

## The Buddhist Solution for the Deficiencies of Corporate Social Responsibility (CSR)

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*“Monks, these four types of individuals are to be found existing in the world... The individual who practices for his/her own benefit and for that of others is, of these four, the foremost, the chief, the most outstanding, the highest and supreme.”*

--(Chavālātasutta□, AN II. 95. Translated by Thanissaro Bhikkhu)<sup>1</sup>

### The original purpose of economics and present day evidences:

The original aim of economy is the realization of well-being for the individual and for the broader society. The discipline of economics, the so called queen of social sciences, deals with the utilization of scarce resources to achieve this above mentioned well-being. One of the central dogmas of neoclassical economics is profit-maximization. This conception means that through economic efficiency of enterprises and corporations, social welfare can be achieved as a byproduct of mere profit-maximization.

But through the years of the modern age, especially from the end of the 19<sup>th</sup> century, the capital of entrepreneurs became more centralized. This is one of the features of globalization. Big firms all around the world, but especially in the US started to buy up other firms. First they did it with their competitors and afterwards they bought up their suppliers as well. They grew horizontally and vertically. For the beginning of the 20<sup>th</sup> century the evolution of these big firms has become faster as they strengthened their power by centralizing even more capital through the acquisition of various firms from other segments of the economy. After the victory of the capitalist system in the cold war at the end of the 20<sup>th</sup> century, the ages of big corporations has become, and the globalization process became even faster than ever. This economic transformation process affects every segment of the society – in which these processes are taken place.

Before the dispersion of the capitalist system, economic, political and societal processes existed next to each other. Nowadays, in the globalized world, economic processes are crowding out and gobbling up the processes of the society. This is the so called marketization in which global corporations transform social services and common goods to private services and private goods, furthermore replace human values with their own corporate values. Not just Karl Polanyi, the well-known economist in his famous book, *The Great Transformation*, but many other scholars warned about the negative social consequences of the *laisser-faire* market system. As Magyari-Beck, a Hungarian economic psychologist stresses in his paper, *Beyond ec(onom)(ology)*, in this process “*market economy... not only reduces the society to economy, but also reduces economy to market.*” (Magyari-Beck, 2002. p. 186.)

In the free-market system, corporations start to master and transform every segment of social life into a market process through privatization and marketization: health care, education, pension systems, public services, etc. These corporations have similarities to humans as they act and exist in the same context as human beings – in the society. They form

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<sup>1</sup> On-line at: <http://www.accesstoinsight.org/tipitaka/an/an04/an04.095.than.html> [checked: 15.02.2011.]

and alter society, but they have more power and opportunity to do it than humans. The main and single aim of corporations is the same as the aim of economy – to maximize their profit. They realize it by the satisfaction of their shareholder’s interests. The result of marketization in today’s developed world is that it seems not economy is impregnated into society, but the other is true – society is impregnated into economy. The only motive is the profit for the shareholders and the consequences of these (social inequality, social injustice, moral crisis, etc.) are pushed to the background contrary to economic questions. The *laissez-faire* market system results in a vicious spiral, where negative effects are intensifying. Globalization makes wider marketization, the fast disperse of free-market capitalism through the world from developed countries to underdeveloped countries as well. In turn it makes capital centralization faster and market influence larger, which ends up in even faster globalization.

The topmost aim of the economy is the achievement of well-being through profit-maximization. Hence personal and social well-being is just a byproduct of the profit-motive. But today’s corporations don’t seem to work out the well-being in the society.

### **The relationship between economy and society - Social consequences of marketization:**

The corporation-ruled capitalist system, accompanied by constantly occurring economic crises, undermines the opportunity of realization of social well-being all around the world, independently whether we mention developed or underdeveloped countries.

In the so called developed countries, the free-market system consequently results in the weakening of the social network. Some say, that the crisis of the 2008’s means the end of European welfare states. At the end of 2010 Angela Merkel, Chancellor of Germany, warned that “*without growth, it [is] not possible to practice solidarity*”, which embodies in budget cuts, tax increases and slashed welfare benefits in Germany. The situation is almost the same in Great Britain, where an emergency budget has set out, which affected people’s “*whole way of life*”.<sup>2</sup> The consequences of these cut backs and the growing social insecurity lead to personal troubles – illness, depression and even suicides. (Layard, 2005.) With Buddhist terminology, we could say that social insecurity leads to suffering.

