

Looking beyond Corporate Social Responsibility through a holistic systems lens – an Eastern and Western focus

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Certificate of Original Authorship

I, Isabel C. Sebastian declare that this thesis is submitted in fulfilment of the requirements for the award of a PhD in Sustainable Futures in the Institute for Sustainable Futures at the University of Technology Sydney.

This thesis is wholly my own work unless otherwise referenced or acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

This research is supported by an Australian Government Research Training Program Scholarship.

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Acknowledgments and Dedication

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Papers

During this research study I published three papers, which are referenced in this thesis. Some components of these papers have been included in the literature review Part B.

Sebastian, I. 2014, 'Accelerating new economics thinking and practices in the business sector—what are the most effective systems leverage points to create a shift?', *Business Systems Laboratory-2nd International Symposium, Systems Thinking for a Sustainable Economy. Advancements in Economic and Managerial Theory and Practice*, Business Systems Laboratory, Rome.

Sebastian, I. 2015a, Doing Business in a Well-Being Economy. *Reframing the Game: The Transition to a New Sustainable Economy: A Special Issue of Building Sustainable Legacies*, 5, pp. 17-41.

Sebastian, I. 2015b, 'Business and Corporate Social Responsibility in a Gross National Happiness Economy – Insights from Bhutan', *Proceedings of the International Association for Business and Society*, Volume 26, pp.24-38

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List of Abbreviations

AAAM -	Arab American National Museum
ACC –	Anti-Corruption Commission of Bhutan
ACCA –	Association of Chartered Certified Accountants
ADB –	Asian Development Bank
BBC –	British Broadcasting Corporation
BCCI –	Bhutan Chamber of Commerce and Industry
BCE –	Before the Common Era
BCMM –	Beyond CSR Maturity Model
BLI –	Better Life Index (an initiative by the OECD)
BP –	British Petroleum
CAS –	Complex Adaptive Systems
CBS –	Centre for Bhutan Studies
CC –	Corporate Citizenship
CCAS –	The Centre on Capitalism and Society, Columbia University
CCM –	Constant Comparison Method
CE –	Common Era
CEO –	Chief Executive Officer
CNN –	Cable News Network
CS –	Corporate Sustainability
CSR –	Corporate Social Responsibility
DNA –	Deoxyribonucleic Acid (structure with genetic code)
EPA –	Environment Protection Agency
EPTA -	Equal Participation Total Alignment (company ownership structure)
EU –	European Union
FTSE –	Financial Times Stock Exchange
FYP –	Five Year Plan
GDP –	Gross Domestic Product
GNH –	Gross National Happiness
GNHC –	Gross National Happiness Commission
GNP –	Gross National Product
GPI –	Genuine Progress Indicator
GRI –	Global Reporting Initiative
GST –	General Systems Theory
GWP –	Gallup World Poll

HAS -	Human Activity System
HDR –	Higher Degree by Research
HREC –	Human Research Ethics Committee
HRH –	Her Royal Highness
HSRG –	Human Security Research Group
IABS –	International Association for Business and Society
IBM –	International Business Machines (computer company)
ISF –	Institute for Sustainable Futures, University of Technology Sydney
ITO -	Input, Transformation, Output Models
KPMG –	Klynveld Peat Marwick Goerdeler (accounting firm)
LRN –	Legal Research Network
MBA –	Masters of Business Administration
MIT –	Massachusetts Institute of Technology
MP –	Member of Parliament
MSME –	Micro and Small to Medium sized Enterprises
NAB –	National Assembly of Bhutan
NDP –	New Development Paradigm
NGO –	Non Government Organisation
OECD –	Organisation for Economic Cooperation and Development
ONS –	Office for National Statistics, UK
PANAS –	Positive Affect Negative Affect Schedule
PRME -	Principles for Management Education
RGB –	Royal Government of Bhutan
RGOB –	Royal Government of Bhutan
RUB –	Royal University of Bhutan
SAP –	Systems Applications and Products (software company)
SDG –	Sustainable Development Goal
SNDP –	Secretariat for the New Development Paradigm, Thimphu, Bhutan
SPIRAL -	Societal Progress Indicators and Responsibility for All
ST –	Stakeholder Theory
SWB –	Subjective Wellbeing
SZ -	Suedische Zeitung (German Newspaper)
TED –	Technology, Entertainment and Design conferences where short 18-minute talks are given
TGTBTU –	The Good, The Bad and The Ugly (Blog)
TV -	Television

