

Zu, Liangrong

## Article

# Purpose-driven leadership for sustainable business: From the Perspective of Taoism

International Journal of Corporate Social Responsibility (JCSR)

## Provided in Cooperation with:

SpringerOpen

*Suggested Citation:* Zu, Liangrong (2019) : Purpose-driven leadership for sustainable business: From the Perspective of Taoism, International Journal of Corporate Social Responsibility (JCSR), ISSN 2366-0074, Springer, Heidelberg, Vol. 4, Iss. 1, pp. 1-31, <https://doi.org/10.1186/s40991-019-0041-z>

This Version is available at:

<https://hdl.handle.net/10419/297657>

### Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

### Terms of use:

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<https://creativecommons.org/licenses/by/4.0/>

ORIGINAL ARTICLE

Open Access



# Purpose-driven leadership for sustainable business: *From the Perspective of Taoism*

Liangrong Zu

## Abstract

In recent years, the topic of “purpose” has been actively studied and discussed by the academic scholars and business practitioners. The purpose revolution has significantly changed the way companies are doing business today. There is a growing consensus among leaders today that business exists not to make money, but to make the world a better place to live in. Companies have been increasingly demanded by stakeholders to do more than to provide good products, good services, good prospects, and good profits, but to do something meaningful to employees, customers, environment and society. As early as 2500 years ago, Laozi, an ancient Chinese philosopher, the founder of philosophical Taoism, discovered the role of the Tao or the purpose in life and universe. Wisdom of Taoism has inspired and guided people with precepts of compassion, harmony, cooperation, integrity, humility and prudence. Taoism’s thought as the master virtue allows individuals, organizations, and society to cultivate purpose for a sustainable life, and directs leaders to pursue a basic blueprint of not only doing good, but also being good. The purpose of this paper is to blend classical Taoism’s wisdom with modern management science to guide leaders to build a responsible and sustainable organization. The paper discussed the relationship between CSR, sustainability and the emerging concept of purpose from philosophical, business and Taoism’s perspectives. The author walked readers through the key text of Tao Te Ching to analyze five core principles of Taoism: self-awareness for mindful leadership, self-cultivation for authentic leadership, leading with humility for Level 5 leadership, transcending ego for servant leadership, and doing the right things right for sustainable leadership. The core principles of Taoism shall serve as the foundation for those who want to develop purpose-driven organizations.

**Keywords:** Purpose, Business, Leadership, Taoism, CSR, Sustainability

*Why Heaven and Earth exist is that they do not live for themselves.*

*Is it not because sages are unselfish?*

*Thus, they achieve their purpose.*

*- Laozi*

*Those who act by following Tao are at one with Tao*

*Those who cultivate themselves with virtue are at one with virtue*

*Those who forgo Tao and virtue are at one with deprivation*

*- Laozi*

*The man without a purpose is like a ship*

*Without a rudder-a waif, a nothing, a no man.*

*Thomas Carlyle*

## Introduction: From CSR revolution to purpose revolution

Decades ago, when I began to turn my research interest to corporate social responsibility (CSR), I was struck by the CSR revolution in the academic and the business world. The revolution is not only about cutting down

Correspondence: [lzu@itcilo.org](mailto:lzu@itcilo.org)

International Training Centre of the ILO, Turin, Italy

carbon emissions, reducing energy use, monitoring factories, or donating to charities, but about reimagining companies from within: innovating new ways of working, instilling a new logic of competing, identifying new possibilities for leading, and redefining the very purpose of business (Hollender, 2010). The revolution has caused extensive debate over business's role in society among academic scholars and business executives around two opposing arguments. The first argument is against CSR, it states that social issues are peripheral to corporate agenda, therefore, the sole purpose of business is to generate shareholder value and maximize profitability. The second is for CSR, it takes the stand that those companies care for social and environmental issues and positively contribute to society will see the benefits to their reputation and subsequently their bottom line.

The long-term debate over CSR is concerned with whose interests should be attended to, shareholders or stakeholders. This is actually the debate of the two competing theories, i.e. shareholder theory and stakeholder theory over the purpose of modern business firm. Each theory provides a framework for economic and social performance of business. Shareholder theory emanates from an economic perspective, focusing on the firm's purpose of creating wealth for its owners while minimizing the importance of the firm's interaction with its other constituencies as well as its role in society; By contrast, stakeholder theory broadens the shareholder's perspective, recognizing the importance of wealth creation as well as the firm's relationships with its multiple constituent groups - shareholders, employees, customers, suppliers, local communities, and environment - and impact on society at large (Pfarrer, 2010).

In recent years, we have seen CSR revolution morphed into purpose revolution, the fundamental shift from the "for-profit" model to "for-purpose". The explosion of the interest in purpose has taken place not only in business, but in all other areas. For example, psychologists describe it as the pathway to happiness. Scientists identify it as essential to brain health and well-being. Business experts exemplify that purpose is a key to exceptional productivity and organizational credibility, and medical professionals have found that people with purpose in their lives are less prone to disease and even live longer. Ernst & Young noted that "public discourse about 'corporate/organizational purpose' has increased fivefold since 1994, now trending at an exponential rate that surpasses the rate of public discourse about sustainability." (EY Beacon Institute, 2016). 73% of business leaders say that corporate purpose is a key to success in navigating the uncertainties of the economy and today's volatile world (EY Beacon Institute, 2017).

Today the company that declared it has a purpose beyond profit is eagerly trumpeted in response to growing demands from employees for work that is meaningful,

from customers for brands that inspire, and from society for companies to be responsible. These might also be the drivers of the emergence of purpose. The forces and megatrends that drive the emergence of purpose have been identified. The study of EY reveals six forces that are challenging companies' old sense of identity and operating models - forcing them to rethink value and how it is created: the trust deficit; the sustainability imperative; rising social inequality; conflicting time horizons; diminishing brand control and the threats and opportunities of digitalization (EY Beacon Institute, 2016). The forces mean that many employees, customers, investors, communities and other stakeholders are asking profound questions about the structure of society and the role of the corporation in that society. The global megatrends, such as population growth, urbanization and demographic change; resource scarcity and role of renewables; digitalization; climate change, and responsibility and compliance, represent many long-term opportunities and challenges for companies in the future. They are also driving demand for sustainable solutions, new technologies and responsible business practices (UPM, 2017). The forces and megatrends demand business leaders to consider more about social and environmental issues and integrate them into business purpose.

I think that the purpose revolution is the uninterrupted wave of CSR revolution and debate of shareholder and stakeholder theories. The terms of purpose, CSR, sustainability, stakeholders, and the like are now common sentiments expressed in many business circles. CSR is a branch of stakeholder-related theory, and it benefits a stakeholder view of the role of business in society. CSR means promoting environmental integrity, economic development and social justice as part of the firm's overall strategy to gain competitive advantage.

Therefore, I believe that business purpose has a lot of things to do with CSR and the sustainable development. Dan Pontefract argues that CSR is not the purpose of business, and business purpose is not its CSR strategy. Using CSR as a substitute for purpose is corporate social irresponsibility. It's the dark side of CSR. Because he argues that an organization's purpose centers around five "Good DEEDS" he identified (Pontefract, 2017):

- *Delight your customers. Working with and for the customer always remembering why an organization exists in the first place.*
- *Engage your team members. Team members need purpose in their role to flourish, and they need to know they are able to create value while simultaneously feeling valued.*
- *Ethical within society. Decisions need to be made - be it financially, environmentally, socially—that are always ethical in nature.*

- *Deliver fair practices. Consistent and positive people practices inside the organization to unleash the creativity and productivity of team members.*
- *Serve all stakeholders. The organization has a responsibility in society to affect customers, team members, the community, environment and owners alike.*

Whatever Pontefract calls it, the principles of Good DEEDS are developed around the internal dimensions of CSR such as engagement of employees, team members and quality of products and services as well as external dimensions of CSR, i.e. customers, community and environment. It is obvious that Pontefract incorporated the principles of CSR in DEEDs, which is concerned with contribution to or positive impact on society and environmental sustainability by delivering benefits for all stakeholders. From this perspective, CSR ought to be a critical component of an organizational operating purpose and values. The recent EY survey shows that purpose is part of a shift toward business becoming a partner in global problem solving, mirroring a shift from value creation for its own sake, through value creation without harm (a CSR approach), to value creation for and with a broader set of stakeholders (a stakeholder approach) (EY Beacon Institute, 2016). Mourkogiannis (2014) claims that Purpose is preparation for doing what is right and what is worthwhile. As such, it creates a sense of obligation. But this obligation is not a weight or a drag in any way - it's a way of knowing what you can and cannot do. "Do the right thing and do well (purpose)" is a new way of saying "Do well by doing good (CSR)".

Nevertheless, purpose and CSR do have some differences. Purpose is built on the perspectives of CSR, shareholder and stakeholder theories. A purpose-driven company or organization is inspired by a clear role in the world that offers it a reason for being. In other words, purpose is concerned with WHY. We may ask company executives why your business exists; it is for making money or for creating a better world. WHY goes much deeper to understanding what motivates and inspires us. The WHY exists on a macro level and a micro level. A company has a WHY, each division or team has a WHY, and every individual has a WHY. Therefore, it is the purpose, cause or belief that drives every organization, and even every individual career. CSR is more with WHAT and HOW. When we talk about social responsibility that a company should take, we begin to ask what responsibility is, is it economic, social or environmental responsibility? For example, in 1979 Carroll built upon the previous scholarship to define CSR as a construct that "encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a

given point in time" (Carroll 1979). In 1991 Carroll illustrated these four responsibilities in a pyramid, which ranks business responsibilities in order of relative importance, with economic responsibilities assumed as primary, followed by legal, ethical and finally philanthropic responsibilities. When confronted with different social demands from a variety of stakeholders or "bad episodes" related to CSR, how might a company respond? Adopting obstructive response that denies all responsibility, or defensive response that admits to some errors of commission or omission, or proactive response that take the lead in social issues. Stakeholder theory is with WHO. I might want to know who are constituents that a company should be responsible for, are they shareholders, community, employees, or customers? A stakeholder is a party that has an interest in a company and can either affect or be affected by the business. The primary stakeholders in a typical corporation are its investors, employees, customers and suppliers.

Let's come back to discuss purpose. Mourkogiannis (2014) defines purpose as a set of values and beliefs that defines an organization and inspires and motivates its employees. Rather than organization and structure, ideas are what cause companies to go from good to great. Purpose is the reason for which something is done or created or for which something exists. It is crucial to a firm's success. Purpose is the primary source of achievement, for it reveals the underlying dynamics of any human activity. It determines its goals and strategy. Purposeful companies contribute meaningfully to human betterment and create long-term value for all their stakeholders.

Everything in nature has its purpose, and no single purpose is more important than another. But not all purposes are effective and successful. A purpose's effectiveness depends both on its relevance to the problems that leaders face today, and on its connection to the shared value and culture of humanity. It needs to draw on philosophical ideas that have stood the test of time. Not all ideas are born equal. A successful purpose both drives an organization forward and helps build sustainable competitive advantage (Mourkogiannis, 2014). In this sense, purpose is similar to the Tao, a central concept of Taoism, which embeds in everything and pervades everywhere. As early as 2500 years ago, Laozi, an ancient Chinese philosopher, the founder of philosophical Taoism, discovered the role of the Tao or purpose in meaning life and universe. He describes it in Tao Te Ching (TTC), Chapter 34<sup>1</sup>:

*The great Tao flows everywhere like water,*

*All things depend on it to exist, yet it does not demand for obedience.*

*All things depend on it to fulfil their purpose, yet it does not claim credit.*

*All things depend on it to nurture and grow, yet it does not possess them.*

The Tao is used symbolically in its sense of “way” as the “right” or “proper” way of existence and it is the source and ideal of all existence. In our modern language, the Tao is the purpose that individuals should hold on to in life and work.

Taoism is one of the most influential philosophy in the world, and the Taoism’s wisdom has inspired and guided people with precepts of compassion, harmony, cooperation, integrity, humility and prudence. Taoism’s thought as the master virtue allows individuals, organizations, and society to live in a successful life, and as well directs leaders to pursue a basic blueprint of not only doing good, but also being good.

The purpose of this paper is to blend classical Taoism’s wisdom with modern management science, particularly the good practices from successful leaders, to guide leaders to build a responsible and sustainable organization. The paper will discuss the relationship between CSR, sustainability and the emerging concept of purpose, and purposeful leadership. The focus of the paper will be on the principles of Taoism. The author will walk you through the key text of Tao Te Ching (The Book of Tao and Virtue) and identify five core principles of Taoism, which can direct leaders to develop purpose-driven leadership for sustainable business.

## **What is purpose? Philosophical, Taoism and business perspective**

### **Purpose: The philosophical perspective**

Like any other emerging concepts, there is no universal working definition of purpose. I will try to examine the concept and definitions of purpose from the perspectives of philosophy, Taoism and business.

From the philosophical standpoint, the concept of purpose is generally defined as the reason for which something is done or created or for which something exists. Aristotle, the ancient Greek father of western philosophy called that purpose, *telos*. The word can mean “purpose”, “intent”, “end”, or “goal”, but as usual, Aristotle used it in a more specific and subtle sense - *the inherent purpose of each thing, the ultimate reason for each thing being the way it is, whether created that way by human beings or nature*. The root of *telos* is wholeness or completion. It is the root of the term “teleology”, roughly the study of purposiveness, or the study of objects with a view to their aims, purposes, or intentions. In human beings, the achievement of this wholeness of life requires choices carried out in action. Therefore, the end appears

as a purpose, the accomplishment of which completes the action. The purpose behind all other purposes would be the human end that is complete simply (Sachs, 2002). Aristotle observed that every person is drawn by a *telos* or purpose in their lives. Aristotle argues that living happily requires living a life of virtue. Someone who is not living a life that is virtuous, or morally good, is also not living a happy life, no matter what they might think. Someone who does live according to the virtue, who chooses to do the right thing because it is the right thing to do, is living a life that flourishes. Human beings discover these things rather than creating them. We do not get to decide what is right and wrong, but we do get to decide whether we will do what is right or what is wrong, and this is the most important decision we make in life (Aristotle, 1995). Aristotle, teleological concepts help us capture what living things are - namely, purposively organized entities that strive to achieve various aims - and what properties they possess.

In the wisdom of Heraclitus, a Greek philosopher of the late sixth century BCE, and one of the great philosophers before Socrates and Plato, purpose is interpreted as the word “*logos*” which stands for “the reason for why”, the purpose behind what took place and the force that shapes their lives. He believed in the necessity of scientific enquiry, probing the natural world, asking how and why things were the way they were. He looked for patterns or laws to see if he could deduce some logic behind the operation of the natural world. For example, when he looked at life (*bios*) he looked for the *logos*; when he studied the weather (*meteor*) he sought the *logos*. This concept now appears in our words for the study of different areas in science: biology, meteorology, geology, psychology, sociology, etc. Heraclitus said that the *logos* is “the reason why”. Every branch of science is looking for the *logos*, the reason why things are as they are. The literal Greek “*logos*” is translated as “word”, and sometimes rendered as “account”. It is unseen force, not that different from the biblical “Word” or the “Tao” in Taoism, which regulates and runs the universe. Humans can only act in a right way if their actions are in attunement with the *Logos* (Butler-Bowdon, 2017).

William Damon (2008) defined purpose as a stable and generalized intention to accomplish something that is at the same time meaningful to the self and consequential for the world beyond the self. This purpose consists of three main components: *long-term intention, actual action plan and commitment, and beyond-the-self motivation* (Damon, 2008). In this sense, purpose can be interpreted as moral virtue from the perspective of virtue ethics. Purpose can be regarded as a virtue in virtually all eras and cultures, including Western, Taoism, Confucianism, and Buddhism cultures, although there might be minor differences in the concepts of purpose



in each cultural background. For instance, Christianity regards purpose of life associated with a calling from God as one of the most fundamental elements for a meaningful and valuable life (Warren, 2002). In Eastern cultures, achieving the ultimate purpose of life, such as the completion of self-cultivation in Taoism and Confucianism or true enlightenment and Nirvana in Buddhism, has been morally admired (Rahula, 1974; Y.F.Ho, 1995).