The situation in the Third World is even worse than in the developed countries. The dispersion of globalization results in growing human poverty all around the underdeveloped regions. This means the lack of opportunities of human beings to lead a livable life. The case is not the lack of working opportunities, but rather the lack of dwellings, food and drinking-water. As it stands in the statistics of the United Nations, almost two third of the world’s population suffers from illnesses related to poverty.<sup>3</sup>

For the global solution of the world’s social problems, in September 2000, The United Nations formulated the Millennium Development Goals (MDG), which contain eight aims to achieve until 2015. These contain (1) the eradication of extreme poverty and hunger, (2) the achievement of universal primary education, (3) the promotion of gender equality, (4) the reduction of child mortality, (5) the improvement of maternal health, (6) the combating HIV/AIDS, malaria and other diseases, (7) the ensuring of environmental sustainability and (8) the developing of a global partnership for development.<sup>4</sup> As the MDG present, United Nations has recognized the most serious social problems of the world and the importance to solve all of them. UN intends to eradicate these negative parameters by cutting back their indices until 2015, and doing so give forth annual reports about its proceedings.

Beside the United Nations’ realization of these important questions, there are numerous Buddhist scholars who stress the same views about social problems especially in the underdeveloped world. Venerable Gnanarama warns us, that the most important question

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<sup>2</sup> On-line at: <http://www.newstatesman.com/europe/2010/06/european-government-public> [checked: 15.02.2011.]

<sup>3</sup> On-line at: <http://data.un.org/> [checked: 15.02.2011]

<sup>4</sup> On-line at: <http://mdgs.un.org/unsd/mdg/Default.aspx> and <http://www.un.org/millenniumgoals/> [both checked: 15.02.2011.]

in the Third World is poverty and the solution of that. (Gnanarama, 1996. Preface) Victor Wee states that: “...in a developing country, the issue of basic needs must first be addressed”. (Wee, 2001. p. 104.) At the minimum level, people must be provided with adequate food, shelter, clothing, and health facilities. But he goes further as he also states that: “when these basic needs are not met, it is doubtful if the society can be peaceful and happy”. (Wee, 2001. p. 104.)

The first point of the conclusion about the consequences of marketization could be Ian Harris’ thought, who wrote that: “unbridled capitalism have hollowed out and destroyed many ethical and spiritual values”. (Harris, 2007. p. 27.) But I suggest that beside the destroyed ethical and spiritual values, there is another consequence of the capitalist system – it can’t achieve its core purpose as it can’t bring well-being for the individual and for the society.

### **The root of social problems according to the Dhamma**

The main point of the Dhamma, the teaching of the Buddha, is the eradication of suffering. It focuses on how beings can reach enlightenment by removing the roots of suffering. Although Theravada Buddhism is thought to be dealing only with personal liberation of the self, the Dhamma provides advices also on how nations can be successful, furthermore one could find numerous social teachings scattered in the texts of the Pāli Canon, and “...one could weave a very vibrant theory of politics and society from Buddha’s teachings”. (Wee, 2001. p. 102. and Gnanarama, 1996. Preface) The only difficulty with these advices is that they refer to the ancient times of the birth of Buddhism. In the time of the Buddha, the domains of politics, society and economy weren’t separated. They evolved together as the Aggaññasutta<sup>5</sup> states, but the situation is the opposite today, because the market is the dominant system, and economy gobbles up every other segment of the society, politics and each part of daily life.

But still one could usefully apply the Buddha’s other guidelines, which refer to a deeper level of well-being realization, as they are connected with morality. Buddhist ethics can be defined only in the society of persons. The Five Precepts (Pañcasīla) characterize the most fundamental socialization process, because they contain regulation-pairs with negative and positive aspects (eg.: the negative aspect of ahiṃsā is not-harming, but the positive aspect of it is the practice of sympathy). After all society is the medium in which Buddhist ethics becomes meaningful. (Gnanarama, 1996. pp. 1–7.) To put it more precisely, these ethical instructions points beyond the realization of well-being in the society, as they also refer to environmental preservation and to the ensuring of the prospects of future generations of human and non-human living beings.

