Tough Times to Ponder

A new paradigm for a new leadership

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Abstract: In today's time of crisis most of governments at all levels are "preparing recovery plans" to protect missions, staff, and budgets. Unfortunately they are "listening" to prophesy of only one "religion" - economy. However, "modern" economy with its caeteris paribus and other doctrines, models and concepts of the past cannot solve today's complex socio-economic system. Further on the fundamentals of the economic science are containing some models and principles which are in contradiction with the basic laws of Nature. It is not surprising then, that the economic science is not able to cope with any crisis of a larger magnitude. Today we can produce enough food for everybody. We know how to make safe and environmentally friendly products etc. but due to economy and its "profit/cost/free market" prophesy it is impossible. To overcome permanent economical crisis cycling, we are in need for a new paradigm that can be introduced only with new leadership based on multidisciplinary approach and not current capitalistic model. Numerous management methods have been introduced in the past to help managers to overcome managing teams and organizations. But at present perturbation time's leadership with its vision and not managers with theirs controlling people is needed more than ever. Namely the globalization process impacted the way how organizations are structured, team management and leadership are carried out. People from different cultures work together and embody a variety of personalities, as well as a variety of ways of doing things. A leader is supposed to be able to work with people and predict behaviours, and not to give and take offence. It is increasingly important and desirable to understand these differences and how they require different approaches to leadership and management that must aim to sustainability of our planet first and then business.

Keywords: capital, Confucianism, crisis, Daoism, intercultural, Leadership, Management, Martial art, market economy, multidisciplinary, sustainable development.

Time of crisis

Words by Anais Nin "w*e don't see things as they are, we see them as we are*" illustrate today's global situation in leadership and business. "***Exxon Mobil*** made $19 billion in profits in 2009. Exxon not only paid no federal income taxes, it actually received a $156 million rebate from the IRS, according to its SEC filings. ***Bank of America*** received a $1.9 billion tax refund from the IRS last year, although it made $4.4 billion in profits and received a bailout from the Federal Reserve and the Treasury Department of nearly $1 trillion. ***Boeing***, which received a $30 billion contract from the Pentagon to build 179 airborne tankers, got a $124 million refund from the IRS last year. ***Citigroup*** last year made more than $4 billion in profits but paid no federal income taxes. It received a $2.5 trillion bailout from the Federal Reserve and U.S. Treasury.[1]" Are those examples unique? Is this called sustainable business? What kind of a leadership or management of economy is this? But let us ask first the fundamental question which can reveal previous ones: **what is the main mantra of capitalism**?

One of recent very popular vision is thought by a Chinese Political Economist Minqi Li and expressed in his book '*The Rise of China and the Demise of the Capitalist World Economy*'. In it author suggests some important solutions for the projected ills of the capitalist economies. Anyhow, the book is more about the 'demise of the capitalist world-economy'

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[1] Source: from US Congressman Bernie Sanders top 10 list

than about the 'rise of China'. He explains that we do not live in 'normal' times. In the coming century, instead of expecting more 'development', more 'modernization', more upward mobility, more of the same pattern of systemic dynamics that we have observed and with which we have become familiarized over the past five or six centuries, it may be more appropriate to expect more bifurcations, more chaos, more transformations and transitions, and more 'turns' and 'tricks' of the world history (Li, 2008). The book also integrates a critique of the capitalist response to the environmental and climate crisis or so called 'sustainable development', arguing that it constitutes a fundamental contradiction of the contemporary world, and one that capitalism cannot resolve (Yan, 2009).

Capitalism is an exploitative and an oppressive social system, where the exploitative class is appropriating and supervising the product surplus (Li, 2008). As a result, the focal point of capitalism is not the sustainable world but merely the endless accumulation of capital or wealth for minority. Free market ideology has been proven hundred times to be wrong and still persist. Let us play with an imaginary but still possible scenario that has the central question: *Who gave to the private ownership of sheiks their right for pumping oil - energy?* Let us extend it a bit more. Today we are about to have technology that could efficiently exploit the sun energy. Imagine the so called *second accumulation of capital*, but this time we should rather call it accumulation of energy. Some advanced state or group or company can build in space a station that will cover our Sun and claim it as their property - as it was done in the first distribution where the ownership of land and oil et cetera was claimed. They have so advanced technology that they can open or close 'doors' and allow sunbeams to go through or not. And then they charge states, people - everybody a fee to have the Sun energy and light. It is totally valid capitalistic concept - that would be also endorsed by laws and army - but the underlying question remains: *is this righteous*?