Han (2015) argues that purpose is naturally a moral virtue that enhances flourishing. But it is a second-order virtue that plays a corrective role and moderates the performance of other first-order virtues and the strength of motivational force of behaviour. Purpose provides other virtues with the proper direction where they should aim, and when and where they should be put into practice. For instance, courage without purpose would be meaningless. Without purpose, although a person might possess and exercise individual moral virtues at a certain moment, all of those individual virtues, or virtue-like things, cannot appropriately facilitate the achievement of his/her flourishing at the end. Purpose is a second-order virtue that enables a person who possesses it to decide which actions to take and which virtues to exercise at a specific moment for the achievement of his/her noble long-term goal, and ultimately for flourishing. Purpose plays a corrective role to maintain the level of behavioral motivation at an appropriate level. A person with this virtue, a purposeful person, can maintain an appropriate level of behavioural motivation to achieve his/her ultimate goal at the end. This person knows when to act and when to stop, and where to spend and concentrate energy and where not to pay attention (Bronk, 2012). Thus, purpose can correct the two non-productive motivational statuses and guide a person to the ultimate happiness. Therefore, purpose can play a corrective role to decide a proper thrust and focus of endeavours, and to control the degree of behavioural motivation between two extreme ends: insufficient and excessive behavioural motivation.

Leider (2015) believes that our purpose is the essence of who we are and what makes us unique. Our purpose is an active expression of the deepest dimension within us - where we have a profound sense of who we are and why we are here. Purpose is the aim around which we structure our lives, a source of direction and energy. Through the lens of purpose, we are able to see ourselves - and our future - more clearly. You have a purpose no matter what age you are, how healthy you are, or what your economic or social situation is. Purpose is actively sticking to your values, leaning toward compassion for others, and getting up in the morning to contribute value to the world. Purpose is what gives life a meaning.

Izzo & Vanderwielen (2018) claim that purpose is transcendent. It ties you to what matters most, to something bigger than yourself, something enduring that offers a deeper sense of meaning. Purpose connects your place as a leader to the larger world of relationships and events. Purpose is altruistic. It is not about you but about the well-being of people and environment outside your-self - how you enrich society or the planet. Purpose is forward thinking. It points you and others forward toward a compelling vision, focusing attention and energy on the creation of a better future reality. Throughout history, humans have sought to make sense of their lives, searching for meaning through prayer, retreat, art, music, nature, community, gratitude, forgiveness, and multiple other ways. Traditionally, purpose was connected with the spiritual aspect of people's lives. Healers, priests, and shamans were the ministers who helped people connect with the sacred to restore bodies and souls to health and wholeness (Leider 2015). Cashman (2017) also agrees that purpose is the natural flow of our gifts as they serve those we touch. Sometimes we may inhibit or ignore this flow, but it is always there, seeking expression. How it manifests depends on our ability to open up to it and the particular circumstances we may be facing at the time. Purpose is constant. The manifestation of purpose is always changing to serve the situation.

#### **Purpose: The Taoism's perspective**

The descriptions and definitions of purpose I discussed in the preceding section touch on the core principles of Taoism: the reason of being, source of direction and energy, compassion for others, transcendent, altruistic, forward thinking, spiritual aspect of people's lives, wholeness, constant, natural flow, etc. I will elaborate the principles in the following sections. But to better understand the principles and wisdom of Taoism, we must understand what Taoism is, who the founder of Taoism is and what the source of wisdom of Taoism is.

Taoism is an ancient Chinese system of thought, the most influential philosophy and religion in the world or religion. It views the universe as an interconnected, organic whole. Nothing exists separately from anything else. The universe is governed by a set of natural and unalterable laws which manifest themselves as a flow of continuous change. This natural order and flow is referred to as the Tao, or the Way. The Tao is the origin and source of all things in the universe, the law of nature and ultimate reality. The Tao is often described as a force that flows through all life. Therefore, a happy and virtuous life is one that is in harmony with the Tao, with nature. The philosophy of Taoism understands Tao as the one thing which exists and connects the many things. The Tao is also a tremendous energy in the

universe and within the individuals, and available to be harnessed and utilized to guide people into the joys of more satisfying and successful living. The same energy can also assist people in living a life filled with meaningful contributions to their personal world, their family, their community, their nation, and the world.

The classical Taoism began with the Chinese philosopher Laozi, the founder of Taoism. The set of philosophical teachings and religious practices of Taoism rooted in his work of *Tao Te Ching* (*The Book of the Tao or Way and its Te or Virtue*). The *Tao Te Ching* (TTC), along with the *Zhuangzi*, is a fundamental text for both philosophical and religious Taoism. It also strongly influenced other schools of Chinese philosophy and religion, including Legalism, Confucianism, and Buddhism, which was largely interpreted with Taoist words and concepts when it was originally introduced to China. TTC laid the philosophical foundation for the religion's beliefs, and also offers ideational principles and practical guidelines for today's business, leadership and government. The philosophical system with the core of Tao has a deep effect on the traditional culture of China and the world as a whole, and has inspired and guided people with precepts of harmony, compassion, charity, humility, cooperation, integrity and prudence over the past more than two thousand years. Taoism's thought as the master virtue allows individuals, organization, and society at large to survive and thrive.

In the teaching of *The Tao (Way) and its Te (Virtue)*, there are two key concepts: *Tao and Te*. I discussed the Tao previously and now I'd like to talk a little bit about Te. Te, usually translated as "Virtue", is conformity to principles. Te is, in a sense, manifestation of the Tao, the revelation of the true nature of the Tao. Occasionally Te is employed to signify the quality of natural goodness, which is the result of enlightenment and of the manifestation and function of the Tao in man and all that exists in the universe. The word "Te" in Taoist literature indicates power or strength. It means that all things contain an inherent power or strength that comes from their own essential being or true inner nature. This power derives from the fact that our true self is an expression of the Tao, because it is intrinsically connected with the power of the universe. However, the idea of Virtue (Te) is that of power exercised without the use of force and without inappropriate interference in the existing order of things. Virtue is an inward quality and state. To do right is to obey the laws of nature, of virtue, and to live in conformity and harmony with them. Failure to do so brings automatic and equally natural retribution, disharmony, disruption, and consequent misery.

We know that the Tao is the origin and source of all things in the universe, the law of nature and ultimate reality. But the Tao is also seen as the spiritual law. The

simplest interpretation of the Tao, or spiritual law, is: "This is how things work." One way to comprehend this law is to realize that it expresses the relationship between a person's mind and the thoughts and ideas of the mind, a person's emotions and how they are expressed, and the physical activities that give expression to those thoughts, feelings, and ideas. A definite relationship exists between the invisible thoughts and feelings of our mind and heart and the visible actions we take because of them. Spiritual law is a timeless law or principle and being of spirit, and is not visible. It is not shaped or determined by any person's current opinion or whim. Spiritual laws are impartial in that they apply equally to everyone, everywhere throughout our world. They work without prejudices or bias at all times and in all places. These laws are self-enforcing and are not dependent on human authority or commandants. Laozi makes it clear that if people can embrace the spiritual law or Tao (*the power of mind*) and cultivate the virtues (*the law of mind action*), they will not fail and are able to thrive (Templeton, 2002).

By recognizing and aligning ourselves with these laws, humans can attain a state of being which combines the experience of total freedom with one of complete connectedness to life's processes - being at one with the Tao. To help gain this level of existence, Taoist writings offer us various principles to be followed in the course of everyday living. Understanding and adopting these values presents the opportunity to become whole and complete, to consciously become an inseparable part of life's flow.

In modern language, we can interpret the Tao (power of mind) as the Why, purpose or cause. Some of the elements of the power of the mind may be familiar to us: vision, imagination, intent, belief, positive or negative thinking, etc.. Everyone uses these elements of mind frequently throughout the day. But many people may not realize the important contribution that these aspects of the mind make toward defining the character and personality of an individual. So, understanding the quote, "when you rule your mind, you rule your world" can provide powerful insight into some of the ways we function as an individual. The virtues (the law of mind action) can be translated as the HOW, strategy, effect, or principle. It plays its role in every person's life. How does the law of mind action affect a person and his world? One answer offers the premise that thinking is the connecting link between the universal mind of Tao and man. Awareness of this law and its application can help you shepherd your thoughts and ascertain that they are positive and of art of everything. Within the mind of every individual abides the starting point of a person's thoughts, spoken words, actions, and even one's feelings. What you think about the Creator of all, ourselves, our

family, our neighbors, our acquaintances, our work associates, or others, make a great deal of difference in our daily life. In fact, every aspect of our life can be affected by the way we think! As Joseph Addison once said, "One of the most difficult things for a powerful mind is to be its own master!" It is important to be aware of the situations and circumstances around you. It is also important and helpful to possess certain qualities in life: sincerity of purpose, dedication to ideals, commitment to integrity, and a continual thirst for knowledge.

Now let's discuss the Taoism and purpose. The first question we may ask what the purpose of Taoism is. The purpose of Taoism is to create the World of *Da-Tong*, which refers to a harmonious and peaceful World or Great Unity for Common Good. Laozi never drew the blueprint in his teaching of TTC, but he did depict an ideal world where there are ideal people – simple and honest - in TTC, Chapter 65, ideal leaders – humble to serve people - in Chapter 66, and ideal nation – small with little population - in Chapter 60. Confucius mapped out the vision and blueprint of ideal world in the Book of Rites (*Li Ji*), a collection of texts describing the social forms, administration, and ceremonial rites of ancient time. This is what the World of *Da-Tong* looks like as Confucius described:

*When the Great Tao (perfect order) prevails,*

*the world is like a Commonwealth State shared by all, not a dictatorship.*

*Virtuous, worthy, wise, and capable people are chosen as leaders.*

*Honesty and trust are promoted, and good neighborliness cultivated.*

*All people respect and love their own parents and children, as well as the parents and children of others.*

*The aged are cared for until death; adults are employed in jobs that make full use of their abilities; and*

*children are nourished, educated, and fostered.*

*Widows and widowers, orphans and the old without children, the disabled and the diseased are all well taken care of.*

*Every man and woman has an appropriate role to play in society and in the family.*

*They hate to see resource lying idle or cast away, yet they do not necessarily keep them for themselves.*

*They hate not to make use of their abilities, yet they do not necessarily work for their own self-interest.*

*Thus intrigues and conspiracies do not arise, and thievery and robbery do not occur;*

*therefore, doors need never be locked.*

*This is the ideal world - a perfect world of equality, fraternity, harmony, welfare, and justice.*

*This is the world called "Da-Tong." (Hwang, 2010)*

The World of *Da-Tong* is the state "of the people, by the people, and for the people and characterized by ideal leaders - virtuous, worthy, wise, and capable, and ideal people – honest, trustworthy, caring and respectful. And most importantly, every person has purpose – social responsibility and environmental sustainability, for example, every man and woman has an appropriate role to play in society and in the family, they do not necessarily work for their own self-interest, and they hate to see resources lying idle or cast away, yet they do not necessarily keep them for themselves. In Chinese history, we do have a few dynasties that achieved the World of *Da-Tong*, for instance, the Tang Dynasty. Emperor of Taizong Tang, Li Shimin was the second emperor of the Tang Dynasty. He is typically considered to be one of the greatest emperors in China's history and henceforth. He is a typical Taoist and purpose-driven leader. His reign was regarded as the exemplary model against which all future emperors were measured. His era, the "Reign of Zhenguan" is considered a golden age in Chinese history and was the World of *Da-Tong*.

To realize the World of *Da-Tong*, leaders must embrace and cultivate three core virtues or principles of Taoism, Laozi calls them three treasures in TTC, Chapter 67, and I call them 3C:

*I have three treasures to hold and enshrine,*

*The first is compassion,*

*The second is conservation,*

*The third is compliance.*

Compassion - a caring, kindness or charity toward all things in the world - is the most important and primary virtue of Taoism, and is the foundation of other two virtues: conservation and compliance. The whole idea of compassion is based on a keen awareness of the interdependence of all these living beings, which are all part of one another and all involved in one another.



Compassion is an important, even critical skill for leaders worldwide. This has been proved by the scientific evidence. The study of the compassion and leadership has demonstrated the compassion leads to strong leadership. Victor Weisskopf, an Austrian-born American theoretical physicist says “Human existence is based upon two pillars: Compassion and knowledge. Knowledge without compassion is inhuman. Compassion without knowledge is ineffective.” Creativity without compassion may lead to megalomania or selective blindness about the destructive effects of our behaviour. Conservation - frugality, simplicity and prudence - traditionally, refers to the act of preserving, guarding or protecting natural resources, environment or cultural heritage, etc. But from the perspective of Taoism, it focuses on frugality, thrift and prudence in not only natural resources, but also in the human's spirits, energy, and managing and leading people knowing when and how to avoid wasting one's resources in terms of time and energy, and direct them in a meaningful way, in accordance with one's purpose in life. Compliance - humility, integrity and accountability - means confirming to a rule, code of conduct, standards or to comply with relevant law and regulations. But in wisdom of Taoism, it is concerned more with “not daring to put oneself ahead of others”, in other words, with the qualities of humility, un-contentedness, integrity, and accountability. It refers to the act or action of yielding in relationship with others and environment. It stresses cooperation over competition. Compliance requires human beings to live in harmony with each other to avoid the crisis, conflicts and disasters in the process of economic development and growth.

#### **Purpose: The business perspective**

Inge Thulin, president, CEO, and chairman of 3 M once said, “An enterprise not focused on sustainability for their own products and those of their customers will not exist in 50 years.” EY Beacon Institute research reveals that businesses need to embrace and integrate a humanistic, multi-stakeholder oriented purpose to navigate today's volatile, uncertain economy. Businesses need to be driven by a purpose higher than maximizing profit, and they must ensure optimal benefits to all stakeholders. Only if that happens can capitalism deliver to all humanity the full societal benefits it is capable of.

Over the past decades, CEOs and executives, and management scholars have over focused on vision, mission, and strategy. Kenny (2014) explains that your company's purpose is not its vision, mission, or values. Business leaders have to clarify it and place in meaningful relationship for their company to thrive. I put together the terms and try to discuss the differences among them. Vision is about what is possible for us to

become. Mission is about what business the organization is in (and what it is not) both now and projecting into the future. Strategy is about how we will get there, and purpose is about why it is so important that we exist in the world or what is the reason for being (Cashman, 2017). The explanation of purpose of Johnson Controls tells us how it defines the relationships among the concepts of vision, strategy and purpose. Johnson Controls, a 130-year-old company has treated purpose as a key driver behind its success. Kim Metcalf-Kupres, Chief Marketing Officer explained his company's purpose to EY Beacon Institute, “The heart of our motivation and inspiration is really to find and stick to what Johnson Controls is good at. The purpose behind our company has really been captured in a vision that we've used for many years about creating a more comfortable, safe and sustainable world. Our strategies have evolved with that vision in mind. And as we look for the next century and the megatrends that are driving the world, we think the things that we bring to the world are very relevant. As we look at the makeup of the company and the implications for us as an organization, that's challenged us in this age of activism to really understand what fits in our core and what does not.” We should not be confused with specific goals or business strategies. We might achieve a goal or complete a strategy, but we cannot fulfill a purpose; it is like a guiding star on the horizon - forever pursued but never reached.

