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CHRISTMAS MESSAGE OF THE SCIENTIFIC DIRECTOR

Dear Readers, Distinguished Friends,

This publication is somewhat later than originally expected which is why I am sending my Christmas, rather than Autumnal, greetings. In a few weeks, we shall look for the miracle of Christmas: peace, atonement, the delight of children's faces glowing in the light of sparklers and the joy of family reunion. It is an opportunity to forget, for a while, the serious shadows cast by the world economic and financial crisis.

Our Christmas gift, for ERENET members and our distinguished Readers, is a special ERENET PROFILE. This is an attempt to highlight the role of belief/faith in doing business. As a traveler in many parts of the world, from Japan to Mexico, from China to South Africa and from Algeria to India, I have encountered entrepreneurs whose cultural and belief systems influenced their attitudes to business and this holds true for differences in business approach between nations. Recently, I came across Managing as if Faith Mattered by Helen J. Alford O.P and Michael Naughton examining Christian social principles in the modern business organisation. This is a book which challenges both those who think that the Christian religion has nothing to say on modern business, and those that think that without faith you are not able to fulfill your calling in life. Turning to relevant ERENET events, we organized a workshop on entrepreneurial education in Targu Muresh (Transylvania) where Mircea Aurel Nita, Senior Lecturer from the National School of Political and Administrative Studies in Bucharest spoke about the impact of spiritualism in society and business life in North-Katmandu (Nepal)

As a personal anecdote, I remember the story of my Swiss friend, who represented a big American pharmaceutical company. Just prior to signing a big contract, the buyer-customer, a Sheik in the Middle East, invited the American boss and the Swiss trader to his air conditioned tent to have a cup of tea prepared by the Sheik himself. The American suddenly said; “I would prefer to have a coke.’ The smile froze on the Sheik’s face, he broke his pen in two, drove out the American and the transaction was at an end. It is a classic example of a lack of communication and knowledge regarding other cultures in a globalised world.

Despite the fact that there are no fundamental differences in developing business between entrepreneurs holding different belief systems, outcomes are always determined by an individual's personal thinking and value system. In the current ERENET Profile, we make a start on understanding these differences. As ERENET is concerned, our intention is not to make a dialogue between various religions, but rather a debate between businessmen from different faiths and beliefs. We need to have a more profound appreciation of the interrelationship between business and culture. With this special issue ERENET will investigate the possibility of bringing together the authors of the papers to hold a more comprehensive dialogue cross-cultural, cross-religious and cross-entrepreneurial dialogue in this field. It is an issue that would benefit from greater in depth analysis.

Wishing you a Merry Christmas and a Happy and Prosperous New Year,

I remain with warmest regards.

Dr. Szabó Antal
Scientific Director of ERENET
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CULTURE AS THE BASIS OF
THE GOOD ENTREPRENEUR

One of the more tragic scenes in American film is found in The Gladiator when Caesar (Richard Harris), who is growing old, has to choose his successor of Rome. He has come to the heartrending realization that his own son, Commodus (Joaquin Phoenix), is too corrupt to lead Rome. Caesar informs his son that he will give his rule to Maximus (Russell Crowe), the good and virtuous general. Devastated by the news, Commodus’ response confirms Caesar’s judgment:

You wrote to me once, listing the four chief virtues: Wisdom, Justice, Fortitude and Temperance. As I read the list I knew I had none of them. But I have other virtues, father. Ambition, that can be a virtue when it drives us to excel. Resourcefulness. Courage. Perhaps not on the battlefield but there are many forms of courage. Devotion, to my family, to you. But none of my virtues were on your list.

Overwhelmed with sadness by his son’s inability to connect virtue to the good of the commons, Caesar confesses to Commodus: “Your fault as a son is my failure as a father.” Caesar, the father, who has conquered many lands, did not conquer the small mindedness of his own son’s vision of the good. His failure as a father to pass on the virtues of wisdom, justice, fortitude and temperance to his own child was also a failure as a leader, since it was these virtues of the next generation on which the greatness of Rome depended.

