

Chapter 7

An Eastern Approach to the Global Challenge of Corruptibility

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ABSTRACT

Achieving ethical performance in global business depends, at its basis, on the development of personal character which will resist opportunities for selfish gain through fraud, theft, or poor corporate citizenship. The word “incorruptibility” has been defined as a firm resistance to all the enormous temptations of power, a continuing and inflexible dedication to the public good rather than benefits for oneself or one’s group. This chapter explores cutting edge research in developmental psychology and neuroscience which suggests that increasing incorruptibility of character and greater integration of brain functioning are both associated with systematic experiences of a state of consciousness in which one gains a inner sense of self-knowledge that is completely self-referential and independent of outer circumstances. This fundamental approach of development of individual consciousness complements the more superficial efforts of corporations, governments, and international organizations to fortify ethical standards through regulation, codes of professional conduct, the cultivation of ethical cultures, and the adoption of global principles of responsible management.

This chapter analyzes the notion of corruptibility and its relation to recent high profile cases of corporate corruption and the development of corporate codes of conduct. It proceeds to develop a foundation for corporate ethical codes based on a model derived from the model of Indian Vedic philosophy and psychology. An Eastern psychology of ethics is captured in certain depictions from the Bhagavad-Gita such as balanced in success and failure, independent of possessions, and steady intellect.

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From the perspective of developmental psychology, these attributes are more than normative ideals; they are actual depictions of an advantaged stage of development that is realizable through appropriate technologies of consciousness. In conclusion, it will present a theoretical depiction of an advanced stage of psychological maturity which may naturally facilitate resistance of temptation and action for the common good. Moral development, particularly advanced development toward the higher states of consciousness depicted in Eastern psychology, addresses the challenge of corruptibility. As more and more individuals bring this level of self realization into the global marketplace, we predict that we shall see the global enterprises enact win/win business strategies which build economic value for the firm while helping to solve social and environmental problem

INTRODUCTION

At its basis, ethical performance in business depends on the development of personal character which will resist opportunities for selfish gain through fraud, theft, or poor corporate citizenship. This chapter presents an explanation from Eastern psychology of higher levels of adult development in which the individual gains a sense of self-identity and contentment which is independent of possessions. We argue that advanced development toward the higher states of consciousness depicted in Eastern psychology provides a theoretical and practical approach toward realizing “incorruptibility”, defined as “a firm resistance to all the enormous temptations of power, a continuing and inflexible dedication to the public good rather than benefits for oneself or one’s group (Dahl, 1998, p. 73, cited in Scherer, Palazzo, & Matten, 2009).”

THE GLOBAL PROBLEM OF CORRUPTION

Achieving ethical performance in business is a global issue. Well-known scandals in the U.S. include Adelphia Communications, Enron, Arthur Andersen, and WorldCom (Patsuris, 2002). International examples of corporate corruption and its negative economic impacts include Parmalat in Italy, where \$10 billion of assets disappeared

(O’Rourke, 2004), and Banco Intercontinental, a commercial bank in the Dominican Republic whose 2003 demise resulting from fraud and political corruption helped send the Dominican economy into a steep decline.

Corruption is the abuse of entrusted power for private gain (Transparency International, 2010). Corruption manifests in both individual and corporate violations and in actions which damage both the enterprise and societal interests. Economic crimes against corporations, generally perpetrated by their own employees and executives, are on the rise. The Global Economic Crime Survey by PricewaterhouseCoopers (2007) of over 5,400 companies located in 40 countries that average loss due to fraud per company has increased nearly 40% compared to 2005. This study also reports experts’ perceptions that corporations need to be alert to significant risks associated with levels of corruption, staff integrity and the weak legal environment in emerging markets. Corruptibility can also be seen in the tendency of some global corporations to exploit communities and the natural environment in the pursuit of their own interests (Banerjee 2007). Laszlo (2008) describes how some corporate strategies pursue shareholder returns in ways that destroy value in less developed countries—which in the end leads to loss of reputation and financial value for the firm itself.

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