However, we have found that most companies already have a purpose, be implicit or explicit, which dates from their creation. I was surprised to find that as early as 1947, Forrest E. Mars, Sr. started to be aware of power of purpose, and defined the purpose of the Mars, the candy company as “*the manufacture and distribution of food products in such manner as to promote a mutuality of services and benefits among consumers, distributors, competitors, suppliers, governmental bodies, employees and shareholders.*” Obviously, the purpose of Mars is multi-stakeholders-centricity. The International Institute for Management Development (IMD) echoes these ideas, defining purpose as “a company's core ‘reason for being.’ The organization's single underlying objective unifies all stakeholders and embodies its ultimate role in the broader economic, societal and environmental context.” IMD defines purpose by blending a CSR approach (the value creation without doing harm to society and environment) and a stakeholder approach (the value creation for and with multi-stakeholders). EY Beacon Institute (2016) describes a corporate purpose as an aspirational reason for being that is grounded in humanity and inspires a call to action. In 2017, EY came up with the brand-new concept of capital P Purpose based on the result of their survey. Having analyzing the extent and impact of different characterizations of purpose,

they define it as the purpose that focuses on creating value for a broad set of stakeholders. The study they conducted focused on five definitions of purpose: maximizing shareholder value; primarily creating value for customers; primarily benefiting employees; serving all stakeholders and improving society; and having an aspirational, human-centric mission designed to inspire a call to action. Combining the last two, which both speak to a broad, socially engaged Purpose, produced the top-ranking answer, given by 40% of the business leaders they asked (Fig. 1).

The definitions I introduced above are all concerned with who and whose interests business should serve, creating value for a single stakeholder, like shareholder, employee, customer or for multiple stakeholders. Izzo and Vanderwielen (2018) define purpose from the perspectives of individual and organization. For the individual employee or worker, purpose is the belief that work serves to make a difference in a way that is meaningful to that person. It is the part of work that is not simply about earning a salary or having status but a sense that the work itself has meaning, with an underlying feeling that the job serves society or their personal values in a positive way. For organizations they define purpose as an aspirational reason for being that is about making life better now and in the future for all stakeholders, especially customers, society, and the planet. A purposeful organization is one that has built its entire enterprise around this core reason for existence. Though the organization may manufacture products, provide

services, and generate profits, its entire system revolves around this desire to make life better for customers, employees, society, and the environment now and in the future.

We can see from the definitions given by practitioners and academic scholars that purpose often means slightly different things to different companies, in the same way that people define their individual purposes in slightly different ways. Nonetheless, the common theme is that business should create value for its full set of stakeholders. The consensus among scholars and practitioners is that purpose is not about making money, but about making the world a better place to live. Whenever making money becomes a company's primary purpose, losing sight of what is the best for customers and the world at large, it is often the beginning of a downward spiral that can be halted only when purpose once again becomes paramount. Volkswagen emissions scandal is a typical case to illustrate the point. The decision to deceive regulators on emissions from diesel cars was clearly good for business in the short term, as it allowed the company to promote and sell its vehicles as "clean alternatives." But what allowed that decision to be made? The best guess is that VW was not staffed by evil people who could care less about the environment. Instead there is a very good chance that the focus on clean vehicles at VW was being driven mostly as a strategy rather than as a belief in doing what is right and making the world a better place. The distinction between "doing what is right" and the business case may feel like mere



Source question: Which of these best characterizes your organization's purpose? (Select one)

Note: Numbers do not total 100% due to rounding.

**Fig. 1** The Definitions of Purpose. Source: EY Beacon Institute, "How Can Purpose Reveal a Path through Disruption? Mapping the Journey from Rhetoric to Reality", report 2017

semantics, and there is no doubt that the difference can be subtle. There are the occasional companies like Enron, run by people whose basic ethics turn out to be purely self-oriented, but most of the biggest purpose problems likely come from this focus on purpose as a means rather than an end.

#### **Purpose: The pathway to high performance**

According to Korn Ferry's latest study, consumer companies that focused their employees on the organization's purpose boasted annual growth rates that were nearly triple the annual rate for the whole sector. And the benefits go beyond financial. The study also found that having an authentic purpose can help recruit and retain talent, win over customers, and have positive impacts on broader society (Korn Ferry Institute, 2016). The study, called "People on a mission" examined a broad set of purpose-driven organizations, including interviews with 30 founders, CEOs, and senior executives at consumer companies with visible and authentic purposes, engaged employees, customer-oriented cultures, and strong financial results. "We have found that organizations that take the challenging steps to define their core purpose and values, and integrate these throughout their operations - beyond slogans or advertising gimmicks - see not only strong bottom-line results, they also find this approach transforms all aspects of their business," said Elaine Dinos, principal of Korn Ferry's Global Consumer Market practice. "When an organization has a clear purpose, it unleashes the power and drive of the entire workforce, harnessing and focusing that combined effort in one aligned direction." Indeed, the study found that companies with the proper focus posted compounded annual growth rates of 9.85% compared to a 2.4% for the whole S&P 500 Consumer Sector.

EY Beacon Institute research has consistently shown that purpose enables organizations to perform well in times of volatility. The research joins a growing body of evidence demonstrating that a strong and active purpose raises employee engagement and acts as a unifier, makes customers more loyal and committed to working with you, and helps to frame effective decision making in an environment of uncertainty. Global Leadership Forecast 2018 finds that getting purpose right builds organizational resilience and, crucially, improves long-term financial performance as seen in the figure below. They found that the real benefits come when leaders walk the walk by behaving in a manner that exemplifies their organization's purpose (DDI, 2018). Tony Hsieh, the visionary CEO at online retailer Zappos is one of the exemplary leaders. He shows in his book of *In Delivering Happiness: A Path to Profits, Passion, and Purpose* how connecting employees with values and meaning serves as one path to happiness. Today, he is also building a consultancy, *Delivering*

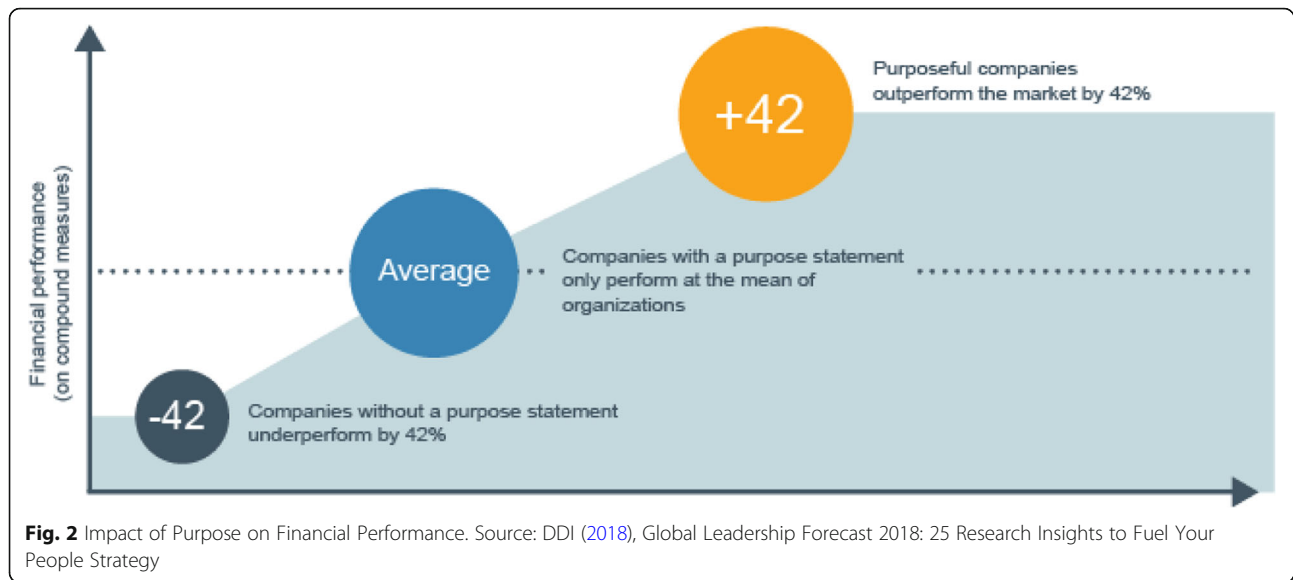
*Happiness at Work*, around the importance of a values-based culture in achieving both happiness and business success. Zappos' renowned culture, remarkable growth, and robust financial performance stand testament to this philosophy and approach.

The DDI's survey also shows that of 1500 global C-Suite executives surveyed 84% say their business operates in an increasingly disrupted environment. In this world, purpose is a North Star - fixed point to help navigate through changes and uncertainties. To understand the impact of purpose, they identified three types of organizations: those without a purpose, those with a purpose statement and purposeful organizations where leaders bring the stated purpose to life through behaviors. They found clear evidence that companies in this third category are earning a significant performance premium (see Fig. 2) (DDI 2018).

#### **What does purpose matter to leadership?**

There is growing consensus among leaders today that business exists, not to make money, but to make the world better, and most agree that both employees and customers want to associate with enterprises that provide a sense of purpose. 90% of executives have said that their companies understands the importance of purpose, but "only 46 percent said it informs their strategic and operational decision-making." (Izzo and Vanderwielen, 2018). Every leader must have a purpose, and they have a responsibility to address this significant question: why do we exist? Why is it so important that we exist? what is the contribution we want to make? Why is the world better because we are here? A successful purpose both drives a company forward and helps build sustainable competitive advantage. In the hands of an effective leader, purpose becomes the engine of a company, the source of its energy (Mourkogiannis, 2014).

Imbuing an organization with a core purpose can be hard work, requiring a deep and abiding commitment from the top. The commitment needs to be backed up by key best practices, including hiring people who connect with the organization's purpose, transparency in leadership's actions, and incentive plans based on an employee's holistic contributions to the organization. Leading in the purpose revolution must begin with each of us as a leader discovering our own purpose - the reason we are leading that is greater than the massing of profits. You need to find your personal purpose to contribute to something that is greater than yourself or even your company. Your actions must be imbued with meaning because what you say and do matters, maybe even more than you realize. It is not just a question of your values but of your future and legacy, and it all starts with finding and living your purpose.



Korn Ferry's study shows that CEOs loom large in purpose-driven organizations. They are the chief advocates of their organizations' core purposes. Typically, they are inspired to be part of something larger than themselves, and they work hard to affect others' lives in positive ways. They strive to maintain a laser-like focus on serving all stakeholders (not just shareholders), and the greater world. Through their communications, actions, and behaviors, these leaders set clear examples of how their organizations pursue purpose while adhering to shared values. "If we stay exceptionally true to the foundation of this company, we will continue to do really well," said Jim Alling, CEO of TOMS. "We do well when people want to read past the superficial layer. The minute we become a sell-out brand is the minute we die." (Korn Ferry Institute, 2016).

An organization that benefits society as well as shareholders requires leaders at all levels, who never stop reflecting on who they are and who they want to be, who can blend their own personal purpose with those who see the world differently, who tell the truth about obstacles and recognize their own personal responsibility in creating them, and who know there are no final answers or formulas. A great example of a leader who found his personal purpose—transforming the company he worked for in the process—is Paul Polman, CEO of the consumer goods company Unilever. He calls on leaders to use their position to take a stand and be courageous about what they believe in. When Polman joined Unilever, he helped refocus the business around social and environmental values. Under his leadership, Unilever created the Sustainable Living Plan, which includes plans to "reduce our absolute environmental impact... and increase our positive social impact." He realized that addressing these issues required a fearless long-term

strategy, not short-term thinking. He told Forbes: The big changes we need to make to transform this world, if you want to, are changes that will be made against the odds - lots of naysayers and skeptics. So to fundamentally make these changes, you need to have a certain level of courage, especially at the CEO level...[so] we certainly need more courageous leaders. Defining courage as "the ability to put the interests of others ahead of your own and be able to absorb personal risks," he encourages us "to fight your way through that." Having met scores of Unilever team members at all levels, we can personally attest to the way Polman's personal purpose, and his willingness to speak openly about it, has inspired deep loyalty and commitment throughout the company.

### The power of purpose and values: From the perspective of Taoism philosophy

#### What drives your life?

Purpose is not everything, but it trumps everything else. Every organization must also have strong leadership, management, succession planning, execution, strategy and tactics, innovation, and more, but Spence (2011) believes that it all has to start with a purpose. That is the hinge that everything else hangs upon. Everyone's life is driven by something. There are hundreds of circumstances, values, and emotions that can drive your life. Rick Warren identified five of the most common ones: Those who are driven by guilt are manipulated by memories. They allow their past to control their future. They often unconsciously punish themselves by sabotaging their own success. Those who are driven by resentment and anger often miss great opportunities because they are afraid to venture out. They play it safe, avoiding risks and trying to maintain the status quo. Those who are driven by materialism desire to acquire becomes the



whole goal of their lives, and always want more based on the misconceptions that having more will make them happier, more important, and more secure. Those who are driven by the need for approval allow the expectations of parents or spouses or children or teachers or friends to control their lives. There are other forces that can drive your life but all lead to the same dead end: unused potential, unnecessary stress, and an unfulfilled life (Warren, 2002).

The wisdom of Taoism shows us how to live a purpose-driven life - a life guided, controlled, and directed by the great Tao or spiritual law. Without a purpose or the Tao, life is motion without meaning, activity without direction, and events without reason. Without a purpose, life is trivial, petty, and pointless. For example, one of the benefits that purpose-driven life has is that those who know their purpose can simplify their life. It defines what you do and what you do not do. From the Taoism's viewpoint, this is one of key principles of Taoism - *no-doing or non-action, wu-wei*. *Wu-wei* refers to behavior that arises from a sense of oneself as connected to others and to one's environment. *Wu-wei* must be your purpose that sets the standard that you use to evaluate which activities are essential and which are not. Without a clear purpose you have no foundation on which you base decisions, allocate your time, and use your resources. You will tend to make choices based on circumstances, pressures, and your mood at that moment. People who do not know their purpose try to do too much-and that causes stress, fatigue, and conflict.

Laozi explains in TTC, Chapter 35 why purpose is powerful and what impact purpose-driven leaders have on others.

*Those who hold true to the great Tao are*

*Followed by people in the world*

*People not only follow them, but do no harm to them.*

*Music and delicious-looking food tempt people's senses,*

*But they are like busy travelers' stopover.*

*Tao is odorless and tasteless when it is expressed in word*

*Invisible when it is looked at,*

*Inaudible when it is listened to,*

*But, inexhaustible when it is used.*

Laozi begins with the influence and power of leaders who align themselves with the great Tao or purpose.

Laozi says that those who hold true to the great Tao are followed by people in the world, because they cultivate themselves with virtue. They are like the North Star around which is revolved by other stars. Confucius also says, "*Those who lead people with virtue are like the North Star, which stays in its place, and all the other stars turn towards it.*"<sup>2</sup> The virtuous or purpose-driven leaders are the role model of their followers and show respect and concerns for others so that the followers are inspired and empowered to act spontaneously. Therefore, Laozi says, "*Great leaders who do not speak gets a good response; great leaders who do not summon is obeyed and followed.*"<sup>3</sup> Great leaders who follow the Tao are able to inspire people to act. Those who are able to inspire give people a sense of purpose or belonging that has little to do with any external incentive or benefit to be gained. Those who truly lead are able to create a following of people who act not because they were swayed, but because they were inspired. For those who are inspired, the motivation to act is deeply personal. They are less likely to be swayed by incentives. Those who are inspired are willing to pay a premium or endure inconvenience, even personal suffering. Those who are able to inspire will create a following of people - supporters, customers, workers - who act for the good of the whole not because they have to, but because they want to.