TWO CAGES – A mnemonic for a systems thinking process: Transformation, Weltanschauung, Owners, Customers, Actors, Guardians, Environmental constraints and Subsystems of activity.

UK – United Kingdom

UN – United Nations

UNDP – United Nations Development Program

UNGC – United Nations Global Compact

UNHCR – United Nations High Commissioner for Refugees

UNNC – United Nations News Center

UNPRME – United Nations Principles for Management Education

US / USA – United States of America

USD – United States Dollar

UTS – University of Technology Sydney

VC – Vice Chancellor

VP – Vice President

VW – Volkswagen

WBCSD – World Business Council for Sustainable Development

WFRE – World Forum for a Responsible Economy

WHO – World Health Organisation

WHR – World Happiness Report

WVS – World Values Survey

WWF – World Wildlife Fund

List of Terms

Akrasia - the weakness of the will (Aristotle)

Anthropocene - geological time period since the industrial revolution of accelerated socio-ecological changes with planetary scale impacts

Arhat - term describing a saint in Theravada Buddhism

Artha - External conditions and resources in life such as wealth, fame, power and success in Hinduism

Ataraxia - a peaceful state of mind (Epicurus)

Atman - the soul in Hinduism

Bhakti - devotion in Hinduism

- Bodhisattvas – a person on the path to achieving enlightenment who chooses to forgo nirvana to help end suffering of other beings (in Mahayana Buddhism)
- Brahmavihāras – four qualities or values of love, compassion, sympathetic joy, equanimity (in Theravada Buddhism)
- Buddha – monk and teacher who lived ca. 552 – 483 BCE in Northern India on whose teachings the philosophy of Buddhism was founded
- Cetanā - intention of an action (Buddhism)
- Chi - universal life force or vital force that emerges from the interplay of yin yang
- Dalai Lama - spiritual leader of the Gelug school of Tibetan (Vajrayana) Buddhism
- Dharma - In Hinduism, renunciation of pleasure, wealth and power to be at service to something greater than oneself
- Dharma - In Buddhism, the teachings of the Buddha
- Driglam namzha – cultural code of etiquette (in Bhutan)
- Dzongkha - national language of Bhutan
- Eudaimonia – from Greek ‘good spirit’ reaching one’s full potential and meaning in life
- Hatha - umbrella term for a range of physical yoga styles with the intention to create balance of mind and body
- Hedonism - term derived from the ancient Greek mythology, *hedoné* the goddess of sensual pleasures, hedonism refers to self-indulgence and the that pleasure is the highest aim and purpose of life
- Jana yoga- the path of knowledge
- Kama - pleasure of the senses, love and emotions in Hinduism
- Karma yoga – the path of work and action
- Lhotsampas – people of Nepali descent mostly in Southern Bhutan
- Mahāyāna - one of the two main Buddhist traditions, includes Vajrayana Buddhism (mostly prevalent in Tibet, China, Bhutan, Nepal, Mongolia, Taiwan, Japan and Korea)
- Mandarin - Chinese language mostly prevalent in northern and south western China
- Mettā - a meditation practice focussed on loving-kindness
- Moksha - In Hinduism infinite being, complete awareness and joy
- Ngalopas - people of Western Bhutan
- Nirvana - highest state of consciousness and ultimate happiness
- Pāramitās - six or sometimes ten ethical values in the Mahāyāna Buddhist tradition
- Prajñā - wisdom
- Purusartha - the four life goals including kama, artha, dharma and moksha)
- Raja yoga - the path of mental and physical discipline