This scene raises many important questions for us today. What virtues are we passing on to our children, and where do these virtues come from—the state, economy, culture? What makes a country good depends upon what is passed on to the next generation. We certainly have to pass on property, institutions, resources, skills, and knowledge. But these things by them selves do not make us good. We have to educate and form our children in the virtues, in particular the chief or cardinal virtues, those virtues that develop the physical, emotional, social and spiritual dimensions of our whole selves.

Yet, increasingly it seems, especially for us in the US and Western society in general, our language, our education, and our principles have made this holistic development of the person more difficult. David Brooks, in interviews with students from Princeton University, described them as “lively conversationalists on just about any topic—except moral argument and character-building.” He explains that while their “parents impose all sorts of rules to reduce safety risks and encourage achievement, they do not go to great lengths to build character, the way adults and adult institutions did a century ago. . . . When it comes to character and virtue, these young people have been left on their own.” Like Caesar, we may have great achievements in our lives. We may have conquered markets, introduced technical innovations, built enterprises, and accumulated great wealth, but we may be failing in one of the most important tasks of our culture—the passing on of a moral tradition that builds good character in our children that contributes to the moral and spiritual capital of the country.

This failure is particularly seen in one of the most important social forces in America as well as in other parts of the world today: entrepreneurship. Entrepreneurs are a powerful force in our society because they create trends, break molds, and cause significant changes within society. What makes these individuals

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1 This paper is a revision of the first chapter of our book Bringing Your Business to Life (Ventura, CA: Gospel Light, 2008). The title of this essay is adapted from Josef Pieper’s book, Leisure the Basis of Culture (South Bend: St. Augustine’s Press, 1948/1998).


and small companies so powerful is what Leonardo Becchetti has called “contagious.” They are the ones who started social investment firms, Silicon Valley, fair trade coffee companies, computer software, microfinance institutions, and environmentally conscious businesses. They also started the massive pornography industry on the internet, violent video games, investment scams, pet rocks and other superfluous and destructive products and services. These positive and negative realities within our society were not started by governments or multinationals, although some are now imitating these realities, but by individuals and small groups of people.

Entrepreneurs identify, evaluate, and seize opportunities that are new and creative and which eventually become a part of the social fabric of society. Their enormous creativity stems from their skills and characteristics - habits if you will - that some people describe as “entrepreneurial virtues.” These values focus on the habits that generate and accumulate wealth: ambition, resourcefulness, ingenuity, diligence, perseverance, tenacity and self-discipline.

While such virtues are necessary for successful entrepreneurship they ignore the question: for what purpose do I create wealth—myself, family, investors, the commonwealth, etc.? These entrepreneurial virtues can be exercised in new ways to fight cancer or market tobacco, in creating pornographic films or producing insightful historical documentaries. Such virtues, by themselves, do not determine whether wealth creation is good or not or whether the entrepreneur is good or not.

This essay challenges entrepreneurs to examine the moral and spiritual dimensions of their work by taking seriously the four cardinal virtues of prudence, justice, courage and temperance. Such a perspective is mostly absent from the current literature available to entrepreneurs and businesspeople. We believe that this agnosticism is one of the more serious deficiencies in entrepreneurship and business today. It generates a thoughtlessness that fails to produce moral agents who can reflect on the nature of their actions, the kind of entrepreneurs they are becoming and where they are ultimately leading their company. Its outcome is not so much bad character as lack of character—entrepreneurs who may display technical competence and Herculean feats, but whose moral and spiritual center have failed to develop because they have become too responsive to profit and productive pressures. We have seen too many entrepreneurs morally and spiritually unprepared for the financial and psychological pressures they encounter in business. They naively thought that if they had the right technical skills and financial know-how that all would be well.