With crisis it comes the rude awakening from the ultimate dream of capital accumulation, consumerism with spiralling patterns of high-earning (or not-so-high), high-spending, ever bigger profit-making all driven by greed of consumers and consumer goods providers alike. This attitude led us to believe that we have lived in world of limitless resources and it shows! Since this was a collective malpractice in the last tens of years, we ended up in the economic crisis that is affecting more or less everyone. The devastation can be seen everywhere: in the natural environment, economic environment, et cetera. We have a polluted nature, we have pollution in financial industry and that's not probably all. Consultations take place. Various measures follow.

Numerous management methods

Now take a breath and think about organizations mentioned in previously chapter. Do they create sustainability?

Looking from management perspective they perform tasks, manage people and do business. Accordingly to this narrow opinion there exist numerous methodologies and tools helping managers to manage business and people. Just to name some:
- In Japan at Toyota Motor Company, Taichii Ohno and Shigeo Shingo, began to incorporate **Henry Ford production** and other techniques into an approach called the Toyota Production System or **Just In Time Production** (JIT). The inventory strategy strives to improve a business's return on investment by reducing in-process inventory and associated carrying costs.
- **Lean organization** - The core idea is to maximize customer value while minimizing waste. Simply, lean means creating more value for customers with less resource.
- Iwao Kobayashi's **20 keys** – he has created a longer list that can be used in manufacturing audits. It reads very much like a 'who's who' of manufacturing innovations and hence makes a very useful checklist.

- **Six Sigma** (6σ) is a business management strategy originally developed by Motorola, USA in 1981. It was initially targeted to quantify the defects occurred during manufacturing processes, and to reduce those defects to a very small level.
- **Business process reengineering** (BPR) is a top down approach in which organizations become more efficient and modernize. Reengineering is a fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality, speed, and service.
- The **Self Directed Work Team** (SDWT) is perhaps the most powerful organization concept that motivates coordinates, solve problems, and make decision better than individuals. This performance comes at a price: decisions are slow, work teams require extensive training and months to mature.
- **Total Quality Management** (TQM) - is a set of management practices throughout the organization, geared to ensure the organization consistently meets or exceeds to satisfy the customer, satisfy the supplier, and continuously improves the business processes. TQM concept was coined by W. Edwards Deming.
- **And others.**

But do all those methodologies and tools really act the way we need today?

First - people are more complex than those tools and methodologies. Those methodologies and tools are all lacking the core issues that us people distinguish and shape. We all have our **values** that are a general social policy of what is socially desirable and what is not. Indeed we are talking about general tendencies, what would be more desirable behavior, so we can say also that it is our belief and behavior. Values are practically invisible until you practice them. Then there is the system of **social norms** that can be seen as building block of social institutions (family, education system, political system, legislation) which continually submit a system of norms to new members of society which actually created them. And at the end we are playing **different roles** and are having different statuses in societies that we live in. In the process of socialization we all learn the social roles, which are bringing into our social life order and predictability.

Just an example. In his book '*Irrationality*' psychologist Stuart Sutherland reviles the fundamental questions about the role of reward: Both the psychologist and the layman tend to assume that if you want to get people to do something, rewarding them for it, whether by praise or sweets or money, is the best way to go about it. In the short run this may be true. But this goes against one major psychological theory of motivation which alleges that if people are rewarded for some activity, the desire to engage in it will eventually become autonomous: they will be motivated to perform that activity even without reward (Sutherland, 2007).

