings not as some sort of preordained obedience to universal laws that operate independently of other human concerns, but, rather, as a part of the human desire for the Aristotelian good life. It looks at the various considerations – moral, spiritual and aesthetic – that take part in the formation of economic decisions in sharp contrast with theories that purport to explain economic phenomena solely on the basis of utility maximization.

Contents of the book are as follows:

- Luk Bouckaert (Catholic University of Leuven), Knut J. Ims (NHH – Norwegian School of Economics, Bergen) and Peter Rona (University of Oxford): *Laszlo Zsolnai, Friend and Moral Scientist*

- Carlos Hoevel (Catholic University of Argentina): *The Essential, the Beautiful and the Economic: The Brotzeit by Eduard Grützner and Zsolnai's Philosophy*
- Antonio Tencati (University of Brescia and Bocconi University Milan): *The Last Supper by Leonardo da Vinci and the Links to Food, Conviviality, Sharing, and Spirituality*
- Josep M. Lozano (ESADE Business School, Barcelona): *A Dog. Just a Dog*
- Katalin Illes (University of Westminster, London): *The Light of the World*
- Ove Jakobsen (University of Nordland, Bodo) and Vivi M.L. Storsletten (University of Nordland, Bodo): *Friedensreich Hundertwasser – The Five Skins of the Ecological Man*
- Eleanor O'Higgins (University College Dublin and London School of Economics): *Antarctica – Nature's Awesome Artwork*
- Mike Thompson (GoodBrand – London, China-Europe International Business School – Shanghai, and University of Victoria, Vancouver): *The Old Fisherman: An Essay for Zsolnai László*
- Zsolt Boda (Hungarian Academy of Sciences and Corvinus University of Budapest): *From Ethics to Spirituality: Laszlo Zsolnai on Human Motivations*
- Luk Bouckaert (Catholic University of Leuven) and Rita Ghesquière (Catholic University of Leuven): *Angels from the Future. The Voice of Coming Generations*
- Paul Shrivastava (Pennsylvania State University and INC Nancy Business School): *The Aesthetics of Energy Resilience*
- Peter Pruzan (Copenhagen Business School and Sri Sathya Sai Institute of Higher Learning): *On the Experience of Beauty in Nature, in Mathematics and Science, and in Spirituality*
- Sanjoy Mukherjee (Indian Institute of Management, Shillong): *Management and Liberal Arts: A Transformational Odyssey with Rabindranath Tagore*
- Luigino Bruni (Lumsa University, Rome): *The Capitalistic Religion: Old Questions, New Insights*
- Knut J. Ims (NHH – Norwegian School of Economics, Bergen): *Nature, Economics, and Scream*
- Stefano Zamagni (University of Bologna and Pontifical Academy of Sciences): *The Idea of Corporate Social Responsibility and the Responses of Economic Theory*
- Hendrik Opdebeeck (University of Antwerp): *What Can Sense Making Economies Learn from the GNH of Bhutan?*
- Daniel Deak (Corvinus University of Budapest): *Innovation in the Intervention into Nature by Legal Means*



The webpage of the book: <https://www.springer.com/gp/book/9783319750637#aboutBook>

SPONSORS

In 2018 the projects and members of the Business Ethics Center received financial support from the following institutions: *Corvinus Business School – Corvinus University of Budapest, Doctoral School of Business and Management – Corvinus University of Budapest, CEMS – Global Alliance in Management Education, European SPES Institute – Leuven, NHH–Norwegian School of Economics – Bergen, Rutgers University, Venice International University, Bocconi University Milan, the ÚNKP-17-3-III New National Excellence Program of the Hungarian Ministry of Human Capacities, and the Business Ethics Society – Budapest.*


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