But not all is well. The last 10 years have revealed in rather dramatic ways the moral instability of business. The current financial crisis has and will continue to reveal that virtue cannot be discounted no matter how complicated the financial formulas get. The earlier moral collapse of the dot.coms, Enron, and WorldCom were for the most part not caused by vicious people, but by technically skilled and financially knowledgeable people who lost sight of any moral norms in their attempts to achieve their economic goals. Without a rich understanding of the moral and spiritual implications of what people do in their businesses, they misunderstand their contribution to the wider society and ultimately lose perspective of their very selves and their companies. This is why we need a publicly robust and morally and spiritually informed conversation about what we mean by the word good, and the virtues necessary for being a good entrepreneur. Once we enter into this conversation and begin to see concrete examples of the good entrepreneur and the good company, a more meaningful and more accurate understanding of what it means for the entrepreneur to create wealth (goods and services, jobs and benefits, etc.) will become clear.

We believe that this is the right time to engage this reality of the good entrepreneur for two compelling reasons. The first has to do with the sheer fact that an enormous shift has been occurring within our economy. We, in the US, as well as in other parts of the world, are increasingly becoming an entrepreneurial economy and unless we grasp the significance of this shift, we have deviated from dealing with real problems of today and tomorrow.

The second reason is the current dangerous state of the moral and spiritual disconnectedness within entrepreneurship and business in general and in the wider culture. We believe that this disconnectedness stems from a self-understanding of entrepreneurship that has for the most part unknowingly discarded the

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cardinal virtues and their spiritual underpinnings, which not only separates us from other people, but causes a
rift and divide within our very selves.

In this essay, we examine these two reasons and conclude with the importance of culture as the moral
and spiritual resource necessary to develop the cardinal virtues for becoming a good entrepreneur. The good
entrepreneur is not only a self-project of individual determination and effort, but ultimately depends upon the
culture and its institutions of family, education and religion to give the formation that enables the
entrepreneur to be good.

THE NEW ENTREPRENEURIAL ECONOMY

We have to take seriously the reality that entrepreneurs are now generating most of the economic
growth, particularly in the U.S. Economies go through long term economic waves. These waves last for
decades as major industries are developed, gain momentum, and eventually dominate economic and social
systems. According to Robert Atkinson, the previous entrepreneurial era in America, when entrepreneurs
fundamentally transformed the American economy, occurred over one hundred years ago.\(^7\) In fact, almost all
of the Fortune 200 of the 1990s were already among the largest corporations in early 1900s.\(^8\) Most of these
businesses that dominated our economy during the twentieth century had been started by entrepreneurs in the
late 1800s.

These same corporations not only dominated our economy for over a century, but became an integral
part of our social and cultural fabric. They created the rise of a corporate economy and corporate society that
eventually created a strong industrial/union/governmental alliance. Our culture has been shaped by
companies in various facets of the transportation, communications, entertainment and manufacturing
industries that dominated the Fortune 500. Through these corporations and their unions, working with
governmental agencies and politicians, America went through profound social and cultural changes. Where
we live, how we live, how we work, and how we socialize became starkly different than in the past century.

Atkinson argues that we began the transition into our current economic era during the 1970s. The
businesses that had dominated for so many decades began to stagnate and decline. Their growth and financial
performance had now become a function of their ability to consolidate within their markets and through
diversification into other mature markets. The large corporations formed in the last great entrepreneurial era
in America were no longer creating new jobs in significant numbers. Total employment by the Fortune 500
companies has dropped from 20% of US workforce in 1980, to less than 5% today. In fact, the Fortune 500
lost 5 million jobs over the past 20 years.\(^9\) The great companies that carried us through much of the last
century are dying.