Second - in fact, some management policies used in organizations today are eerily similar to those used by totalitarian regimes around the world (Warneka, 2006). That's why many managers have been for years and years chained in the same managerial processes. Well, there are some good practices but are mostly too narrow to cover today's needs. Various of them deal mostly with organizational principles as in the case of actual a good approach that Eliyahu M. Goldratt introduced long ago in his book '*The Goal*' where he explains that improvement for a company is not so much to reduce costs but to increase throughput. (Goldratt, 1997) in synchronized efforts: the contribution of any single person to the organization's purpose is strongly dependent upon the performance of others (Goldratt, 1997). Then again others deal separately with personal behaviour as in the very first classical book from Daniel Goleman '*Emotional Intelligence*'[2] or group behaviour in Immelman '*Great*

[2] Goleman, Daniel. 1998. Emotional Intelligence; Why it can matter more than IQ. A Bantam Books. ISBN: 0-553-37506-7. Pages 353.

Boss Dead Boss'[3] with insights into tribal behaviour and how the dynamic of individual and collective security and value can truly be practically understood and applied. And there are more methodologies and tools just offering cross-functional teams, decentralization / centralization, more frequent / better employee communications solutions which come and go but for the most part the in born conflict brought by today free market economy remains.

Follow the Nature

Therefore, in all those methodologies and tools we still miss an important piece in a puzzle named proper and not capitalistic way of leadership.

As mentioned previously our cultural background is shaping us effectively. Could there be still something below it? Yes there is and we could learn it from some important already known philosophies. Here I'm deliberately indifferent to issues dealing with (inter)cultural aspects of leadership, organizational culture, team management and motivation where numerous solutions are already proposed and written. I'm trying to focus the investigation on behaviour unconstrained by culture that we all (mostly) unconsciously experience. I'm not to follow current methodologies but rather show how new philosophy could be used in leadership.

But first we should put all matters into proper perspective of an existing background. The keystone in Chinese philosophy is namely a **humanism** that has attracted the attention of Chinese philosophers throughout the ages. This humanism does not imply indifference to a supreme power or to Nature. Instead, the general conclusion is that of the unity of man and 'heaven'. This spirit of synthesis has characterized the entire history of Chinese philosophy. It is firstly articulated in the classical thought of the *Spring and Autumn* (770 - 476 BC) the inner period during 1.046 - 256 BC of the *Zhou* dynasty. The first well known principle is **Daoism**. It embodies the fundamental concept of Chinese philosophy - the thought of Chinese culture, from earliest times to the present. Definitions of Daoism are varied and controversial because of the complex twists in its development, and because it has played a significant role in the long history of China. Daoism is an umbrella that covers a range of similarly motivated philosophical doctrines. Daoism stands alongside with more known **Confucianism** as one of the two great philosophical systems of China.

Confucianism and Daoism, which may be said to constitute the *yin* and *yang* of Chinese culture, at first seems to be polar opposites of each other. But as with yin and yang they both interchange and comprise each other however in dissimilar conducts. Confucianism focuses on the social, earthly orientation of everyday life and political organization. Daoism places much more focus on the relationship of the individual with himself, on achieving an inner harmony. The former stresses hierarchical relations focusing on the parent-child, kingdom-family pattern for the letter the highest authority is maternal force that creates a range of "ten thousand" singularities. Where Daoism says the way to do is to be, Confucianism disagrees saying the way to be is to do. Daoism says the Dao (the Way) makes people great, Confucianism teaches that people make the Dao great. Daoists believe the greater whole to be nature. Confucianists feel it is society. Daoists look to nature because they see it as our creator and being our creator we should realize our potential to become a part of it once again. Daoism is the guidance of the way. Confucianism follows the way of doing (McCombs, 1997). Confucianism looks outward to accomplish this, while Daoism looks inward. Both Daoism and Confucianism urge humankind to shed their individuality for this goal. They both contend that individualism holds the individual back as well as fragments the essence of the greater whole. Even if different, both philosophies focus on the goal of self-improvement.