Then, Laozi reminds us of another style of leadership which is opposite to the purpose-driven leadership. They are profit-driven leaders. Laozi uses the metaphor of music and food as the temptation and desires that people run after in their life. It is normal that what we perceive is what we see and hear, so we need to go in the direction pointed out by our senses - yet, constantly reminding ourselves that there is more to it and that the Tao reaches farther than we are able to detect. If we hold on to it and go where it leads, we will find that the whole world complies and benefits as well. Although Tao is hard to see or hear, and words to describe it become far from spectacular, it is inexhaustible. That is because it is not a thing or a creature, but a principle, a natural law that governs the universe. Tao is the way the universe works. The whole universe may dissolve without the law of its fate doing so. Like a formula it can be used over, over and over, without suddenly ceasing to function.

### Values and purpose

Many practitioners and scholars have concluded that purpose can have a real impact only if executives' and employees' understanding and commitment to this core belief are strongly aligned. Core values constitute the guiding principles that business uses to realize its purpose. Core purpose operates at the high-performing intersection where our core talents and core values



come together. It is the value-creating, catalytic moment when our gifts make a meaningful, enduring difference. Leadership purpose is rooted in your values and your authentic self. You must be true to who you really are and to the ethics, principles, and causes that are most meaningful to you. Developing personal purpose involves getting in touch with our values and our unique contribution to the world. As you think about your own purpose as a leader, you need to clarify your deepest values and concentrate on what sincerely matters to you (Izzo and Vanderwielen, 2018).

Laozi discovered purpose and core values in the pattern of one's behaviour. The pattern of one's behaviour is shaped by its identity of values and purpose. Laozi claims that different values and purpose lead to different patterns of behavior. Laozi says in TTC, Chapter 23:

*Those who act by following Tao are at one with Tao*

*Those who cultivate themselves with virtue are at one with virtue (Te),*

*Those who forgo Tao and virtue (Te) are at one with deprivation*

*Those who are at one with the Tao are embraced by the Tao,*

*Those who are at one with virtue (Te) are embraced by virtue (Te),*

*Those who are at one with loss of Tao and virtue are embraced by deprivation.*

Put it simply, the verse means that I am what I think, I think Tao, the Tao is released in me, and I am wise with the wisdom; I think the Virtue, the Virtue is released in me, and I am virtuous. I think the loss (forgo Tao and Virtue), the Loss is released in me, and I am a failure. Your purpose is why you exist. Your values define who you are, what you stand for, and how you behave. Your mind is your world. Your thoughts are the tools with which you carve your life story on the substance of the universe. When you rule your mind, you rule your world. When you choose your thoughts, you choose your results (Shanklin, 2005). The metaphor of planting wheat and planting flax can be used to illustrate this philosophical idea. If you plant wheat, you get wheat; if you plant flax, you get flax. Flax does not produce wheat, wheat does not produce flax-the seeds are different. This is the Tao of cause and effect in action. If people's thought is good, their actions and deeds are good, so they will surely receive blessings. If people's thought is bad, their actions and deeds are also bad, so they will surely bring on misfortune.

Good and bad thoughts are the cause of events, receiving blessings and bringing on misfortune are the effect of events. When there is a cause, it will surely have an effect. It cannot be that the fruit of good seed is not good, nor can it be that the fruit of bad seed is not bad. The consequences of good and bad are like shadows following forms, certain and invariable. It is all a matter of choosing between planting good and planting evil, distinguishing what is good and what is bad. Therefore, great leaders consider the beginning when they do things; being careful about things in the beginning, they are able to complete them in the end (Liu, 1988).

Laozi also showcased the comparison of himself (Taoist or a purposeful leader) with other people to illustrate different values and purpose lead to different behaviors in TTC, Chapter 20:

*Other people are busy pursuing after enjoyment*

*As if they were ascending the terrace in spring and celebrate a sacrificial feast.*

*I alone remain stoic, quiet and indifferent,*

*Like a newborn baby who is pure and innocent,*

*And I alone appeared to be lost like one who has nowhere to go.*

*Other people possess more than they need,*

*While I alone seem wanting.*

*I have the mind of a fool - so ignorant!*

*Other people are bright and shrewd, but I am alone stupid.*

*Other people are narrow-minded, but I am alone open-minded:*

*My heart is as boundless as the sea that embraces everything*

*My soul is as free as the wind that blows everywhere.*

*Other people are talented, but I alone appeared unlearned.*

*Why I am different from others is that I hold on to the Tao or purpose.*

Laozi's wisdom offers us with the principles and standards for purpose-driven leaders. We must understand

what our values and how to do with alignment with our purpose. Different values result in different purpose, and different purpose leads to different performances. Jim Collins's recent study has validated the principles of Taoism. In *Good to Great*, Collins (2001) wrote about the preservation of what he calls "core legacy", the combination of core values and core purpose, as a feature of enduring companies that went from "good to great to built to last." Collins explains that there are not necessarily any "right" or "wrong" values, but there is the necessity to have them and live them, because they provide a reason for being beyond making money. Enduring great companies preserve their core values and purpose while their business strategies and operating practices endlessly adapt to a changing world.

Drawing upon what he saw in the visionary companies, Collins has created a practical two-part definition of core ideology: Core Ideology = Core Values + Purpose. Core Values = The organization's essential and enduring tenets - a small set of general guiding principles; not to be confused with specific cultural or operating practices; not to be compromised for financial gain or short-term expediency. Purpose = The organization's fundamental reasons for existence beyond just making money - a perpetual guiding star on the horizon; not to be confused with specific goals or business strategies. Thomas J. Watson, Jr., former IBM chief executive, commented on the role of core values (what he calls beliefs) in his 1963 booklet *A Business and Its Beliefs*:

*I believe the real difference between success and failure in a corporation can very often be traced to the question of how well the organization brings out the great energies and talents of its people. What does it do to help these people find common cause with each other? ... And how can it sustain this common cause and sense of direction through the many changes which take place from one generation to another? ... [I think the answer lies] in the power of what we call beliefs and the appeal these beliefs have for its people.... I firmly believe that any organization, in order to survive and achieve success, must have a sound set of beliefs on which it premises all its policies and actions. Next, I believe that the most important single factor in corporate success is faithful adherence to those beliefs.... Beliefs must always come before policies, practices, and goals. The latter must always be altered if they are seen to violate fundamental beliefs.*

Whole Foods Market is the case in point. Whole Foods Market's core values succinctly express the purposes of the business - purposes that include making profits but also creating value for all of the major

constituencies. Their core values are these: selling the highest-quality natural and organic products available, satisfying and delighting their customers, supporting team member happiness and excellence, creating wealth through profits and growth, caring about their communities and the environment, creating ongoing win-win partnerships with their suppliers, and promoting the health of their stakeholders through healthy eating education. John Mackey, co-founder and co-CEO of Whole Foods Market, contended that companies with a "conscious culture" and "higher purpose" inspire employees to reach their greatest potential, as well as help support the fight against the current "purpose crisis" in America. "Businesses in the 21st century need to shift focus from profit maximization to purpose maximization," argued Mackey. "In fully aligning your organization's strategies, systems, and structures around a higher purpose", he said, "You will almost certainly realize business results - making more money than you thought possible." Whole Foods' purpose-driven business model focuses on "whole foods, whole people, whole planet," and the model empowers the company's 62,000 employees and plays a huge role in the organization's success. For example, Whole Foods' Total Health Immersion Program, an internal initiative whereby at-risk employees receive intensive health and wellness education geared toward sustaining positive lifestyle changes. With great passion, Mackey underscored the power of purpose and values and a conscious culture: it energizes and engages employees, promotes creativity and innovation, and helps businesses achieve a sustainable competitive advantage (Armstrong, 2012).

### Principles for purpose-driven leadership: Practical wisdom of Taoism

We discussed in the preceding sections the concepts and definitions of purpose and its power and impact on organizational performance. This section will offer some principles for leaders who want to cultivate and activate their purpose. I am assuming if purpose and values provide the compass, principles give leaders a set of directions. We understand that to be a purposeful leader or purposeful company is not easy, even companies and leaders who recognize power of purpose have a hard time getting on board with purpose. They may not have the right mindset or the necessary resources at their disposal. There are many reasons why companies fail to truly close the purpose gap or activate purpose. For example, many leaders make the mistake of treating purpose just like any other plan to win talent and customers, or like making money or marketing program, etc. (Izzo & Vanderwielen, 2018) have come up with the best practices for avoiding purpose pitfalls:

- *Purpose must be authentic and cannot be viewed as another short-term business strategy or way to garner customer attention;*
- *Shift the dialogue from profit to purpose;*
- *Align your brand's core competencies with your social platform by making a clear, authentic purpose statement;*
- *Be willing to update your purpose and vision with the changing times, keeping in mind the expectations of tomorrow's generation as well as today's.*

Now the most difficult part might be the application of the best practices in reality if leaders do not change their ideology and mentality, transform fixed mind-set to growth mindset. Laozi ascribed failure in cultivating the Tao or purpose to different mindsets. He describes them in TTC, Chapter 41:

*Those who have high wisdom hear of the Tao, they diligently practice it;*

*Those who have low wisdom hear of the Tao, they doubt it and*

*Those who have no wisdom hear of the Tao, they laugh loudly at it.*

If we interpret the passage in our modern business language, it is easy to understand. Laozi described three types of people or leaders with three different mindsets: growth mindset, mixed mindset and fixed mindset. Those who have growth mindset believe that abilities can be developed. They have high wisdom and perseverance, and never give up even in the face of struggle. They take negative feedback and apply it to their own work the next time they do a task. Therefore, they are positive to activate and practice purpose in organization; those who have mixed mindset have low wisdom and low perseverance, and try hard until they face a struggle. They need a strategy before they can overcome the obstacle on perseverance. They are inspired to do better by feedback, but they need to consider the source in order to take it seriously. Therefore, they are in hesitation and unable to bring purpose statement to life. Those who have fixed mindset have no wisdom, and believe that abilities are fixed. They do not persevere and give up after the slightest inconvenience and they feel intimidated by negative feedback and do not apply the corrections. Therefore, they are negative and unwilling to develop purpose in organization.

Developing a purposeful organization and purpose-driven leadership requires transformation in mindset from fixed, mixed to growth mindset. Wisdom of Laozi offers us principles, which can guide and transform

leaders' mindset. In this section, I will walk you through that the text of Tao Te Ching to identify the five principles of Taoism for effective leadership. The principles of Taoism have been tested in the fires of real life, with real people. These essential leadership principles encourage true growth and real change. I start with self-awareness (mindful leadership); self-cultivation (authentic leadership), leading with humility and willpower (level-5 leadership); transcending ego (servant leadership), and doing the right thing right (effective leadership). The five principles are logically integrated and interacted with each other. Self-awareness is at the center of a purpose-driven leader's compass, and the foundation of authenticity. To develop your self-awareness, you must cultivate yourself with virtue, the power of Tao. Self-cultivation is a path to be authentic and achieve the ultimate purpose of life. Humility is the heart of a leader, and is a quality of certain types of leaders. A sense of humility is essential because it authenticates a person's humanity. John Buchan, a Scottish novelist, historian says, "Without humility there can be no humanity". Mahatma Gandhi says that attempting to sustain truth without humility is doomed to become a "arrogant caricature" of truth. Humility is a trait that can enhance leadership effectiveness. Humility is one of the core virtues of Taoism for a wise leader to cultivate. When you cultivate your humility and transcend your ego, you have the power to serve others. However, to be an effective and sustainable leader requires the principle of "doing the right things right". This is the pathway for purpose-driven leaders to achieve a sustainable business.

#### **Self-awareness: Mindful leadership**

The history reveals that nearly all individuals who achieve high levels of personal and professional success have a keen sense of self-awareness. A purpose-driven leader must start with self-awareness. Leading others begins by first leading yourself, and measuring yourself before you measure others. Peter Drucker agrees that we cannot manage others unless we learn to manage ourselves (P. F. Drucker & Wartzman, 2010). Once you discover the purpose of your leadership, you will find the true leader inside you. Self-awareness is the foundation of authenticity, and thus it is at the center of a purpose-driven leader's compass. You develop it by exploring your life story and then understanding the meaning of your crucibles. As you do this, you need to understand who you are at a deeper level. This is hard work but an essential step in your development as a leader. A foundation of self-awareness leads to self-acceptance and ultimately self-actualization so that you can fulfill your greatest potential (George, 2015).

In our modern society, much attention is devoted to promoting self-awareness: "finding ourselves", "knowing

who we truly are". Many traditions, including certain schools of Western psychology, regard this discovery and acceptance of self as central to personal well-being, an important step on the path of individual transformation. It is also the belief of certain social thinkers and activists that, without a high degree of individual self-awareness and responsibility, it will remain impossible to resolve the many social and environmental problems currently facing mankind.

What guidelines does Taoism offer in this area? How can we manifest our virtue, know our true selves in a manner that connects us with the rest of our world? Laozi demands Taoist leaders to not only know themselves, but also transcend themselves. Because he claims in TTC, Chapter 33 that:

*Those who know others are smart,*

*Those who know themselves are wise.*

*Those who transcend others have strength,*

*Those who transcend themselves have inner power.*

Laozi advises a wise leader to take the time to get to know yourself and find your passion. Look inside, to find your power, your purpose. If you find and go with this flow, you will make a difference in our world and you will find joy in the journey. Laozi's wisdom on self-awareness reflects the ancient Greek aphorism "Know Thyself": *understanding your inner world, bright and dark sides, personal strengths and weaknesses*. Sayings based on great wisdom, such as this one, all have one thing in common, regardless of the time and place in which they occur: they are encouragements to engage in conduct that is demanding and out of the ordinary but nevertheless offers prospects of great reward. Laozi's teaching is a classic illustration of this point. Why did the ancient sages attach a great importance to "Know thyself"? "Know thyself" is always an immensely difficult task. There are four impediments to "Knowing thyself", which include everyday distractions that encourage a superficial and non-analytical existence; psychological obstructions that shade our eyes from the glare of troublesome truths; hedonism, the lack of courage to face and address painful and inconvenient realities; and the distorted imagery of mass media presentation (Soupios & Mourdoukoutas 2014). Those who are courageous to know thyself must be able to:

- *explore the dark side of their inner being, the frauds and deceits that nurture a counterfeit reality;*
- *reveal psychological deficiencies and troublesome truths;*

- *cast a harsh and unforgiving light at self - exonerating falsehoods, and*
- *commit to an agenda of spirited self-indictment - an honest self-discovery process designed to dispel self-induced frauds.*

Burnison (2016) claim that anyone can have the right hands-on skills, but true leadership finesse lies in the much tougher realm of developing self-awareness to lead yourself first; navigating by a fixed point of personal and organizational purpose; journeying with others who want to follow you; and plotting a course that is beyond the line of sight of what everyone sees. To lead others, you must continually measure yourself - not overestimating your strengths, and not underestimating your weaknesses. To do so, you must be able to look humbly in the mirror. After all, self-awareness and honesty go hand in hand. Let others illuminate your blind spots as you improve yourself and, by extension, the organization.

According to Laozi, a great leader not only know himself, understand inner mind, but also should know others, understand outer world. Because self-awareness and awareness of others are the keys to happiness, to personal satisfaction, and to successful relationships. If we want to be successful and happy, we must take responsibility for our feelings, thoughts and behaviors. We must not blame others for our choices. Paradoxically, as we become more self-aware, we become less self-conscious – less worried about how we look to others and about what others think of us. This allows us to be more self-less and better able to work with, support and give to others. Self-awareness also provides us with a richer inner life and the ability to identify and focus on what really matters to us – the people we love. Only do those who know their inner mind and outer world have power and strength to transcend themselves and fulfil themselves, and become a mindful leader.