A new economic force began to emerge during this time of transition. At the same time that the
largest corporations were losing jobs, new ventures created by entrepreneurs were thriving and establishing
jobs. In fact, they helped to create more jobs than were being lost by the Fortune 500, resulting in a steady
growth in employment since the 1970s. Entrepreneurs and the small business they create have accounted for
77% of the new jobs created in the past two decades. Data from the US Small Business Administration (SBA)
show that new businesses are being created at a rapidly increasing rate. In the mid-twentieth century, about
200,000 new businesses were started each year in the US. That number is now estimated to be 650,000 new
businesses started each year. It is estimated that there are now over 23 million small businesses in the US, and
they represent over 50% of the GDP (Gross Domestic Product), over 50% of total employment, and 45% of
total US payroll. As more businesses are being created, these figures grow each year. Clearly there has been a
fundamental transformation in an economy that is rooted in, and fueled by, entrepreneurial development.

When examining business start-up rates, there is a general misconception that new ventures fail at a
high rate. Even when you ask a group of experienced business people, they will consistently estimate that new
ventures fail at a rate of 80-90%. However, this proves to be an urban myth. Research compiled by the SBA
and others have actually demonstrated that entrepreneurial businesses in the US survive for at least five years


\(^8\) Note that all statistics related to small business in the economy are from the Office of Advocacy of the U.S. Small
at a rate of over 50%. And in anecdotal surveys of those entrepreneurs who have received training in entrepreneurial business skills conducted by various entrepreneurship programs, survival rates are reported to go to 80% or even higher.

Other studies from the SBA highlight the role entrepreneurs are playing in generating innovation in this new economy. US small businesses create 67% of all new innovations, 95% of all radical innovations, and fourteen times more patents per employee than large patenting firms. Entrepreneurs are also part of the globalization of the world economies. Recent studies find that 97% of all exports from the US come from small businesses and these represent 29% of all export value.

It is clear that at the dawn of the twenty-first century we are in the beginning of a new economic wave dominated by new entrepreneurial ventures. And this is not just an American phenomenon, but a global one as well. History tells us that this new economic wave will likely carry us for much of the twenty-first century. History reiterates that this entrepreneurial economic wave can have a profound and lasting effect on our society and our culture. Therefore, if we hope to see a positive transition in our culture, we must look to today’s entrepreneurs to contribute to this cultural change by acting as good entrepreneurs.

MORAL AND SPIRITUAL DISCONNECTEDNESS

At the same time that we have been witnessing the birth of this new entrepreneurial economic age, we have also seen a growing moral and spiritual problem of “disconnectedness.” While globalization has made the world smaller and has connected people from around the world, it has also accelerated a disconnectedness of firms from their communities, nations and most profoundly, from themselves. This is particularly true within publicly traded firms, where the intense pressure to maximize shareholder wealth disconnects the firm from other goods, particularly any understanding of the common good.

This disconnectedness is manifested in various ways, but we will highlight two dimensions of it. The first is what Jeff Gates has coined “disconnected capital.” While more and more people find themselves owners within the stock market through personal investments, 401ks, and other retirement programs, such ownership tends to be valued on one thing, price. Our capital ownership is becoming increasingly impersonal. Because the ownership of capital of publicly traded companies is found within impersonal capital markets, there is a lack of connection between the owners of capital and the communities in which the work is done. In the past, the owners of capital had some local or at least some national connection to what they owned and where they resided. Today, capital’s global character is increasingly disconnected from any value except financial value.

The second disconnect is within the firm itself. The dominance of financial value for capital generated an increasing disconnect between labor and capital that severs the virtue of justice and its related sub-virtues of loyalty and trust. With little loyalty to the firm, employees feel disconnected from their own work and distrustful of their leaders, all of which damage the relationship between employer and employee. For example, the human resource consulting firm Watson Wyatt found in a recent survey that only 39% of US employees trust senior management to do the right thing and to communicate honestly. This kind of "disconnected" capitalism has produced serious doubt that one can have a good company in which investors, managers and employees can collaborate in service to customers and the community.

While we are not so naïve as to think that entrepreneurial firms are immune from such disconnections, we do believe that entrepreneurial ventures, when properly conceived, offer a more realistic and connected means for people to live out their work as a vocation and establish real communities of work than do publicly traded companies.