The above mentioned marketization consequences of the capitalist system are in opposition with the Dhamma. It states – and can be found in the Cakkavattisutta<sup>6</sup> – that the true measure of the welfare of nations depends on the lack of poverty, rather than the number of rich people. In his speech the Buddha analyses those reasons, which are leading to social suffering and crises. As Venerable Gnanarama emphasizes, Buddhism views social problems from an ethico-social angle (Gnanarama, 1996. p. 127.) and furthermore denotes:

„[The Cakkavattisutta] shows a causal relationship between material poverty and social deterioration and indicates that the Buddhist emphasis on karma implies a different way of understanding and addressing the social problem of poverty – namely *dāna*, meaning ‘giving’ or ‘generosity’.” (Gnanarama, 1996. pp. 54–55.)

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<sup>5</sup> Dīgha Nikāya 27.

<sup>6</sup> Dīgha Nikāya 26.

As one can conclude from the Cakkavattisutta<sup>7</sup>, Buddhism has always emphasized the importance of proper distribution of wealth in society to ensure the absence of poverty. If the basic needs<sup>7</sup> of the members of the society is not satisfied, then right behavior of people can't be expected and morality can't be achieved. As it was mentioned in numerous places in the texts of the Canon, the lack of the first and foremost basic need, namely hunger is the most serious illness. If basic needs are not satisfied, if there are just a few rich people, but many poor – as it can be experienced nowadays all around the world –, then stealing, robbery and other criminalities will spread in the society. The root of this problem can be addressed among others by proper distribution. There is the need “...to improve the socio-economic conditions with more equitable distribution of wealth amongst the rich and the poor”. (Saranankara, 2007. p. 100.) As Glen Alexandrin points out, the only way to realize prosperity is to overcoming poverty. (Alexandrin, 1993.) One of its appropriate tools is the perfection of giving, the above mentioned Dāna Pāramī. Dāna is a genuine way of wealth distribution, which comes from the motivation to alleviate suffering among the society, and realized by the ones who have opportunities to give. It could have been practiced in the Buddha's time by householders, merchants, kings and the government, but can be practiced nowadays by every member of the society either of wealthy people, corporations or the governing bodies. As Peter Harvey emphasizes:

*“The primary ethical activity which a Buddhist learns to develop is giving, dāna, which forms a basis for further moral and spiritual development... is not only practiced towards the Saṅgha, but it is a pervading value of Buddhist Societies.”* (Harvey, 1990. p. 198)

Finally, according to the Aggaññasutta<sup>8</sup>, we can say that the root of social problems is greed, which led to the privatization of common goods and to the accumulation of extreme proportions of private wealth. The consequence of it is the maldistribution of resources. But religious dāna, especially the material support for the saṅgha results in prosperity. As Colin Ash states, not just because it helps to recover the imbalance in the distribution scheme, but because it has stabilizing social effects and more importantly it could restore trust amongst the actors of the economy. (Ash, 2001. pp. 179–183.)

### **Contemporary economic efforts to solve the problems of societies**

Globalized capitalism is the all-pervasive system in today's world. Emerging problems, also the UN MDG are wanted to be solved in this framework with its tools. Political and economic efforts are settled down to improve social welfare by the means of the economy. As Victor Wee stresses, “*The main tenet of Western economics is capitalism and free-market operations, where self-interest and not altruism is regarded as being able to solve society's socio-economic and political problems.*” (Wee, 2001. p. 103.) One of its tools is the well-known Western conception of corporate social responsibility.

### **The conception of corporate social responsibility**

Free-market economic system is prevailing throughout the world. On one side, this has opened up new opportunities for business, but on the contrary, it creates a need for self-limitation in the interest of social stability and the well-being of modern democratic societies. (Implementing..., 2006. p. 2.) The concept of corporate social responsibility (CSR) first appeared in the 1970s. CSR is a voluntary self-regulation, taken up by firms in order to take into account the interests of the stakeholders of corporations, which includes employees, suppliers, local communities, society at all, nature, etc. Corporations with CSR policies are

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<sup>7</sup> The Buddha named them as: sufficient food, clothing, shelter and health care, but today we may complete this list with education.

aiming to include public interests into their decision making. They try to achieve the triple bottom line, to respect people and planet, and to make profit within the voluntary CSR “restrictions”.

The European Commission defined CSR as “...a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. (Implementing..., 2006. p. 2.) So being responsible means more than the fulfilling of legal obligations. It means to invest into the interests and concerns of the corporation’s stakeholders. As one of the definitions says, CSR

*“...aims both to examine the role of business in society, and to maximize the positive societal outcomes of business activity... public sector engagement with CSR potentially spans social, economic and environmental spheres, including issues of corruption, poverty reduction and human rights.”* (CSR and..., 2007. p. 1–3.)