A mindful leader is simply a leader who uses mindfulness to gain deeper knowledge of himself and makes a conscious effort to use this knowledge to manage himself better, taking personal responsibility for his actions and striving to be the best leader he can be. Mindful leaders provide calm, clarity and a clear sense of direction, carefully balancing the needs of the organization with the needs and aspirations of the workforce. Mindful leaders monitor themselves to maintain a focus on present- moment reality, their impact on other people, and their reactions to stressful situations. Mindful leaders experience the reality and vividness of what is going on in any given moment, without knee-jerk reactions based on negative mind states (such as anxiety, fear or anger) responding with a calm awareness and care for themselves and others (Adams, 2016).



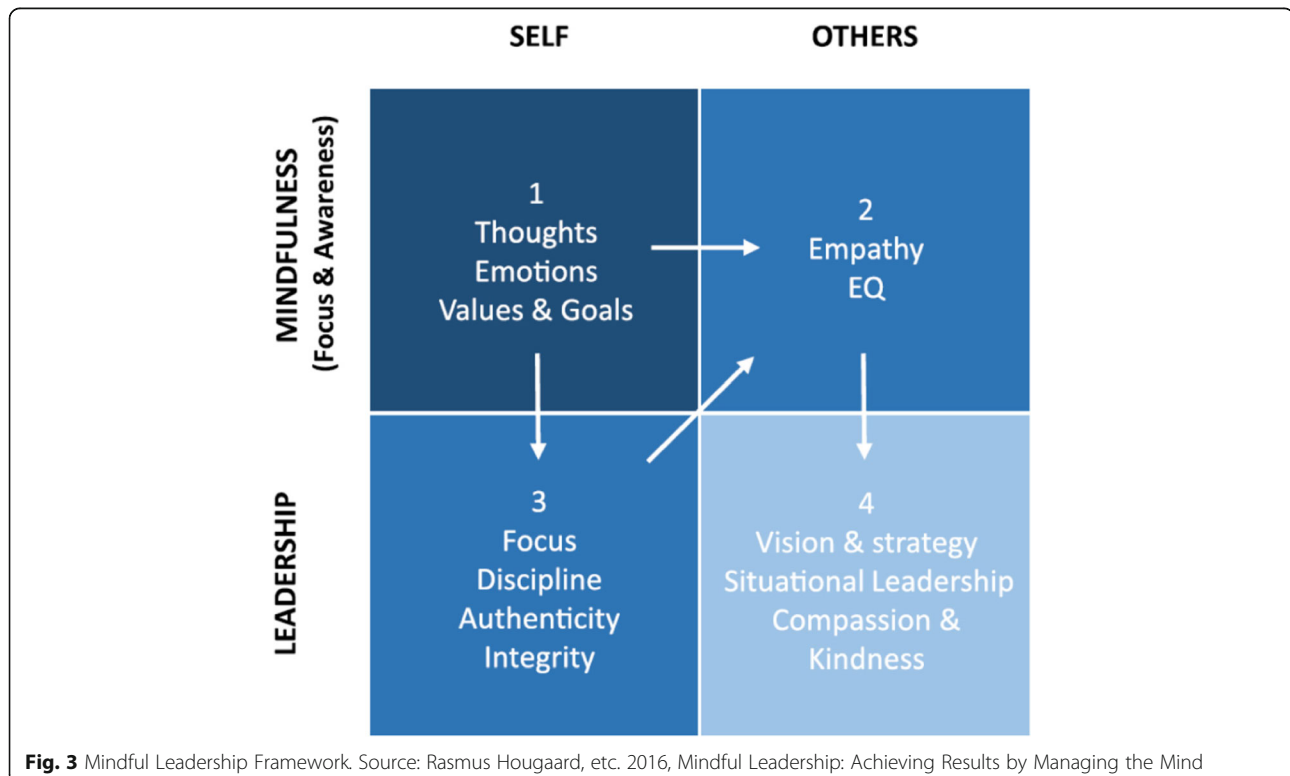
Hougaard et al. (2016) have created a framework for mindful leadership, which can help to explain the challenges many leaders face and how they can be overcome. The framework looks at what the cultivation of mindfulness—that is, high focus and awareness - enables for self and others and, subsequently, what that enables in terms of leadership. Impactful leadership begins with mindfulness as defined in quadrant 2 of Fig. 3. This is where they have strong focus and open awareness directed toward their own self. It enables them as individuals to be calm and clear-minded in how they think and behave. In this state, they mindfully monitor our thoughts and emotions and use our values and goals to guide our actions. This mind state is a prerequisite for everything else.

As they are developing greater self-awareness, they are simultaneously cultivating the ability to have greater empathy for others. Once they can see and understand their own struggles and challenges, we have a greater ability to recognize those in people around us. Therefore, moving from a high degree of mindfulness of self toward mindfulness of others is a natural transition. Once we have developed a high level of self-awareness, it is also very easy to move down in the framework toward effective self-leadership. This is where we have the discipline to focus on the right things and take the time to know what those right things are. Specifically, the “right things” come from tuning in with your authentic self

and having a high degree of integrity in everything you do. Once we have the foundations of mindfulness of self and others as well as leadership of self, leadership of others becomes much easier. In particular, if you take these skills as the foundation and introduce strategic and tactical management tools and techniques such as defining vision and strategy and applying situational leadership you have a pretty robust framework for success. And the more you cultivate these skills in your leadership of others the greater your capacity for compassion and wisdom. All these together, in a dynamic, ongoing, ever-changing development road map, define mindful leadership.

#### Self-cultivation: Authentic leadership

Bill George, the former Chairman and CEO of Medtronic, the author of *Authentic Leadership* has done many studies on authenticity and impact on leadership over the past years. His study shows that those leaders who gained self-awareness was central to becoming authentic leaders. When you know yourself, you can find the passion that motivates you and the purpose of your leadership (George, 2015). Bill George's approach to leadership, based on self-awareness and authenticity, is widely considered the gold standard in the field. Thus, self-awareness and authenticity are two important traits of every proven leader. That is why most of the business leaders have seen the importance of authenticity as one





of core ingredients of purpose-driven leaders. Just as John Replogle, CEO of Seventh Generation claims that authenticity is everything you cannot fake purpose.

As I discussed in the preceding section, leadership purpose is rooted in your values and your authentic self. You must be true to who you really are and to the ethics, principles, and causes that are most meaningful to you. When purpose becomes personal, it becomes real and powerful. From this place, you will be able to establish a clear mission in life, focus attention on what is most important, find courage to do what is right, and, as a leader, activate purpose in others. In considering your personal purpose, you need to be honest about your deepest values and know how to leverage your unique, distinctive qualities, skills, and position to make a difference, to your people, your customers, and the world.

Most academic scholars agree that the CEO must define, and almost personify, a company's purpose. In particular, the literature often characterizes purpose as being inextricably linked to the perceived authenticity of the CEO. Success is ascribed partly to this authenticity, along with clarity and consistency of the CEO's communication. Many articles also flag the potential vulnerability of leaders if they are perceived as not living up to their avowed purpose (EY Beacon Institute 2016).

Our Chinese sage, Laozi always emphasizes the role of authenticity and integrity in life and leadership. He encourages wise leaders to *embody integrity, and keep away from hypocrisy; embrace authenticity, and keep away from vanity*.<sup>4</sup> Purpose-driven leaders are authentic leaders, who are the people with the highest integrity, and committed to building sustainable organizations. They are the leaders who have a deep sense of purpose and are true to their core values. They are also the leaders who have the courage to build their companies to meet the needs of all their stakeholders, and who recognize the importance of their service to society. Authentic leaders genuinely desire to serve others through their leadership. They are more interested in empowering the people they lead to make a difference than they are in power, money, or prestige for themselves. Authentic leaders are dedicated to developing themselves because they know that becoming a leader takes a lifetime of personal growth.

Self-cultivation is a path to develop authenticity and achieve the ultimate purpose of life, and thus occupies a central position in the philosophical Taoism. Self-cultivation empowers leaders to emanate from their deepest values and culminate in their contribution to the common good. Laozi stresses the importance of self-cultivation and its influence on team, community, organization and beyond. He says in TTC, Chapter 54:

*He who cultivates himself with virtue becomes authentic.*

*He who influences his family with virtue harmonizes family;*

*He who influences his community with virtue sustains community;*

*He who influences his country with virtue prospers country;*

*He who influences the world with virtue pacifies the world.*

The leaders who hold on to the great Tao can cultivate themselves and become authentic. Those who are authentic have the power to influence others, and those who are influential have the capacity of leading others. Leadership is about influence and enabling the right things to happen rather than lining up a shot and making it happen. Real power of leaders derives from influence through authentic leadership, rather than the perception of authority. Everything we do and think affects the people in our lives and their reactions in turn affect others, because we are all connected and interdependent on each other in the universe. These connections and interdependence stretch like an incredibly interwoven and complicated tapestry. Each of us exists within this tapestry. Our thoughts and actions are like a stone dropped in a pond and can create ripples that travel outward. The choices we make have far-reaching consequences. Each of us carries within us the capacity to change the world in small ways for better or worse. We can use the principles of the ripple effect to magnify our actions and their effects.

This passage also implies that if you want to be a positive and influential leader in the world, first you must get your own life in order. Ground yourself in the universal principle so that your behaviour is wholesome and effective. If you do that, you will earn trust and respect, and be a powerful influence. Your behaviour influences others through a ripple effect. Everyone influences everyone else, powerful people are powerful influences. For perspective of Laozi's wisdom, we understand if your life works, you influence your organization; if your organization works, your organization influences the community; if your community works, your community influences the nation; if your nation works, your nation influences the world, and if your world works, the ripple effect spreads through the cosmos. Your influence begins with you and ripples outward. So be sure that your influence is both potent and wholesome.

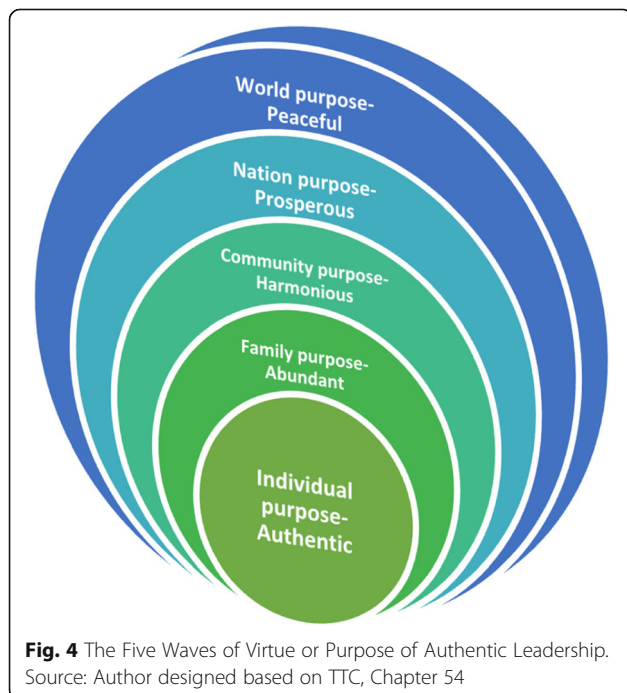
I created the 5 waves of virtue or purpose based on Laozi's wisdom to describe how to develop leader's influence by applying the ripple effect, particularly combining the business practices, which were provided by other studies (Hutchinson, 2015). Figure 4 shows that the five waves of virtue. The leader's purpose is to cultivate authenticity with virtue. The authentic leaders have the charismatic power, because the virtue is radiance that others can detect. Virtue (efficacy) will spread wherever things are arranged according to ideal structure of the Tao. This begins with the individual (self), and it extends to the family (teams in organization), the community (organization), nation (society), until it reaches the whole cosmos. Leading with influence requires a clear purpose and the ability to develop authentic connection with others. When you lead based on a genuine desire to serve, and your decisions are shaped by your core values and true respect for others, it is easy to develop authentic relationships. When relationships are grounded in mutual respect, they thrive. And when relationships thrive, so do the organizations that they serve. This mutual synergy fosters greater organizational cohesiveness and more prolific collaborations, and helps leaders to establish more robust platforms steeped in influence.

I want to further elaborate the waves of virtue and leadership influence. The first wave of virtue and influence is to lead yourself and to be authentic leader. As a leader, your actions, starting with your own state of being, affect other people and your organization. When the leader shows up with his or her strengths, values, and actions all aligned, you can feel it. Leaders who

understand how to master leading themselves are more powerful and influential than those who do not. As a leader, your state of being and doing influences many different layers of your organization: personal, interpersonal, and organizational. Proactive attention to how you as a leader are showing up and taking action can enable you to make bigger, more positive impacts with others.

Second, lead others - influence each person in a genuinely positive way. As a leader, your actions, starting with your own state of being, affect how other people work on an individual level and your organization. This is not about you the leader versus a sea of followers. When the leader, already powerfully aligned with himself or herself, respects and builds an enabling relationship with each follower on an individual basis, the entire group of followers is enabled to build strong relationships with each other. As a leader, how you manage and present yourself dramatically impacts your followers, and the way you connect with each of them dramatically impacts every person in the organization. For example, imagine getting passionate about a new direction you believe your organization needs to pursue. To some people, your passion will come across as exciting and empowering. To others, it may seem dictatorial and oppressive, or even distracting and needless. While you cannot control how your passion is received, understanding how each person might react or respond to how you are showing up will enable you to build stronger relationships with each person in your business, thereby helping you achieve better results together. And this web of relationships is surrounded by resources, policies, and processes—the organization.

Third, lead the organization (in Fig. 4 it refers to family and community) - influence your systems positively. Organizations function not only through relationships but also through structural components like habits, practices, resources, measurements, rules, and processes. These structures are designed in harmony for both effectiveness (getting the right things done) and efficiency (get things done right) to get the best results possible in both the short and long term. While the influence you exert on people will cause them to do things differently within the structure, the influence you exert directly on the organizational layer changes the support structure itself and thereby affects everyone in the organization. Therefore, leaders' actions, starting with their own state of being, affect how other people work on an individual level, and the systems in which they operate. Everyone benefits from improved results as well as from a more able and resilient organization. Your initial action starts a chain reaction that causes positive impacts to others and the organization. The benefits of this chain reaction trigger ripples through the entire organization. They add



energy and enthusiasm to the people and processes that make the organization successful. This is the ripple effect in action. And with enough momentum, people outside the organization benefit as well.

The last wave - create ripples beyond your organization (including nation and the world). As a transformational leader, the ultimate outcome of your work is to create an organization that can have a lasting, positive impact on clients and customers. In turn, those people will work to make a lasting, positive impact on their clients and customers. And the stone keeps skipping...For example, imagine that you lead a non-profit like Heifer International. They raise and donate pregnant animals to people in need around the world. The recipient of a gift is then charged to pass the next offspring to another family in need, or imagine you lead a for-profit company that refines material used by other companies to make cancer-fighting drugs. Your company's output is critical to saving people's lives. In these pay-it-forward examples, it is easy to see how each action you take as leader - your skipping stone - goes from you to others in your organization, to the organization itself, to others creating their own product or service, and to the people who benefit from that product or service. This ripple effect continues indefinitely so long as well-intentioned leaders continue to skip stones for positive impact. While you cannot predict the future, you can influence it. With the right stones and right leadership mindset, you can create amazing ripples that travel quite far indeed.

### **Transcending Ego: Servant leadership**

At the beginning of this section, I analyzed Laozi's three types of leaders who embody three different mindsets. One of them is one with fixed mindset. The fixed mindset leaders preen their egos and look for the next self-image boost. They start with the belief that some people are superior. They all have the need to prove and display their superiority. They use their subordinates to feed this need, rather than fostering the development of their people. They all end by sacrificing their organizations to its need. The fixed mindset helps us to understand where gargantuan egos come from, how they operate, and why they become self-defeating (Dweck 2006). Of course, we have many leaders of growth mindset who serve a larger purpose beyond their careers and themselves. However, serving others and a noble purpose demand leaders to transcend their ego.