We do not believe that publicly traded companies are moral black holes; rather, we believe that structurally there are more obstacles to create communities of work where people develop and contribute to building stronger and healthier work communities. And while the financial pressures can also negatively impact entrepreneurial firms, there is still, on the whole, more opportunity and freedom to build a more connective community of work in such firms. Entrepreneurial ventures, precisely because they are just

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starting out, are freer to pursue all of the goals of the entrepreneur, which often are much richer and more inclusive than simply financial outcomes.

However, meaningful communities of work will not automatically arise simply because there are free markets that allow entrepreneurial enterprises to exist. Actually, just the opposite will happen. Enterprises left to the pressures of their own particular markets may increasingly improve their profitability, productivity and efficiency, but, they will not create a culture of connection and commitment among their employees, investors, customers and communities. Without a moral and spiritual vision, as the book of Proverbs points out, the people will perish (29:18).

To build a meaningful community of work, the entrepreneur must intentionally embrace a vision of work that is moral and spiritual at its core. Human beings are simply not at their best when they ignore this core. This vision will most likely be developed if it is nurtured within the cultural institutions of religion, family and education. Unless these cultural institutions take on the responsibility to be schools of virtue, we see little chance for good entrepreneurs and good companies to mature in free market economies. Businesses create a community of work, precisely because they have a “community in intention” and this community is best articulated in families, schools, and religious institutions that help people see the moral and significance of their day-to-day activities.

The entrepreneur, when she is at her best, is able to galvanize employees and investors behind a mission that serves as an important force in building and sustaining stronger and healthier communities. But the culture of an enterprise is embedded and informed by the larger culture of the society. The entrepreneur has to take seriously this formation and to translate it to the principles and virtues necessary to inform his enterprise. We now move to this point of cultural formation.

THE CULTURE, STATE AND ECONOMY:

The interplay between our shared culture, the reach and scope of the government, and the businesses that make up our economy has evolved dramatically over the past century. To understand where we are now, and where we might be headed, it is important to look back and examine where we have been.

From the latter part of the nineteenth century through the earlier part of the twentieth century, America was dominated by the Free Market Approach, which is based on the premise that the ownership of property is a private, individual right and that the economy works best when it is left to its own course. Many today still adhere to these principles, although the current financial crisis may have decreased their numbers. Governmental intervention is viewed as an inhibitor of economic development over the long-term. In the realm of new business development the operation of the business should be left to the entrepreneur and when at all possible not constrained by regulation. Government regulations are, for the most part, viewed as constraining growth and adding unnecessary costs. They also are constraints on the liberty of property for owners to maximize their own particular wealth. Government should only act at the margins of the economy to assure fair competition and open markets.

Yet the entrepreneur’s capacity to create wealth always faces the question: for what? For all the technical and skillful advances we can make in creating wealth, the techniques and skills do not answer the question of whether they make us truly better off or not. While income statements and balance sheets may tell us that we have created more wealth than last year, and technological advances may increase productivity, they do not tell us if we are better for it. In other words, the question of whether our creative entrepreneurial impulses lead to authentic human development cannot be fully understood within a market that does not have moral and spiritual resources to answer whether we are becoming more or less human.
Of itself, an economic system does not possess criteria for correctly distinguishing new and higher forms of satisfying human needs from artificial new needs which hinder the formation of a mature personality. Thus a great deal of educational and cultural work is urgently needed (Pope John Paul II, *Centesimus annus*, 36).

Midway through the twentieth century we witnessed a shift to what is called an *Activist Approach* in our economy. This view points to the inability of corporations to regulate themselves from their worse abuses, and although it recognizes the importance of private property, it sees government as the crucial oversight body to the use of capital. Capital is in essence a public good from the activist viewpoint. The ownership of businesses and of the capital used in commerce is viewed as a privilege. Government’s role is to impose regulations that can take many business decisions out of the hands of business and market forces and place them within a policy environment. Economic and related social policy is shaped through tools such as labor and tax law, zoning, business licensing, eminent domain actions, and so forth. Market forces, while recognized as important, should be guided and controlled, and take a somewhat secondary role to governmental actions according to the Activist Approach. This approach believes that the large corporations that dominated the twentieth century need a strong counter-balance to assure a fairer and more just economic system. This approach assumes that ethical businesses are determined by compliance from the laws of the state.