CSR became a common economic tool for today’s corporations to address social problems and to achieve effective functioning. Nowadays almost every multinational and transnational company has a CSR policy dealing with the above mentioned crucial problems. The reasons of this can be stem from the ever growing pressures of government regulators to ensure sustainable development, the public and local communities.

The widespread implementation of CSR has been a central question for the European Union since the end of the 20<sup>th</sup> century. In 2001 the European Commission published a green paper about the prospects of CSR in the EU, which ended up in a great debate about the effectiveness of CSR. One of the most important aims of the paper was “to raise awareness of promoting corporate social responsibility”.<sup>8</sup> Furthermore in 2008 the Commission issued another report, in which it strengthens its commitment by CSR, emphasizing the importance of the mobilization of non-state actors in the achieving of social well-being. (Report..., 2008. pp. 6–8.) And finally the EUROPE 2020 ensures a central role for CSR as a tool to realize the strategy for European sustainable growth. (EUROPE..., 2010. pp. 15–16.)

These publications also contain the “international dimension of CSR”. The Commission has declared that one of the main purposes of promoting CSR is to maximizing the contribution of enterprises to the achievement of the UN Millennium Development Goals.<sup>9</sup> Beside this United Nations also affirmed that CSR is one of the bedrocks of the achievement of MDG. UN requested transnational and multinational corporations to contribute to the realization of its aims.<sup>10</sup> United Nations annually gives reports about the achievements of the Millennium Development Goals, and the conclusion can be drawn that the objectives of it are getting accomplished by the deadlines. Unarguably business contributes to these achievements, but some say this is the minimum, because at the profound level they set these whole problems. It is also true, that without CSR it is very doubtful if MDG could be realized, but anyway CSR has some deficiencies, which are interfering with its effectiveness.

## **The deficiencies of CSR**

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<sup>8</sup> On-line at:

[http://europa.eu/legislation\\_summaries/employment\\_and\\_social\\_policy/employment\\_rights\\_and\\_work\\_organisation/n26039\\_en.htm](http://europa.eu/legislation_summaries/employment_and_social_policy/employment_rights_and_work_organisation/n26039_en.htm) [checked: 15.02.2011.]

<sup>9</sup> On-line at:

[http://europa.eu/legislation\\_summaries/employment\\_and\\_social\\_policy/employment\\_rights\\_and\\_work\\_organisation/n26039\\_en.htm](http://europa.eu/legislation_summaries/employment_and_social_policy/employment_rights_and_work_organisation/n26039_en.htm) [checked: 15.02.2011.]

<sup>10</sup> On-line at: <http://www.unpost.org/?p=4686> [checked: 15.02.2011.]

CSR is a tool for redistribution of wealth, as corporations provide a part of their profit to realize social goals. Through this process it is able to alleviate poverty and solve other significant problems of humanity. It is functioning in the economic framework of the free-market system ruled by big corporations, which influences the efficiency. The deficiencies of CSR is at least twofold according to these circumstances: (1) the primary motivation of CSR activities is the same as the corporation's – profit-maximization, the satisfaction of the company's shareholders, which undermines the genuineness of it; (2) almost all of the CSR policies are announced by governments and other institutions, so they are general and most of the time neglect the local needs and objectives.

The main interest of corporations after all is profit-maximization. They produce yields for their shareholders. This is the framework in which CSR has its own place, so it is subordinated to shareholders' interests. The primal motivation to implement these above mentioned tools comes from outside demand and in most of the cases it is not genuine in itself. The main purpose, the profit motive, crowds out the intrinsic values that could lead to the realization of real well-being. The genuineness of CSR is also questionable if it is more integrated in the companies' processes, and even if the priority of CSR is the same as other traditional operational areas (Núñez, 2008. p. 22.)

A survey, made in the Caribbean area found that there isn't any significant difference in the main motivators of CSR implementations either we talk about large corporations or small and medium size enterprises (SMEs). Both were interested in developing CSR mainly because of the improvement of their corporate image, or the providing of competitive advantages (Núñez, 2008. p. 9.). But this notion is true for other parts of the world.<sup>11</sup> The dominant notion of CSR is basically market-driven and for most companies it is simply a tool for profit-maximization.