To be humble to serve people is one of the most core virtues that Laozi requires leaders to cultivate in their leadership. Laozi depicts in TTC, Chapter 7 and 66, the qualities of leaders who transcend ego to serve others by using the metaphor of natural phenomenon - Heaven and earth, river and sea.

*Heaven is eternal and Earth everlasting.*

*Why Heaven and Earth exist is that they do not live for themselves, and*

*Thus, they can sustain themselves forever.*

*The sages (purpose-driven leaders)*

*Place themselves behind, and yet find themselves ahead;*

*Think nothing of themselves, and yet find themselves thrive.*

*Is it not because they are unselfish? Thus they achieve their purpose.<sup>5</sup>*

*Why the river and the sea become leaders of a hundred valleys*

*Is that they lie below them.*

*Thus, they are able to be leaders of a hundred valleys.*

*If the sages want to lead from above,*

*They must speak to them from below.*

*If they want to lead from front,*

*They must place themselves behind.*

*When the sages*

*Lead from above, people do not feel oppressed;*

*Lead from front, people do not feel obstructed.*

*Thus, all people are never tired of exalting them.*

*Because the sages contend with nobody, and*

*Nobody can defeat them in the world.<sup>6</sup>*

Laozi describes two styles of ideal or purpose-driven leadership. TTC Chapter 7 is profile of altruistic leadership. It is defined as guiding others with the ultimate purpose of improving their wellness. In Laozi's heart, the altruistic leaders who model themselves on Heaven and Earth do not exist for themselves, they make no conscious effort for their own sake, always place their people's interests above their own. They think of nothing

but others. They free themselves from being egocentric, and are always concerned over other people's rights and interests. As the result of their altruism, they are respected and followed by people; they end up fulfilling themselves and achieving their purpose.

Laozi in TTC Chapter 66 reveals the quality that the humble leadership shall develop. Humility is the heart of a leader. Servant-leaders have the humility, courage, and insight to admit that they can benefit from the expertise of others who have less power than them. They actively seek the ideas and unique contributions of their followers that they serve. This is how servant leaders create a culture of learning, and an atmosphere that encourages followers to become the very best they can.

Laozi offers one of the core principles for those who want to be great leaders, is that great leaders should lead from behind, not from the front. However, it does not mean that Laozi is against the way that leaders lead from the above or the front. It seems paradox, but it is wisdom of leadership. Laozi advises that those who lead from the front must be humble to what they do and say; and place people's interests before their own. The leaders who embrace the qualities of humility and selflessness never contend with others, and claim any credits from others, but they are willing to take any risks and accountability whenever something goes wrong or in crisis. Therefore, when they lead from the above and the front, people never feel oppressed and harmful. As a result, people exalt and follow them voluntarily and cheerfully.

Nelson Mandela is a typical Taoist leader. He has aligned himself with the principles of Taoism. He said, *"It is better to lead from behind and to put others in front, especially when you celebrate victory when nice things occur. You take the front line when there is danger. Then people will appreciate your leadership"*. This is the exact wisdom of Laozi. In his autobiography, Mandela (1995) equated a great leader with a shepherd: *"He stays behind the flock, letting the most nimble go out ahead, whereupon the others follow, not realizing that all along they are being directed from behind"* (Mandela, 1995). Leading from behind does not mean abrogating your leadership responsibilities. After all, the shepherd makes sure that the flock stays together. He uses his staff to nudge and prod if the flock strays too far off course or into danger. For leaders, it is a matter of harnessing people's collective genius. Doing so entails two primary responsibilities - and they are not easy to get right. First, leaders must ensure their organizations are willing to innovate. This is fundamentally about building community. Some leaders refer to this function as "creating a world to which people want to belong." In these communities, people are valued for who they are and have the opportunity to contribute to something larger than

themselves. These communities have a common purpose, values and rules of engagement about how people should interact and problem-solve together. A shared purpose brings the people together and makes them willing to do the hard work of innovation. Second, leaders must build the organizational capabilities necessary for engaging in the innovation process. The three essential organizational capabilities are: creative abrasion (the ability to generate ideas through intellectual discourse and debate); creative agility (the ability to test and refine ideas through quick pursuit); and creative resolution (the ability to make decisions in an integrative manner). Those who are exceptional at leading from behind are likely to be different than those who excelled at leading from the front (Hill, 2010).

Those who follow wisdom of leading from behind are servant-leaders. In the heart of Laozi, servant-leaders should be like the ones he states in TTC, Chapter 49:

*Great leaders have no self-interest, but concern for other interests.*

*They are good to those who are good,*

*They are also good to those who are not good,*

*Then, it leads to genuine goodness.*

*They trust those who are trustworthy,*

*They also trust those who are untrustworthy,*

*Then, it leads to genuine trust.*

*Great leaders lead people by letting go of their egotism,*

*Care and serve people with heart and soul;*

*Are concerned about what they see and hear people do,*

*And regard people as their babies.*

Laozi stresses two qualities or virtues for servant-leaders: goodness and trust or integrity. Virtue is the power, and is the power to do good; trust is a principle of power. Servant-leaders must have the power to activate goodness, build a high-trust organization, and transform the world through doing good.

Those who embrace the virtues of goodness and trust can forgo ego and self-interest, but place their mind and heart on what people think and need. They always cultivate these two important virtues in their lives. Servant-leaders are completely different from the average



persons. They treat everyone equally, whoever is good or bad, trustworthy or untrustworthy. They are the magnanimous persons with the greatness of soul. When faced with choices in lives, servant-leaders tend to pursue what is most noble, and what form them in excellence and benefit others most. They strive for greatness at the heart. This is the virtue by which servant-leaders pursue what is great and honorable in their lives, even if it is difficult.

#### **Leading with humility: Level 5 leadership**

Purpose with humility is the best way that we humans can pursue a noble cause passionately without risking the perils of seeing our efforts do more harm than good. This is also the most important quality for purpose-driven leadership. When passion for a noble purpose turns into self-righteousness, we lose our capacity to learn from our mistakes or even to notice when we are making mistakes. We must always be on guard to make sure that the justifiable satisfaction that we earn with a life of purpose does not become pridefulness, which has been long been recognized, for good reason, as a deadly sin (some would say the most deadly sin). Pride harms us, harms those we are trying to help, and ultimately harms the purpose that we are trying to accomplish. The only way to avoid this constant danger is to keep a healthy perspective on ourselves (Damon, 2003).

Humility is always one of the core virtues that Taoist nurtures and cultivates in life, and most essential to sustainable leadership. Humility, in Taoism, is defined as a refusal to assert authority or a refusal to be first in anything and that the act of daring, in itself, is a refusal of wisdom and a rush to enjoin circumstances before you are ready. Along with compassion and frugality, humility is one of the three treasures (virtues) in the possession of those who follow the Tao. Laozi describes in TTC, Chapter 39 the qualities that a wise leader should embrace:

*The humble is the basis of the noble*

*The low is the basis of the high*

*The ancient leaders called themselves the orphaned,*

*the lonely and the unworthy to show their humility.*

*Is this not taking the humble as the basis of the noble?  
Is it not so? Therefore,*

*The ultimate honour is no honour,*

*Do not seek to be shiny and glorious like jade,*

*But be plain and firm like stone.*

Laozi offers advice to a wise leader who *does not to seek to be shiny like jade, but to be plain like a stone*. In other words, living a simple and humble life, like a plain and firm stone. Laozi understood humility as being in harmony with nature and the wisdom of the universe. In wisdom of Taoism, simplicity and humility were the basis of greatness.

It is clear that the qualities of a stone are ones of modern Level 5 Leadership, a new concept that was coined by Collins. The style of leadership is seen as the highest level of management development and thinking. Collins (2005) argues that the key ingredient that allows a company to become great is having a Level 5 leader: an executive in whom genuine personal humility blends with intense professional will. He describes “Level 5 Leadership” as the starting point in the process to becoming great. Level 5 leaders channel their ego needs away from themselves and into the larger goal of building a great company. It is not that Level 5 leaders who have no ego or self-interest. Indeed they are incredibly ambitious – but their ambition is first and foremost for the institution, not themselves. Level 5 leaders are fanatically driven, infected with an incurable need to produce sustained results. They are resolved to do whatever it takes to make a company great, no matter how big or hard the decisions are.

To justify his arguments, Collins explains the traits of Level 5 leadership by drawing on the theory of Yin and Yang of Taoism. Personal humility represents Yin, which demonstrates the qualities of a compelling modesty, shunning public adulation; never boastful. It acts with quiet, calm determination; relies principally on inspired standard, not inspiring charisma, to motivate. It channels ambition into the company, not the self; sets up successors for even more greatness in the next generation. It looks in the mirror, not out the window, to apportion responsibility for poor results, never blaming other people, external factors, or bad luck. Professional will is concerned with Yang. It creates superb results, a clear catalyst in the transition from good to great. It demonstrates an unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult it is. It sets the standard of building an enduring great company; will settle for nothing else. It looks out the window, not in the mirror, to apportion credit for the success of the company – to other people, external factors, and good luck.

In addition to metaphor of stone, Laozi also used another favorite natural symbol – water – to depict humility and willpower of great leaders. The qualities of water are also the traits of Level 5 Leadership. Laozi described the qualities of humility and altruism water embodies in TTC, Chapter 8:



*The highest goodness is like water*

*Water benefits all things without contention.*

*It flows and stays in places where people dislike,*

*Thus, water is almost like the Tao.*

*It identifies the right place to stay*

*It keeps heart and mind clear and profound*

*It gives with care and love*

*It communicates with integrity*

*It leads with justice*

*It manages well with great capability*

*It takes the ride at the flood*

Laozi also illustrated the quality of an unwavering resolve water embraces:

*Nothing in the universe is more soft and weak than water*

*But nothing triumphs over water in overcoming the hard and strong*

*Nothing substitutes for water in dissolving the hard and strong.<sup>7</sup>*

The metaphor of water reminds us what really drives success is not “genius” but a unique combination of passion and long-term perseverance. Those who nurture and embrace the qualities of stone and water are courageous to take responsibility in a time of organizational crisis and are able to become a great leader. Those are the leaders whom Laozi wish to embrace the qualities of water:

*Those who are able to bear disgrace that people suffer,*

*Become a leader in the country;*

*Those who are able to take up challenge in times of crisis that country suffers,*

*Become a leader in the world.<sup>8</sup>*

Those who embrace qualities of water such as yielding but persistent humble and courageous to serve people in

times of crisis, become Level 5 leaders. When people and country are facing challenges and crisis, they can stand up to protect them, and are able to be entrusted to lead them. There is nothing quite like a crisis to test our leadership. It will make or break us as a leader. Crises have brought down many leaders and their organizations with them, while other leaders have risen to the challenges to prove their mettle. What makes leading our organization through difficult situations so hard? Like being in a war, crises test us to our limits because the outcome is rarely predictable. We not only have to use all our wisdom to guide our organization through it, we must dig deep inside ourselves to find the courage to keep going forward (George, 2009). Leaders aligned with the wisdom of Taoism can be prepared to guide their organizations through severe situations because they know who they are. They have the self-awareness, self-confidence, and resilience to take responsibility for their failings and lead others through the rapidly unfolding - and often unpredictable - sequence of events. They rise to the occasion, find leadership abilities they never knew they had, and come through with shining colors. Lou Gerstner, IBM CEO, and Anne Mulcahy, CEO of Xerox are two great Taoist leaders who took up themselves in times of organizational crisis. Lou Gerstner saved IBM in the mid-1990s and Anne Mulcahy took the helm at Xerox. Inheriting companies facing bankruptcy, they showed great leadership, not just in saving their companies but restoring them to leadership in their respective fields. Darwin E. Smith, CEO of Kimberly-Clark is the typical Level 5 Leader. Smith was named as CEO when the old paper company was in great trouble in 1971, and turned it into the leading consumer paper products company in the world. Smith's turnaround of Kimberly-Clark is one of the best examples in the twentieth century of a leader taking a company from merely good to truly great. Smith is a classic example of a Level 5 leader-an individual who blends extreme personal humility with intense professional will.

Collins's research also found other unique qualities of Level 5 Leaders besides humility and professional will. He created the window and the mirror concept. It is a simple yet powerful concept exemplified by leaders of companies that made the Good to Great transition: Level 5 leaders, inherently humble, look out the window to apportion credit-even undue credit-to factors outside themselves. If they cannot find a specific person or event to give credit to, they credit good luck. At the same time, they look in the mirror to assign responsibility, never citing bad luck or external factors when things go poorly. Conversely, the comparison executives frequently looked out the window for factors to blame but preened in the mirror to credit themselves when things went well. The funny thing about the window-and-mirror

concept is that it does not reflect reality (Collins, 2001). The “window and the mirror” model, which focuses on *look out the window and give credit to those responsible for positive outcomes, and look in the mirror and take ownership of negative outcome* exactly reflects the wisdom of Taoism. Laozi emphasizes it again and again in TTC. This is one of examples that Laozi describes in TTC, Chapter 34:

*The Great Tao flows everywhere like water,*

*All things depend on it to exist, yet it does not demand for obedience.*

*All things depend on it to fulfil their purpose, yet it does not claim credit.*

*All things depend on it to nurture and grow, yet it does not possess them.*

*This is because it has no desire, always stays inferior.*

*All things submit to it, yet it does not rule over them (but serve them.), although it is superior.*

*The sage does not strive to be great, thus, it ends up greatness*

The Taoist leader that Laozi depicts are those who are willing to help and serve others, but never take credits, and do not dominate and control them, and therefore, they have the power of influencing others. A recent Catalyst study backs Laozi's thought up, showing that humility is one of the critical leadership factors for creating an environment where employees from different demographic backgrounds feel included. In a survey of more than 1500 workers from Australia, China, Germany, India, Mexico, and the U.S., they found that when employees observed altruistic or selfless behaviour in their managers - a style characterized by

- *acts of humility, such as learning from criticism and admitting mistakes;*
- *empowering followers to learn and develop;*
- *acts of courage, such as taking personal risks for the greater good; and*
- *holding employees responsible for results.*

Employees who perceived altruistic behaviour from their managers also reported being more innovative, suggesting new product ideas and ways of doing work better. Moreover, they were more likely to report engaging in team citizenship behavior, going beyond the call of duty, picking up the slack for an absent colleague - all

indirect effects of feeling more included in their workgroups (Prime & Salib, 2014).

### Doing the right thing right: Sustainable leadership

We understand from the preceding analysis that purpose is a reason something exists or why something is done or created. To understand if something has a purpose it is beneficial to develop awareness of the correlation between the resource exchange and the perceived or expected value to be gained. Effectiveness results from the purposeful utilization of our resources. For example, the one resource that we all have available to exchange is time. However, as we all know, time is limited. We cannot get more of it. For this reason, time is our most valuable resource. From an external perspective, this may not appear to be the case. Many of us spend a great deal of our time thinking and doing things that do not have much purpose. Becoming aware of what we value and what matters in life is a great way to start thinking and acting with greater purpose. Having a clear understanding of the “why” behind our existence - our purpose - as a business or organization is an important factor of effectiveness. Laozi was aware of the close relationship between effectiveness, efficiency, impact of purpose on organizational effectiveness and resource efficiency, and the role of effective leadership in realizing the purpose over thousands of years ago. He identified three keys for effective leaders in TTC, Chapter 27: knowing your purpose (WHY), maximizing resource potential (WHAT), and investing in people's strengths (HOW). He says:

*A good passenger never leaves any tracks,*

*A good speaker never misspeaks,*

*A good accountant never resorts to devices*

*A good locker never needs bolts, and yet no doors are unlocked,*

*A good knotter never needs ropes, and yet no knots are untied.*

The Laozi's idea is whatever we do must have a purpose in our job, purpose allows us to fulfil ourselves effectively and efficiently. Laozi uses the metaphor of people who occupy different jobs to illustrate impact of purpose on performance. A good passenger's purpose is to leave no tracks and footprint wherever he travels; a good speaker's purpose is to make no slips whenever he speaks; a good accountant's purpose is to make no miscalculation even when he does not use calculator; a good locker's purpose is to keep doors unlocked even if he does not use bolts; and a good knotter's purpose is to

keep knots untied even when he does not use ropes. Laozi's idea in this passage is more concerned with job purpose instead of job function. In our modern business philosophy, job purpose is different from job function. Job function is the set of tasks a person performs in their role, whereas job purpose is the intended outcome of the job in terms of its impact on organization, community, customers, society or environment (Izzo & Vanderwielen, 2018). Those who have high purpose in their jobs and lives work effectively and efficiently are less prone to waste of resources. As a result, whatever they do have a positive impact on environment and society. The purpose-driven or effective leaders must understand the distinction between job function and job purpose, and instill a sense of purpose in their job and act on it.