However, as we have already mentioned, these larger corporations, although still significant, are waning in their overall role and importance in the economy, and entrepreneurs are now leading the growth in jobs and wealth. Government regulation, especially when it is constructed with the old economy in mind, inhibits entrepreneurial creativity and ingenuity. So if we are truly in a new economic period, it may be time to rethink the need for a traditional activist approach in which business is highly regulated.

A challenge to making this shift in policy is that while the Activist Approach is based on a premise that regulation of business is important, over time such regulation has become a process that is often done in cooperation with corporate leadership, especially in the US. Businesses and industries employ armies of lobbyists on K Street in Washington, DC. While much regulation was originally intended to control the excesses of business organizations, over time regulation has become as much a tool to protect the corporations that have dominated the economy over the past century. It protects them from competitive forces for change that in fact are critically important if the economy is to remain vital and robust.
As authors, the two of us find ourselves on different sides of this debate between Free Market and Activist approaches, but we do agree that these two approaches and all the gradations in between often underestimate the role and importance of culture in informing the meaning and ethical conduct of those within business. What we propose throughout this essay is a third alternative to this debate that has the potential to begin to overcome the disconnectedness within business.

At the heart of our approach is a commitment to the virtues formed within a culture that has the capacity to develop the whole person. Neither markets nor the state by themselves have this capacity. This virtue-based approach recognizes that all the business skills, all the government policies, while important and necessary, will not make a good company or a good entrepreneur. The virtue approach, understood within the Christian tradition, sees that the source of goodness will primarily come from the culture and its institutions and not primarily from the market or the state. Without a strong culture, the state tends toward totalitarianism and the market tends toward consumerism and careerism.

Free markets are the vehicle and fuel of economic progress. And government is needed to set the basic rules of the road. But, it is culture that ultimately defines the purpose and the destination of this journey.

If culture is so important, then, what do we mean by this word? Culture, as the root of the word indicates, *cultivates* within us a way of seeing the world, to see what is real, to make sense of reality. It creates in us sensitivity to what is important and worthy of sacrifice. It forms within us what is ethical and spiritual, what is our end, what is most worthy in our lives. It helps to discern through all the data, all the ideas, all the alternatives, and land on what counts in life. Christopher Dawson explains that “culture is a common social way of life—a way of life with a tradition behind it, which has embodied itself in institutions and which involves moral standards and principles.”12 These cultural institutions serve as a kind of platform on which human society is built. The three main institutions that form culture—that which we come out of in order to operate within the political and economic order—are family, education and religion. Family is the first and fundamental structure of human culture. It is the fundamental cell of society. When it is at its best the “family is the heart of the culture of life.”13 Where the family goes, society goes. Education develops sensitivities to the world. When it is at its best, it inspires wonder, imagination, a spiritual and moral vision that informs the professional, technical, and scientific endeavors. Religion helps us to participate in the deeper meaning of our world by continually reminding us of where we have come from (origins), where we are going (destiny) and what we are called to do today (present). There are other cultural forces such as the media (film, TV, internet, etc), arts, music, volunteer organizations, play/games/sports, etc., but if the family, education and religion are not healthy, these other forces do not have the capacity to carry the culture.

When culture is at its best, that is, when it connects us to our created purpose, to our true nature, to our destiny, it enables us to see the whole and not merely the parts. Culture allows us to receive the whole of creation and helps us to realize our role within it. This wholeness is arrived at by connecting us to the fundamental events of our life—birth, death, work, love—in such a way that these events are related in an organic whole rather than in an isolated compartmentalized fashion.14 This is why at the heart of every culture worthy of the name is a religious question. The word itself, religio, means to reconnect—to help us reintegrate that which has become divided.