As Zsolnai stresses in his paper, when he cites Zadek: *"Some of the measures demanded of companies in the name of corporate responsibility are incompatible with current business models and markets. Pharmaceutical companies cannot alone provide affordable drugs to the poor..."* (Zsolnai, 2006. p. 1.) Zsolnai emphasizes that the preaching of moral concepts, like trust or responsibility, based on self-interest stems from the free-market system is ambiguous, and this is the reason why there are numerous examples, where CSR is not just can't accomplish its societal goals, but even counter-productive for the company. (Zsolnai, 2006. pp. 2–4.)

After the economic crises of the year 2008, gradual pressure has come from European policymakers to the companies to ensure and intensify the functions of CSR practices. The basic question was: *"Is CSR still relevant during this time of economic crisis?"*. But the Commission stated that CSR remained a priority and:

*"...part of a long-term strategy and is about quality of life, which is something that should not be put to one side in an economic downturn. Although there might be pressure on companies to reduce their CSR in the short-term, we hope that they will think about the longer term as well."*<sup>12</sup>

The Commission emphasized that CSR is more relevant in the economic crisis, because it could be a tool for helping to rebuild trust in business.<sup>13</sup> A crisis like the one that

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<sup>11</sup> The instrumental use of CSR for enhancing reputation can be seen at the Funding Beneficiaries page of the European Commission, which contains the annual CSR grants offered by companies. This page can be found on-line at: <http://ec.europa.eu/europeaid/work/funding/beneficiaries> [checked: 15.02.2011.]

<sup>12</sup> On-line at: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/109&format=HTML&aged=0&language=EN&guiLanguage=en> [checked: 15.02.2011]

<sup>13</sup> On-line at: [http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm) [checked: 15.02.2011.]

burst in 2008 is a good chance to strengthen moral values and CSR activities – to step over the boundaries of free-market system. It could be the initiative to emerge from the depression with the establishment of a virtuous spiral to prevent poverty to spread to those places where it has never been.

As the United Nations' CSR paper describes, the activities that has been "*labeled 'CSR' has been driven by the concerns of investors, companies, campaign groups and consumers based in the world's richest countries*". (CSR and..., 2007. p. 1.) This is the second deficiency of CSR – it is framed in rich countries and transferred by corporations all over the world. The tension is that the goals of CSR differ from country to country. The primary aim of corporate social responsibility is the alignment of business activities to achieve societal goals. As the above mentioned paper stresses, "*...recognition among companies that a 'one-size fits all' approach to CSR in operations around the world is ineffective in responding of socially responsible behavior.*" (CSR and..., 2007. p. 2.) In the underdeveloped countries it results in confrontation between the issues of CSR and local legislation. As being market-driven and voluntary in nature CSR could hamper government progress in setting minimum requirements for business. One example of it is the case of China, where: "*multinational corporations have lobbied heavily against current moves to tighten labor legislation*". (CSR and..., 2007. p. 5.)

To sum up the above mentioned aspects, the twofold problem of CSR is the lack of intrinsic motivation to work for the common good – or work for it until the boundaries of the interests of the corporations' shareholders – and the standardization of CSR processes which are neglecting local necessities. Corporate social responsibility is running in the business framework, which can't result in a genuine care towards the problems of societies, but I affirm, that it is better to progress with CSR activities, than do nothing for the common good.

### **A possible Buddhist solution**

Buddhism offers a possible solution to eliminate the negative effects of CSR, because it works in another framework as business (and according to this, CSR). Buddhism aims the cessation of suffering, which precedes the economic aim of the profit motive. This intrinsic motivation can fill the gap between the deficiencies of CSR and effective social responsibility. The framework for a Buddhist business can also be build up from the teachings. One of the most important foundation of this, beside the above mentioned dāna pāramī and Pañcaśīla is santu□□hi or contentment. It encourages human beings to satisfy their basic needs and to abandon any other worldly cravings, which can contribute to social well-being by the avoidance of the craving-driven wealth-accumulation and overconsumption. As Juliana Essen stresses:

*"Assuming a steady rate of diligent wealth accumulation (and no debt), reduced consumption permits greater opportunity for giving. This is desirable not simply because generosity is a householder virtue, but because giving... allows Buddhists to practice non-attachment to material objects as well as possessive feelings; it is training in selflessness, non-self or anattā."* (Essen, 2009. p. 35.)