[3] Immelman, Ray. 2007. Great Boss Dead Boss; How to exact the very best performance from your company and not get crucified in the process. Stewart Philip International LLC, Chicago, U.S.A. ISBN: 0-620-318783-13. Pages 317.

As said before we are indeed in a need in our globalized world of a **different leaders** and **leadership** methodology. Today there are important challenging (new) factors in management: *languages, time zones, channels/modes of communication, physical distance* and, of course, a large and variable mixture of *cultural factors*. They all influence the work processes, decision-making, management, work habits and even get embodied in national work related legislation. The new globalised world necessitates labour mobility across dissimilar environments. This can lead to individual dislocation and disorientation, as well as a management need to deal with elements of mistrust, prejudice, and different work culture behaviour (work ethic, attitudes, sabotage, etc.). Tolerance and the acceptance of diversity are integral and key to a successful leadership and management styles.

Nowadays life in the *global village* presents people with frequent opportunities to mix with those of a different cultural background than their own. This can present challenges when they are members of a team focused on defined deliverables. One example of an element of cultural diversity is the attitude toward punishment in the Western as oppose to the attitude toward punishment in Eastern culture. Western culture's Christian roots carry the notions of 'heaven' and 'hell' two dissimilarities that are detached from 'earth'. Punishment for wrong-doing comes in some form of a 'hell', whereas rewards are 'heavenly' and permanent. These cultural notions pressure westerners to do no wrong. Eastern philosophy does not know of such polarization, and only professes the existence of 'heaven' and 'earth'. Failure is seen as 'punishment' in itself, and so much more severe as in 'saving face', especially if one keeps repeating the failure or one does not learn from it. The correction (reincarnation) is a fundamental of theirs' believes. Another important distinct tradition of far-East is the emphasis on the **whole personality** or *oneness of body and mind* as opposed to western philosophy that distinguish *human spirit* and the *body*.

Daode Leadership Approach

It is not the intent of this work to re-formulate the theories based on Sun Zi's (孙子) who lived c. 544 - 496 BC book *'The Art of War'* that are already wide discussed and used in different fields of management but rather take a different approach in which the fundamental **martial arts philosophy** is tied to a personal growth in view of far-East concept that emphasis the "whole personality" and "follow the Natural Way". Such a perspective goes beyond the western traditional Cartesian (Aristotle – Descartes) dualistic principle according to which, this world comes in two distinguish but equal complementing parts: spirit - body / good - evil, etc.

The following is a brief outline of the basic views, thoughts, concepts and directions that were studied from the principles, learning processes and history of martial arts, and which may be used in new management and leadership approach that is cultural independent. The ancient wisdom says: "wise manager is like water; it goes without saying - water purifies and refreshes all living creatures; water without restraint and fear trickles through the surface of most of the things; water is fluid and adaptive; water is in harmony with the law of nature". Let's look at a manager! "Manager works without complaining in any circumstance, with any man and deals with any question which comes their way. He/she works for a benefit of others and works well - regardless of pay. Manager speaks to others in simple terms and sincerely, and interferes in the team only to create an agreement and common understanding. Manager is not forceful, hence the team does not mind and does not resist" (Heider, 1985).

Proposed approach is based on martial arts principles that introduce how a **leader exerts an influence on a team from his internal - personal position**. Named Daode circular principle is following Lao Zi *Dao De Jing* (*Jiang* - 蒋, 2006) a Chinese classic text which has the foremost rule of Daoism "Follow the Natural Way" as a principle of life, and by means of a model of *Ba gua* - "eight lines" which defines the eight principals of reality. Eight basic cultural independent principles were developed to be applied by a leader in steering the work

in a given team (Berce, 2009). It should be noted here that these are not rules or steps that can be used separately but elementary pieces of a whole personality of a leadership process refined for a more straightforward understanding:

1. **Control**: The martial arts teach self-control of the body and the mind (ego). Only when one is relaxed is one in control of oneself. If one is not able to control oneself, how does one expect to control others? The wise leader, for that matter, creates an atmosphere of clarity of purpose and a sense of unity

2. **Trust**: There is a saying in martial arts: "Trust our friends to beat us so that our enemies cannot!" Good leader equally understands the processes in the team, as well as, the fact that leadership does not require the application of force or pressure. Good leaders trust their people. A well led team is not a battlefield of egos, as there is no place for individual "victories" or "defeats" in teamwork.