The wisdom of Taoism teaches us that being an effective leader, he must have a noble purpose, and be effective in what he does (doing the right things), and then executes efficiently what he wants to achieve (doing things right). From the perspective of Taoism, effectiveness is about efficacy of the Tao. Tao has its particular efficacy. This efficacy is named in the title of that Laozi was later given TTC or *"The Classical Book of Tao (Way) and Te (Virtue)"*. Te (Virtue) can also be translated as "Efficacy." Te is the efficacy or "power" of the Tao. Te is defined as morality (to do what is right) from a social perspective, and as inner power, efficacy and integrity from an individual perspective. Efficacy is the power or capacity to produce a desired effect. The word efficacy has to do with the ability or capacity to do something, but not about how something is done. Efficacy equals effectiveness but different from efficiency. Effectiveness refers to successfully producing the expected or desired result; it is the degree to which you achieve your objectives, solve problems, and realize profits. In business, effectiveness is doing the things that get you closer to your purpose. Efficiency is performing a given task (whether important or not) in the most economical manner possible. Effectiveness is summed up by "doing the right things." Efficiency is the accomplishment of a job with the minimum expenditure of time, effort, and cost - the shortest distance between a goal and a checkmark. In business, efficiency is summed up by "doing things right". Being effective means being adequate to accomplish a purpose; producing the intended or expected result. Being efficient means performing or functioning in the best possible manner with the least waste of time and effort. Laozi uses the metaphor of people who achieve intended results in various jobs to illustrate how important it is for an effective leader to use effectiveness and efficiency to do the right things right, and to yield the most profitable and quickest route a leader can take to execute purpose. Laozi also claims that great leaders must have the purpose, i.e. to do good

and be good. No matter whether you are a traveller, a speaker, an accountant, a blocker, and a knoter, you must have the purpose of doing the right things. You must have the strategy and efficient instruments to achieve their purposes. The efficient way for effective job in this passage are traveling without being on feet or vehicle, speaking without using any words, calculating without device, locking without bolts, and knotting without ropes. In so doing, the great positive impact can be exerted on environment and performance: no footprint and tracks left on environment, no spoken slips, no calculating mistakes, unlocked doors, and untied knots.

In Taoism's wisdom, effectiveness (Efficacy of the Tao) is like a river, efficiency (strategy or tactics) like a boat. Effectiveness is like a rudder, and efficiency like a paddle. Boat is useless without river. There is no way to cross a river without a boat. There is no way to navigate without a rudder, and there is no way to start voyage without a paddle (to generate power). Kenichi Ohmae, the Japanese organizational theorist and management consultant says, "Rowing harder doesn't help if the boat is headed in the wrong direction." Peter Drucker agrees on the point and says, "There is nothing more wasteful than becoming highly efficient at doing the wrong thing." Those who are effective but inefficient, are the victim of a frame-up, their strengths cannot be made full advantage of. Those who are efficient, but ineffective, cannot thrive. For example, if we are "efficiently ineffective", keeping our costs down but ultimately not really providing the service our customers need. Or "inefficiently effective", where we provide the first-class service but at champagne prices that our company cannot pay. All the thoughts and wisdom imply that it is not good enough to be efficient; you must be effective, and you must be effective first.

What does it matter to leadership? Misguided efficiency - being efficient at the expense of being effective, or being efficient at doing the wrong thing - is a common mistake among leaders. With a focus on efficiency, a leader often disregards the outside environment, and the primary concern becomes the operation of the firm itself. Conversely, when a leader focuses on effectiveness, he views his organization as a part of a greater whole, as a single piece of the puzzle. Recognizing the impact of effectiveness (purpose) and efficiency on leadership effectiveness requires leaders to embrace the second key principle of Taoism to maximize resource potential. Laozi says,

*The effective leaders*

*Make the best of anyone, and nobody is left behind,*

*Make the most of anything, and nothing is left wasted,*

*This is called the invisible wisdom.<sup>9</sup>*

When the effective leader cares for all creatures, they must develop efficient strategy and tools to fulfil their purpose. Efficiency has to do with minimizing waste. Something that has a perfect of efficiency will have no waste. That is the way Laozi requires leader to serve as the conscientious leader who focuses on maximizing human potential and resources efficiency. Building and maintaining an effective, productive human and natural resources is the first step toward responsible and sustainable business. Human resources are the most important source for business success. Maximizing human potential is central to a purposeful organization and is pivotal to our success as a leader and a business. In modern business, "human potential" means bringing out the best in our people, and enabling them to reach their potential as human beings - to be as creative, knowledgeable, and productive as possible. This means that they are reaching heights they may not have thought possible in terms of projects they undertake, skills they develop, inspiration they feel. Work is not a deadening place or one that is stressful to the point of being debilitating. It is a place where people come alive, where they get in "the flow." Where, in the framework of psychologist Abraham Maslow, they can "self-actualize". If you are not maximizing the human potential in your organization - getting the most from everyone - you cannot realize the full potential of your business. And that spells trouble over time, as competitors are working to realize the full potential of their businesses (Bush, 2018).

The new study undertaken by Korn Ferry Institute shows that by 2030, there will be a global human talent shortage of more than 85 million people. Talent shortage could result in about \$8.5 trillion in unrealized annual revenues (Korn Ferry Institute, 2018). Acute global talent shortages are clearly a looming threat, and they are driven by a shortage of skills rather than a shortage of people. Mitigating the talent crunch requires a fundamental redefinition of the social contract between individuals, organizations, and governments. The future of work does not just require different skill sets, but entirely new ways of working, therefore, leaders at different levels must be mindful of their citizens' employability in the context of a global talent market. It is essential that governments and companies focus on building and maintaining skilled talent pipelines and provide continuous access to both formal and on-the-job learning opportunities. In the new networked economy, organizations will increasingly rely on an extended ecosystem of workers rather than a large permanent workforce, using people, technology, and partners to execute their strategies in different ways.

The second factor that is influential to business success is natural resources efficiency. Eco-effectiveness is

one of the central principles of Taoism for environmental sustainability: "*making the most of anything, and nothing is left wasted.*" The essence of eco-effectiveness is "waste equals food", or "waste is something that is placed in the wrong place". The concept was developed in response to some of the perceived limitations of eco-efficiency which critics claim only slow down the rate of environmental depletion and do not reverse the production of unused or non-recycled waste. Waste should be seen as a resource instead of just waste.

We are all aware that environmental degradation is one of the largest threats that are being looked at in the world today. The United Nations International Strategy for Disaster Reduction characterizes environmental degradation as the lessening of the limit of the earth to meet social and environmental destinations and needs. Environmental degradation is the deterioration of the environment through depletion of resources such as air, water and soil; the destruction of ecosystems; habitat destruction; the extinction of wildlife; and pollution. Environmental degradation is of many types. When natural habitats are destroyed or when natural resources are depleted, the environment is degraded. Therefore, waste and inefficiency has become the biggest threat to planet. Modern economies are now consuming resources at a rate to many more times the planet's actual capacity. This leads to the fact that waste overtakes pollution as the major environmental threat in the twenty-first century.

Our sage Laozi might not see the environmental crisis we are facing today, but we learnt from his wisdom that he had foreseen the nature and resource challenges in our modern time. In recent years, governments, businesses and scientists have realized that the waste of resources has become the biggest threat to our planet, and taken concerted efforts to counteract this problem including environmental protection and environmental resources management. Scottish governments have urged businesses, farmers and manufacturers in Scotland to adopt a "one planet prosperity" policy designed to cut their energy use, greenhouse gas emissions, waste and resource use. Scottish leaders have regarded sustainable growth as the core objective of its regulatory strategy, and defined their statutory purpose as delivering environmental protection and improvement in ways which also create health and wellbeing benefits and sustainable economic growth. In the business world, UPM is one of the responsible companies which lead in sustainable solutions to the biggest threat to planet. UPM is a Finnish forest industry company. The production of UPM is based on renewable raw-materials which are biodegradable and recyclable. Recently, UPM has created the term "Biofore" to describe new forest industry. "Bio" stands for sustainable solutions and environmental performance. "Fore"



stands for forest and the company's position at the forefront of the development. UPM provides sustainable and safe solutions to the growing global consumption demand, and offers alternatives to replace non-renewable fossil-based materials. We understand from its vision, purpose and strategy the efforts that UPM has made in creating a sustainable society. The vision of UPM is to lead the forest-based bioindustry into a sustainable, innovation-driven, and exciting future by holding on to the competence and integrity and drive of their people. The purpose of UPM is to create value by seizing the limitless potential of bioeconomy. The Biofore strategy is to use renewable and recyclable raw materials in a sustainable way, which means consuming resources such as raw materials, water and energy, in a prudent and responsible way while achieving energy, production and cost efficiency. By recognizing its great achievement in sustainability, UPM is the only paper company which is listed in the Dow Jones Sustainability Indices and the only forest industry company invited to the United Nations Global Compact LEAD sustainability leadership platform.

One of the other innovative ideas which embraced the principles of Taoism is the concept of cradle to cradle. The concept is seen as the next industrial revolution. It was developed by the German chemist, Michael Braungart, and the American designer-architect William McDonough. They fundamentally changed the way we produce and build. The principles of cradle to cradle demand industries for designing every product in such a way that at the end of its lifecycle the component materials become a new resource; designing buildings in such a way that they produce energy and become a friend to the environment. In this sense, waste equals food, meaning that waste would become food for the biosphere or the techno-sphere (all the technical products we make), production and consumption could become beneficial for the planet. The model has been implemented by a number of companies, organizations and governments around the world, predominantly in the European Union, China and the United States.

Maximizing human and resource potential must start with effective leadership. Effective leaders not only understand their own strengths, but are able to invest in other strengths. This comes to the third key of Laozi for effective leaders: *understanding and investing people's strengths*. Laozi requires effective leaders to apply the principles of maximizing human potential in their organization. As we pointed out the effectiveness focuses on value and purpose. When focusing on effectiveness first, leaders can care for all creatures whether they are good or bad. Laozi says,

*The good is the mentor for the bad to follow,*

*The bad is the lesson for the good to learn.*

*He who neither models himself on the good*

*Nor learns from the bad is bewildered, however smart he is.*

*This is called the essence of wisdom.*<sup>10</sup>

The rationale behind this idea is that systems intelligence and philosophy of oneness tell us that in the interconnected world, all creatures are interdependent and interacted with each other. There is nothing so useless as doing efficiently that which should not be done at all (P. Drucker, 1963). Whether they are good or bad, they are all valuable resources for organizational growth, and each of them can play a different role in life. The Tao is oneness. As a consciousness of oneness sees and values the patterns and needs of an entire system, it also recognizes the intrinsic values of each individual part. Nothing is excluded. John Muir said: "*When we try to pick out anything by itself, we find it hitched to everything in the universe*". Juan Manuel Carrion, a biologist and ornithologist stressed this point with his study:

*"There is a great lesson I've learned from nature, from the birds, the insects, from the ecosystems: The awareness that everything has its reason to exist in nature, nothing is redundant; nothing is insignificant. A spider is as important as a dragonfly, an insect, a bird, a mammal or a huge tree. Perhaps a tiny plant has a specific and important function that makes it as important as a giant tree. This is the awareness that everything has its purpose and nothing is insignificant because everything has its own nature."* (Global Oneness Project, 2013).

Nothing is separate from us or from anything else. People and creatures are not objects or instruments for our goals. They are just like us, real beings with their own hopes, joys and pains. No one's suffering is worse than another's, and no one's life is more valuable. By aligning ourselves with oneness (Tao), we find ourselves in a very different world – a world in which our contributions matter, where we are given what we need in order to make a difference, and where we see outer life as more flexible, more accessible, more part of us than we thought. In these ways, oneness is essentially empowering, helping us build communities that facilitate the flow of all resources – including the deepest resources of love and meaning – throughout the interconnected web of life. As we become more conscious of oneness, we see there is no hiding from our impacts on each other. There is no backyard that is not our backyard.



There is even no such thing as “waste”. Everything in life is re-usable.

Effective leaders have the power of connecting with employees and teams on a strategic and personal level, unlocking the full potential of people and organization. When organizations maximize human potential through effective leadership, meaningful values, and a foundation of trust, good things happen. The effective leaders are able to connect on a human, emotional level with employees, no matter who they are or what they do in the organization. They forge meaningful, respectful, caring relationships at work and do so in a fundamentally fair way. Fairness in relationships is particularly vital. It means being aware of implicit biases we all have as human beings (Bush, 2018).

The new way of thinking about effective leadership is embodied in three simple but powerful principles: (1) Each is valuable; (2) No one is sufficient; and (3) All are required for the enduring success of the organization (McCloskey, 2014). These three principles explicitly elaborate the principle of Taoism: “*The good is the mentor for the bad to follow, the bad is the lesson for the good to learn.*” First, effective leaders embrace, embody, and extend the conviction that “each is valuable.” As McNamee (2004) observes, “In the New Normal, enterprises will increasingly recognize the value of individuals at all levels of the organization”. This makes good sense, as sustainable effectiveness depends on the efforts of many motivated and talented members-leaders who are ready and willing to contribute to the welfare and progress of the organization. Second, effective leaders embrace, embody, and extend the conviction that “no one is sufficient.” Recognizing their assets and liabilities, New Normal Leaders know they cannot do it all. They appreciate the impossibility of staying abreast of a rapidly changing external environment. They know the limits of their interpretive capacity in processing the vast amount of data and experience each day brings their way. Third, effective leaders embrace, embody, and extend the conviction that “all are required for the enduring success of the organization.” If each is valuable and no one is sufficient, it follows that no qualified member is excluded from the leadership work. Collaborative engagement calls for the wide distribution of leadership opportunity up, down, and across the organization, with the maximum participation of members a part of everyday organizational life.

## Conclusion

Purpose naturally resides deep inside our human soul. All people seem to have a natural desire and capacity to contribute somehow to life. Purpose is about the difference we are trying to make in the world. Everyone or everything can make difference since each of us in

nature has purpose, and no single purpose is more important than another. However, not all of purposes are effective and successful in leading an organization to sustainability. Purpose's effectiveness depends on its relevance to the problems that leaders face today, and on its connection to the shared values of humanity. When discussing and exploring purpose or purposeful leadership, we must draw on philosophical ideas that have stood the test of time. Not all ideas are born equal. A successful purpose both drives an organization forward and helps build sustainable competitive advantage. That is why I am interested in studying purpose and purpose-driven leadership by referring to the Chinese philosophic ideas of Taoism. Taoism is one of the most influential philosophy in the world, and the Taoism's wisdom has inspired and guided people with precepts of harmony, compassion, humility, integrity, cooperation, and prudence over the two thousand five hundred years. Taoism's thought as the master virtue directs leaders to hold on to a basic blueprint of not only doing good, but also being good, and also allows individuals, organization, and society to work together for making the world better to live.