As Venerable Payutto emphasizes, ahi□sā or non-harming in accordance with Buddhist business practices means a threefold responsibility – towards human beings, society and the environment –, because "*these principles are related to the three interconnected aspects of human existence*". In accordance with this statement, economic activities mustn't harm oneself, the well-being of the actor, and mustn't harm others, by causing social problem or environmental imbalance.<sup>14</sup>

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<sup>14</sup> On-line at: <http://www.buddhanet.net/cmdsg/econ2.htm> [checked: 15.02.2011.] and  
On-line at: <http://www.buddhanet.net/cmdsg/econ4.htm> [checked: 15.02.2011.]

These principles contribute to the well-being of society. According to the Siṅgālasutta<sup>15</sup>, there are six units building up society with the very fundamental characteristic of reciprocal relations, which has to be safeguarded to avoid social problems. These six units are: (1) parents, (2) teachers, (3) family, (4) friends and companionship, (5) workers and servants, and (6) religious aspirants. As Venerable Gnanarama stresses, the individual health of each unit contributes to the health of society as a whole, which in turn results in individual health – as they are interdependent. And problems, arising in these units or in society as a whole must be solved through mutual, genuine trust. (Gnanarama, 1996. p. 33.)

### **Buddhist economic strategy**

The above mentioned thoughts and prescriptions were summarized by László Zsolnai in an economic framework called Buddhist economic strategy. He stresses that the five principles of this framework are: (1) minimizing suffering, (2) simplifying desires, (3) practicing non-violence, (4) genuine care and (5) generosity. He emphasizes that all of these five principles can be confirmed by significant contemporary findings, which makes Buddhist economic strategy a proper alternative for the mainstream economic framework. The importance of alleviation of suffering doesn't have to be introduced for people who know Buddhist teachings. It is the central and most important purpose in one's daily- and business life as well. The simplification of desires is the key point in this approach, because it is the greatest opposition with the mainstream economic system, hence it proposes moderate consumption through simplifying desires. It is the stance where one can become familiar with this strategy, or can get further from it. The practicing of non-violence in Zsolnai's interpretation means to subdue the influence of market, the place of violence. Genuine care is the opposite of the instrumental use of stakeholders. This means to respect the value of the participants instead of calculating their market price. And finally, generosity is the practicing of the above mentioned giving, dāna. (Zsolnai, 2008. pp. 288–298.)

Furthermore, capitalism is a maximizing system, which doesn't only mean that the aim of it is profit-maximization, but that economy itself has grown over its boundaries and evolved to a complete system which pervades every part of daily life. Contrary to this, Buddhist economics is a minimizing framework, and a strategy that could be used by anyone who associates himself with the main purpose of suffering cessation, irrespectively of his religious- or world views. (Zsolnai, 2008. pp. 298–300.) It is summarized in Table 1.

<b>Modern Western Economics</b>	<b>Buddhist Economics</b>
maximize profit	minimize suffering
maximize desires	minimize desires
maximize market	minimize violence
maximize instrumental use	minimize instrumental use
maximize self-interest	minimize self-interest

*1. Table: Modern Western Economics versus Buddhist Economics  
(Zsolnai, 2008. p. 298.)*

As Richard Welford states:

*„It is an opportunity for businesses to concentrate less on providing non-essential consumer goods and more on providing essential goods and services... that will remediate environmental damage and serve the poor and needy.” (Welford, 2006a. p. 44.)*

<sup>15</sup> Dīgha Nikāya 31.



There could be found economic institutions, either small entrepreneurs or bigger firms, which operate according to these five minimizing principles. As Julie Nelson states, it is important not to pre-judge on the basis of size alone, or by the purposes written on organization's articles of incorporation. All of economic organizations must be evaluated by what they do. (Nelson, 2006. pp. 214–215.)

As Richard Welford writes, the primary aim of making goods and providing services in an accessible way to people who need them is a just one. Profit is not the main goal of Buddhist economics, but neither something inconsistent with serving people. (Welford, 2006b. p. 6.) Here we arrived back to the scriptures, wherein the Buddha stresses that wealth alone is not evil, but the accumulation of wealth must be non-harming<sup>16</sup>.

Every business has its limits imposed on it by finite natural resources. The survival of a company depends on these resources, which is the embodiment of a one way dependence and also interconnectedness. Since businesses have to survive and they function in a given environment, they have to respect every stakeholder, even if they are not (yet) living – resources and future generations as well –, which could be defined as compassion or *karuṇā*.