3. **Stability**: One cannot fight successfully and master their opponent without stability and balance in place. A good leader is focused, standing firmly on the ground, and one knows where one stands and what one is supposed to do.

4. **Adjustment**: A China proverb says: "The grass abates in the direction from which the wind blows!" The same is true for managing a team. If the manager is too aggressive, subordinate members "die like grass." If a manager is too soft, they do not take him seriously.

5. **Responsiveness**: The martial arts are about being soft, and they are not about brutal power. They were originally created to give a physically weaker person a better fighting chance against a stronger one. A wise leader is aware that too much interference hinders the work process of a team. A wise leader is calm and collected and leads by example.

6. **Least of effort**: If we observe Nature we see that everything is done as effortless as possible, or with the smallest possible effort which is genuinely used in martial arts. Good leader is like water, one is not destructive, but slowly and gradually employs one's energy to mould and steer.

7. **Steering**: In the martial arts it is very important to be able to integrate all the power and capabilities of our entire organism to effectively carry out an activity. For this we need a coordination of our body and our spirit. Good leadership embraces people's interests, knowledge and their abilities.

8. **Responsibility**: Practicing the principles of martial arts can empower one with extreme capabilities that can be used to different ends in different situations. One can cure, can immobilize or can (could) kill just with a pressure or hit to certain points. Assuming responsibility is, by all means, one of the more demanding requirements in leadership. Wise leaders never attempt to absolve themselves from their responsibilities, nor do they impose their value system on others.

Conclusion

Presented approach is exploring a new territory, that of applying the principles of the martial arts to the new philosophy of one's internal leadership process blending oneness of mind and body of a leader. Leadership is a very complex practice, with success depending on many factors. While teams involve collaboration, they nevertheless are usually lead by only one person. And that person carries all from control up to responsibility that the work would be done. For that he/she needs to be capable of steering people the way they perform most excellent in carrying out the goal.

A new leadership principles can through martial arts philosophy that is influenced by Daoism, Confucianism as well Buddhism, benefit from an awareness of the differences in the ways of thinking coming from those environments on one side, and the philosophical orientation of the West on the other (Lee, 1997). While the Chinese martial arts are predominantly rhythmic in movement, the western approaches (box, savate) tend to be more dynamic and tense. Daoism wants to be in harmony with nature, the western approach is to control the nature (spurred by Western way of life). Martial arts in the East have a focus on

(martial) *Way* and mental culture united with body, while in the West their perspective is sportier and competitive, where wining becomes their main objective. We could say, using Daoism concept, that eastern is a "soft" approach as in *yin*, and western is "hard" as in *yang*.

Daoism mentality is like a bamboo tree which is quick to bend with a wind, but in its absence becomes stronger. The West is like an oak tree unperturbed by the wind, only to be (unfortunately) pulled out by a hurricane later on (e.g. financial crisis). There are other areas where similar contrasts can be made. The West is not economical with energy, whereas martial arts (including Tai Chi) are good at preserving it and only calling on it in an emergency.

Everyone who aspires to be a leader, even if only to lead one's self, or to work as part of a team managing a project, has a choice whether to immerse one, absorb and use this diversity of principles from the martial arts in the leadership process.

Confucius ones said "who is alone, as befits, is in no need of giving orders for things to work. Who alone is not, as befits, he can command the obedience but nobody will follow". Effective leaders have an awareness of what's going on in the team and they deal with it according to their understanding of it, at the time. Such effectiveness is, then, neither premeditated nor can it be borne out of any prearranged formal agreement, this is very similar to the challenges in the martial arts.

Therefore, I would like to conclude with reference to a **Daode** (meaning morality/virtue) based good **leadership** approach coming from martial arts philosophy that leadership is best exercised when group of people, upon finishing some assignment, believe that they've done it all alone by themselves!

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