- Sanskrit - ancient language of Hinduism
- Samādhi - state of focused concentration achieved through meditation
- Samsara - the continuing cycle of death and rebirth (in Buddhism)
- Sīla - morality (in Buddhism)
- Tai Chi Chuan – also known as Tai Chi
- Tao - also called Dao in Chinese means ‘way’ or ‘path’
- Te - also called De indicates a person’s moral character, integrity and actions in harmony with nature in Taoism
- Tha damshig - conduct in relationship with other people to encourage a harmonious society in Bhutan
- Theravada - one of the two main Buddhist traditions (mostly prevalent in Thailand, Cambodia, Sri Lanka, Laos and Myanmar)
- Upāya kauśalya (or upaya) – the practice of ‘skillful means’ in Mahayana Buddhism refers to action inspired by intelligent compassion to help human beings mature their consciousness
- Vajrayana - a category of Mahāyāna Buddhism also known as Tibetan Buddhism which is prevalent in Tibet, Nepal, Bhutan and Mongolia.
- Wu Wei - ethical principle of Taoism often translated as ‘inaction’ but also described as effortless action or letting go of the ego
- Yin yang – refers to the interplay and balance of opposing and complementary forces such as female and male or dark and light, which creates the universal life force *chi* (in Taoism and Confucianism)
- Yoga - in Sanskrit means ‘binding together’ or ‘union’ of the soul with the divine for actualising human potential, a system developed as part of Hinduism as early as 2,500 BCE
- Yogasutras - most well known scripture describing various paths for practicing yoga, attributed to Patanjali ca. 250 CE

Abstract

Corporate Social Responsibility (CSR) strategies, activities and reporting are often considered an indication of businesses' good intentions and corporate citizenship. However, repeated corporate scandals like the recent Volkswagen emissions falsification demonstrate that good CSR performance is not synonymous with good business ethics and responsibility. A phenomenon referred to as 'conventional CSR' in this study.

Inspired by Bhutan's development philosophy of Gross National Happiness (GNH) and the author's interest in how this influences business ethics, conduct and sustainability, the study explores how Bhutanese and international businesses move beyond 'conventional CSR'. The topic is also explored within the context of the United Nations 2030 Sustainable Development Goals (SDGs) and the implications for businesses and their CSR approach.

The study's transdisciplinary and constructed grounded theory methodology draws on three broad fields of literature including business ethics, Eastern and Western philosophies of happiness and systems theories. From these, three lenses are synthesised in the literature review and used to analyse qualitative data from 21 semi-structured interviews with Bhutanese and international business leaders and a focus group of eight international CSR professionals.

The research shows a number of dimensions of 'beyond CSR' businesses. What differentiates them from 'conventional CSR' business is:

- a) their commitment to societal and/or planetary wellbeing beyond financial performance
- b) ethics based on relational responsibility
- c) stakeholders are considered as part of the business purpose
- d) their leaders draw on intrinsic rather extrinsic motivation
- e) they have a long-term outlook
- f) they focus on slow and steady growth to ensure social and planetary impact, and
- g) they have a systems or interdependent worldview recognising the interdependence and mutual causality of causes, effects and societal and planetary conditions.

These insights were formulated as a 'Beyond CSR Maturity Model' (BCMM) to illustrate five key dimensions that differentiate 'beyond CSR' from 'conventional CSR' businesses. One of the major conclusions from this study is that a systems or interdependent worldview offers the highest potential leverage for change towards a 'beyond CSR' business approach.

The study concludes that systems thinking provides a contemporary access point for business leaders to create organisational cultures with an interdependent worldview that can assist in enabling a 'beyond CSR' business approach. The implication of this study is illustrated with an example using the VW emissions scandal to demonstrate how businesses can use the SDGs and systems view to understand their impact in an interdependent way and step into a 'beyond CSR' mode of thinking.

Keywords: Corporate Social Responsibility; business ethics; Bhutan; Gross National Happiness; interdependent worldview; causality; self; systems thinking;