The most common cause of organizational success or failure is the fundamental principles on which the leader of the business acts. Businesses largely succeed or fail based on basic ideas - i.e., their philosophy - not complex strategies or esoteric activities. Sometimes these concepts are held implicitly rather than explicitly, but the leader's actions are driven by his beliefs (Ghate & Ralston 2011). It is so important for business leaders to maintain philosophical principles in the corporate environment at all levels of business from daily operations to executive decisions. Built on this idea, the purpose of this paper is to integrate the philosophical principles of Taoism in the East into management and leadership disciplines in the West and to direct and guide leaders for achieving a responsible and sustainable organization.

In this paper, I started discussing the relationship between CSR, sustainability and the new emerging concept of purpose, and concluded that purpose revolution is the uninterrupted wave of CSR and sustainability revolution and continuous debate over the shareholder and stakeholder theories. The terms of purpose, CSR, sustainability, stakeholders, and the like are the common sentiments expressed in many business circles. Whether you are academic scholars or business practitioners, when you talk about purpose, you cannot ignore its relationship with CSR and sustainability. Because CSR and sustainability are the most important ingredients of purpose. Purpose without CSR and sustainability is in a vacuum. Purpose needs CSR and sustainability. CSR and sustainability have gone through a lot of change over the past years. Approaches such as shared value, caring

economy, the circular economy, conscious capitalism and purpose economy have all evolved and new initiatives and frameworks such as GRI, ISO, and UN-SDGs have been developed. The tools and resources are there to make sure that purpose is backed up with the rigour that ensures CSR and sustainability is done well. CSR and sustainability also need purpose. Despite the growth in organisations tackling CSR and sustainability, they still suffer from poor perceptions around “green” and we do not make it easy for ourselves with all the jargon. Purpose provides an opportunity to focus on the long term through an engaging and emotional lens.

When we understand the relationships and differences between purpose, CSR and sustainability, we also need to know why purpose matters to leadership. Imbuing an organization with a core purpose can be hard task, it requires a deep and abiding commitment from the top or leaders. They are the chief advocates of their organizations’ core purposes. An organization that benefits society as well as shareholders requires leaders at all levels, who never stop reflecting on who they are and who they want to be, who can blend their own personal purpose with those who see the world differently, who tell the truth about obstacles and recognize their own personal responsibility in creating them, and who know there are no final answers or formulas.

When we come to the question of whether purpose is everything, or when you embrace and activate purpose, whether you have the power to create an effective and successful business. The answer is no. Because we must have core values and beliefs. Many practitioners and scholars have concluded that purpose can have a real impact only if executives’ and employees’ understanding and commitment to this core belief are strongly aligned. Core values constitute the guiding principles the business uses to realize its purpose. Core purpose operates at the high-performing intersection where our core talents and core values come together. It is the value-creating, catalytic moment when our gifts make a meaningful, enduring difference. Leadership purpose is rooted in your values and your authentic self. You must be true to who you really are and to the ethics, principles, and causes that are most meaningful to you. Developing personal purpose involves getting in touch with our values and our unique contribution to the world. As you think about your own purpose as a leader, you need to clarify your deepest values and concentrate on what sincerely matters to you.

Those leaders have purpose and values can provide the compass for them, but we also need principles, which can give leaders a set of directions. The most important part of the paper is to identify some principles of Taoism that can guide leaders to become purpose-driven leaders. I walked you through the text of Tao Te Ching to discuss five core principles for

purpose-driven leaders. All the principles have been tested in the fires of real life, with real people. These essential leadership principles encourage true growth and real change. I started with self-awareness. A purpose-driven leader starts with self-awareness. Leading others begins by first leading yourself, and measure yourself before you measure others. Self-awareness is at the center of a purpose-driven leader’s compass, and the foundation of authenticity. Researches show that discovery and acceptance of self as central to personal well-being is an important step on the path of individual transformation. It is also the belief of certain social thinkers and activists that without a high degree of individual self-awareness and responsibility, it will remain impossible to resolve the many social and environmental problems currently facing humankind. Self-cultivation is a path to be authentic and achieve the ultimate purpose of life. Purpose-driven leaders are authentic leaders, who are the people with the highest integrity, and committed to building a sustainable organization. They are the leaders who have a deep sense of purpose and are true to their core values. They are also the leaders who have the courage to build their companies to meet the needs of all their stakeholders, and who recognize the importance of their service to society. Authentic leaders genuinely desire to serve others through their leadership. Humility is the heart of a leader, and is a quality of certain types of leaders. A sense of humility is essential because it authenticates a person’s humanity. John Buchan, a Scottish novelist, historian says, “Without humility there can be no humanity”. Mahatma Gandhi says that attempting to sustain truth without humility is doomed to become an “arrogant caricature” of truth. Humility is a trait that can enhance leadership effectiveness. Humility is one of the core virtues of Taoism for a wise leader to cultivate. When you cultivate your humility and transcend your ego, you have the power to serve others. However, an effective and sustainable leadership requires leaders to embrace the principle of “doing the right things right”. That is the pathway for purpose-driven leaders to achieve a sustainable business.

Finally yet importantly, I would like to conclude the paper by sharing another practical wisdom of Taoism with those who have a noble purpose of creating a harmonious and peaceful world to live. Laozi says in Chapter 81, the last chapter of TTC:

*Great leaders do not hoard (power, wealth and fame, etc.):*

*The more they give of themselves, the more they find of themselves;*

*The more they give to others, the more they receive.*

*The Heaven's Way is to benefit others, but do no harm;*

*The sage's Way is to do good for others, but do not contend with them.*

## Endnotes

<sup>1</sup>The version of Tao Te Ching in English that I am using in this paper was translated by myself built on the reference to dozens of the existing English versions and my comprehensive knowledge and understanding of Chinese philosophy, culture, literature and history. The purpose of the translation is to embark on a quest to deepen spiritual understanding of values and wisdom of Tao Te Ching and applying them in modern business leadership and management.

<sup>2</sup>The Analects of Confucius, Book Two on Government, translated by the author.

<sup>3</sup>TTC, Chapter 73

<sup>4</sup>TTC, Chapter 38

<sup>5</sup>TTC, Chapter 7

<sup>6</sup>TTC Chapter 66

<sup>7</sup>In TTC, Chapter 78

<sup>8</sup>ibid.

<sup>9</sup>TTC, Chapter 27

<sup>10</sup>TTC, Chapter 27

## Abbreviations

CEO: Chief Executive Officer; CSR: Corporate social responsibility; DDI: Development Dimensions International; DEEDs: Delight, Engage, Ethical, Deliver, Serve; EY: Ernst & Young; GRI: Global Reporting Initiative; ISO: International Organization for Standardization; TTC: Tao Te Ching; UN-SDGs: United Nations for Sustainable Development Goals; UPM: United Paper Mills; VW: Volkswagen

## Acknowledgements

Not applicable.

## Funding

Not applicable.

## Availability of data and materials

Not applicable.

## Author's contributions

The author read and approved the final manuscript.

## Competing interests

The author declares that they have no competing interests.

## Publisher's Note

Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Received: 16 November 2018 Accepted: 27 January 2019

Published online: 07 February 2019

## References

Adams, J. (2016). *Mindful Leadership For Dummies*. West Sussex: Dummies.  
Aristotle. (1995). *Nicomachean Ethics*. <http://www.iep.utm.edu/aris-pol/#H5>

Armstrong, B. T. (2012). The Power of Purpose and Values: Leadership Lessons From the Great Place to Work Conference. Retrieved 18 April 2018, from Forbes <https://www.forbes.com/sites/barbaraarmstrong/2012/04/26/the-power-of-purpose-and-values-leadership-lessons-from-the-great-place-to-work-conference/#50a3f6d82dca>

Bronk, K. C. (2012). A grounded theory of the development of noble youth purpose. *Journal of Adolescent Research*, 27(1), 78–109.

Burnison, G. K. B. (2016). *The leadership journey: How to master the four critical areas of being a great leader*. Hoboken: Wiley.

Bush, M. C. (2018). *A Great Place to Work for All*. Oakland: Berrett-Koehler Publisher, Inc.

Butler-Bowdon, T. (2017). *50 philosophy classics: Your shortcut to the most important ideas on being, truth, and meaning*. London & Boston: Nicholas Brealey Publishing.

Carroll, A. B. (1979). A three-dimensional conceptual model of corporate social performance. *The Academy of Management Review*, 4(4), 497–505.

Cashman, K. (2017). *Leadership from the Inside Out: Becoming a Leader for Life*. Oakland: Berrett-Koehler publishers.

Collins, J. (2001). *Good to Great: Why Some Companies Make the Leap and Others Don't*. New York: HarperBusiness.

Collins, J. (2005). Level 5 Leadership: The Triumph of Humility and Fierce Resolve. Retrieved 20 April 2018, from Harvard Business Review <https://hbr.org/2005/07/level-5-leadership-the-triumph-of-humility-and-fierce-resolve>

Damon, W. (2003). *Noble purpose: The joy of living a meaningful life*. West Conshohocken: Templeton Foundation Press.

Damon, W. (2008). *The path to purpose: How young people find their calling in life*. New York: Free Press.

DDI. (2018). Global Leadership Forecast 2018: 25 Research Insights to Fuel Your People Strategy. Retrieved from <https://www.ddiworld.com/glf2018/purposeful-leadership>

Drucker, P. (1963). *Managing for Business Effectiveness* (pp. 53–60). Boston: HBR(May).

Drucker, P. F., & Wartzman, R. (2010). *Drucker Lectures: Essential Lessons on Management, Society and Economy*. New York: McGraw-Hill education.

Dweck, C. S. (2006). *Mindset: The new psychology of success*. New York: Random House.

EY Beacon Institute. (2016). The state of the debate on purpose in business. Retrieved from <https://www.ey.com/gl/en/issues/ey-beacon-institute-state-of-the-debate-on-purpose> on 24 November 2018.

EY Beacon Institute. (2017). How can purpose reveal a path through disruption? Mapping the journey from rhetoric to reality. Retrieved from [https://www.ey.com/en\\_gl/purpose/how-can-purpose-reveal-a-path-through-disruption](https://www.ey.com/en_gl/purpose/how-can-purpose-reveal-a-path-through-disruption) on 24 November 2018.

George, B. (2009). *Seven lessons for leading in crisis*. San Francisco: Jossey-Bass.

George, B. (2015). *Discover Your True North* (2nd ed.). San Francisco: Jossey-Bass.

Ghate, D., & Ralston, R. E. (2011). *Why Businessmen Need Philosophy: The Capitalist's Guide to the Ideas Behind Ayn Rand's Atlas Shrugged*. New York: New American Library.

Global Oneness Project. (2013). Living oneness: Restoring wholeness in a fragmented world. Retrieved 5 April 2018, from global oneness project. <http://www.resilience.org/resources/living-oneness-study-guide-restoring-wholeness-in-a-fragmented-world/>

Han, H. (2015). Purpose as a moral virtue for flourishing. *Journal of Moral Education*, 44(3), 291–309.

Hill, L. A. (2010). Leading from behind. Retrieved 25 April 2018, From Harvard business review <https://hbr.org/2010/05/leading-from-behind>

Ho, Y. F. D. (1995). Selfhood and identity in Confucianism, Taoism, Buddhism, and Hinduism: Contrasts with the west. *The Journal of the Theory of Social Behaviour*, 25(2), 115–139.

Hollender, J. B. B. (2010). *The responsibility revolution: How the next generation of businesses will win*. San Francisco: Jossey-Bass.

Hougaard, R., Carter, J., & Coutts, G. (2016). *Mindful Leadership: Achieving Results by Managing the Mind*. Hoboken: Wiley.

Hutchinson, C. (2015). *Ripple: A Field Manual for Leadership That Works*. Fort Collins, Co: Lasting Impact Press.

Hwang, M. S.-m. (2010). The purpose of Taoism. Retrieved 18 April 2018, From translation compiled [http://www.with.org/classics\\_datong.html](http://www.with.org/classics_datong.html)

Izzo, J., & Vanderwielen, J. (2018). *The Purpose Revolution: How Leaders Create Engagement and Competitive Advantage in an Age of Social Good*. Oakland: Berrett-Koehler Publishers.

Kenny, G. (2014). Your Company's Purpose Is Not Its Vision, Mission, or Values. Retrieved 26 April 2018, from Harvard Business Review <https://hbr.org/2014/09/your-companys-purpose-is-not-its-vision-mission-or-values>

- Korn Ferry Institute. (2016). Korn Ferry Report 2016 on People on Mission: How purpose drives performance. Retrieved from <https://www.kornferry.com/institute/purpose-powered-success>
- Korn Ferry Institute. (2018). Korn Ferry Report 2018 on Future of Work: The Global Talent Crunch. Retrieved from <https://www.kornferry.com/institute/talent-crunch-future-of-work?reports-and-insights>
- Leider, R. J. (2015). *The Power of Purpose: Find Meaning, Live Longer, Better* (3rd ed.). Oakland: Berrett-Koehler Publishers.
- Liu, I.-m. (1988). *Awakening to the Tao: Translated from the Chinese by Thomas Cleary*. Boston & London: Shambhala.
- Mandela, N. (1995). *Long Walk to Freedom: The Autobiography of Nelson Mandela*. London: Back Bay Books.
- McCloskey, M. W. (2014). *Learning leadership in a changing world: Virtue and effective leadership in the 21st century*. New York: Palgrave Macmillan.
- McNamee, R. (2004). *The new Normal: Great opportunities in a time of great risk*. New York: Penguin Group.
- Mourkogiannis, N. (2014). *Purpose: The Starting Point of Great Companies*. London: Palgrave Macmillan.
- Pfarrer, M. D. (2010). What is the purpose of the firm? Shareholder and stakeholder theories. In J. D. M. O'Toole (Ed.), *Good Business: Exercising Effective and Ethical Leadership*. New York: Routledge.
- Pontefract, D. (2017). Stop Confusing CSR with Purpose. Retrieved 25 April, 2018, from Forbes <https://www.forbes.com/sites/danpontefract/2017/11/18/stop-confusing-csr-with-purpose/#67949cf23190>
- Prime J, & Salib E. (2014). The best leaders are humble leaders. Retrieved 20 April 2018, From Harvard business review <https://hbr.org/2014/05/the-best-leaders-are-humble-leaders>
- Rahula, W. (1974). *What the Buddha taught*. New York: Grove Press.
- Sachs, J. (2002). *Aristotle Nicomachean Ethics: Translation, Glossary, and Introduction Essay*. Indiana: Focus Publishing/R Pullins Company.
- Shanklin, I. O. (2005). *What Are You?* New York: the Unity Classic Library.
- Soupios, M., & Mourdoukoutas, P. (2014). *The Ten Golden Rules of Leadership: Classical Wisdom for Modern Leaders*. New York: AMACOM.
- Spence, R. M. (2011). *It's Not What You Sell, It's What You Stand For: Why Every Extraordinary Business Is Driven by Purpose*. New York: Portfolio Trade.
- Templeton, J. (2002). *Wisdom from World Religions: Pathways toward Heaven on Earth*. West Conshohocken: Templeton Foundation Press.
- UPM. (2017). Annual Report 2017 on Aiming Higher with Biofore. Retrieved from <http://www.upm.com/Investors/Reports-Presentations/2017/Pages/default.aspx>
- Warren, R. (2002). *The Purpose Driven Life: What on Earth am I Here For?* Michigan: Zondervan.

**Submit your manuscript to a SpringerOpen<sup>®</sup> journal and benefit from:**

- Convenient online submission
- Rigorous peer review
- Open access: articles freely available online
- High visibility within the field
- Retaining the copyright to your article

---

Submit your next manuscript at ► [springeropen.com](https://www.springeropen.com)