Every company which fits these characteristics can be described as a “Buddhist company” irrespectively of its background. These parameters include inner motivated, genuine CSR-realization, which stems from the core of business-processes.

Zsolnai stresses that there are many promising projects all over the world, for example Community Supported Agriculture, the Slow Movements, Eco-Tourism, Ethical Fashion and Ethical Banking, etc. Their most important aim is neither profit-maximization, nor the cessation of suffering, but they function in accordance with the above mentioned five principles of the Buddhist economic strategy – that means in a sense they are “Buddhist” companies. All of them have positive social effects. They contribute to the realization of well-being for all as they: operate beyond the market, employ handicapped people, realize two-way bilateral relations, aim the satisfaction of basic needs, protect nature, and re-establish trust in society.

### **The role of leadership in socio-economic development**

Most of today's leaders are thinking in the globalized economic framework with the purpose of profit-maximization. Governments and other world-wide institutions want to solve the emerging social problems in this framework, but as the above mentioned business models demonstrate, there are numerous exceptions. When modern entrepreneurs build a business in accordance with the principles of the Buddhist economic strategy (even if they are not Buddhists, or even if this is an unintended deed from them), then their business practices will have flourishing social consequences. It will result a positive feedback, and starts a virtuous spiral, which will influence the relation of economy and society in a good direction. This will give more strength and commitment to the leaders of these companies to continue their non-harming businesses to satisfy human basic needs. Furthermore there are experimental evidences, that this more genuine behavior has also economic advantages, and as Robert Frank states, these companies can survive and flourish in highly competitive circumstances. (Frank, 2004. pp. 58–71.) In this case socially responsible functioning and social well-being can be achieved as a by-product of economic activity, which is a Buddhist way to transcend the deficiencies of CSR.

The leaders and the decision-makers of world-wide institutions have the motivations to develop social justice and solve the problems, listed in the MDG. They encourage corporations to take part in this process through the implementation of CSR, which is not the most efficient tool to achieve the cessation of suffering. The leaders of these institutions have

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<sup>16</sup> Saṅgīyutta Nikāya 42.12.

mainly twofold duties. First, they should promote non-harming businesses, according to Buddhist economic strategy to flourish and support them in establishing social goals. It is able to arouse faith in entrepreneurs to start a business enterprise according to these principles and contribute to the well-being of society. It leads to the second duty of the leaders, as they should encourage one of the most important aim of CSR, “to raise awareness”<sup>17</sup> among corporations to recognize the problems they make and the possible solutions for them, or better to discover the boundaries of their view and the consequences of profit motive.

## Conclusions

Business from a Buddhist perspective is not an evil in itself. Furthermore, as Victor Wee emphasizes, “*Buddhist economics encourages private enterprise. The Kūṅadanta Sutta*<sup>18</sup> specifically refers to the need to develop the private sector for the prosperity of a country”. (Wee, 2001. p. 106.) But modern business is an all-pervasive manifestation of private property, which results in ever-growing world-wide problems. As Ian Harris cites, Richard Layard “*identifies Buddhism as a potent resource for combating the miseries associated with living in an advanced economy*”. (Harris, 2007. p. 28.) Furthermore Venerable Gnanarama indicates the importance that Buddhist values can become useful in a non-Buddhist society as well. (Gnanarama, 1996. Preface)

CSR is an attempt to alleviate the miseries related to modern economic system, and is working in the same framework, which aims profit-maximization. I suggest that this framework has to be transcended to attain real well-being for the society. It can be realized by the support of non-harming businesses, which are operating in accordance with the Buddhist economic strategy, or by the development of human mind of the leaders of corporations through the awareness-raising aim of CSR to transcend the paradigm of modern free-market system, and realize an economy which serves the well-being of society. As Richard Welford states:

*“Most importantly, the economic system should serve the whole of society and protect the environment and its diversity. People should seek an economic system, which is a servant, not a master.”* (Welford, 2006b. p. 2.)

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<sup>17</sup> On-line at:  
[http://europa.eu/legislation\\_summaries/employment\\_and\\_social\\_policy/employment\\_rights\\_and\\_work\\_organisation/n26039\\_en.htm](http://europa.eu/legislation_summaries/employment_and_social_policy/employment_rights_and_work_organisation/n26039_en.htm) [checked: 15.02.2011.]

<sup>18</sup> Dīgha Nikāya 5.

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