More concretely, culture is a common way of life. It has a tradition and it is embodied in particular institutions that are informed by moral and spiritual principles. Those institutions that have the best chance to help us see holistically and the capacity to sink deep within us virtues, that is, good habits that direct us to the end for which we were created, are family, education and religion. Many of these institutions, however, when they are at their best are not generic institutions. They do not convey to their members only a universal ethic of being good. Actually, the more institutions sever themselves from their distinct narrative and the origins of their founding, the more generic and bland they become failing to offer any kind of moral and spiritual vision that ought to inform economic life. James Burtchaell has explained that many universities in the US which often began with a religious vision have lost any moral or spiritual vision and have simply become high class trade schools. They have gone from a distinct religious vision to a more humanistic based approach, to a values-based education, to methodological excellence, to a career focus, to a free market of ideas and finally to whatever will increase student enrollment.15

The point here is that cultural institutions are most vibrant when they are most specific, which is why it is important to be particular rather than vaguely universal in speaking about culture. For example, using a particular religious focus, such as Christianity, makes some people nervous. They prefer to speak of moral or spiritual values that have no particular religious or denominational character. They are concerned that religious perspectives will lead to irresolvable conflicts, intolerance, proselytism, and even religious wars. But

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14 Josef Pieper, *Leisure the Basis of Culture* (South Bend, IN: St. Augustine’s Press, 1998).
what should make people more nervous is the belief that we handle the challenges of this new entrepreneurial economy with only economic and political resources or generic calls for values that are ultimately unhinged from anything that is concrete. While we must always be mindful of the worse abuses of religion, we also must be mindful of a very important truth about life: *we are at our best when we speak from our center, not from our boundaries*—and we tend to compromise our lives when lose sight of this center in our day-to-day lives.\(^{16}\)

In our pluralistic culture in the US, we have tended to believe that the best approach to public conversations is to speak from the lowest common denominator. There is no doubt a place for this, but such an approach rarely enables the person to understand their deepest beliefs and the needed virtues to live out these beliefs. The lowest common denominator approach will disable the Christian, for example, from seeing the deep wisdom of the gospels and the Christian tradition as it relates to work in general and entrepreneurship more specifically. This disconnectedness between work and faith generates a practical atheism in the world today where one creates companies as if God did not exist, as if faith did not matter, as if there were no implications to one’s work as it relates to eternal life.

But the historical reality challenges this perspective. What is often not told in the history of entrepreneurship is how many companies started with a vision that was informed by the religious faith of their founders, companies like Cadbury (Quaker), Herman Miller (Calvinist), Service Master (Evangelical), Dayton Hudson (Presbyterian), Cummings Engine (Disciples of Christ), Reell Precision Manufacturing (Protestant), Mondragon and Quimet Industries (Catholic). Future research in entrepreneurship, if we are concerned about good entrepreneurs and good companies, need to explore these connections between religion and faith and entrepreneurial enterprise.

Christianity, for example, has developed a social tradition that *reconnects* the entrepreneur’s work to a moral and spiritual vision of the enterprise—a reconnection of

- ownership to the common good;
- creation of goods and services to genuine needs;
- distribution of wealth to the needs and merits of those who contribute;
- work to the development of the worker; and
- organizational life to a community of work.

We have recently written a book called *Bringing Your Business to Life*, which seeks to “reconnect” for entrepreneurs the claims of their faith with the relationships and practices of their businesses. When Christian culture is at its best, it generates an economic order that humanizes the entrepreneurial realm in a way that generates faithful companies that contribute to the common good.

Our point is not to say that the Christian religion is the only available means of humanizing our new entrepreneurial economy. Christianity does not have a monopoly on good work. But Christians and their institutions, particularly its churches and schools, have to face the seriousness of this new entrepreneurial reality if it is to be true to its vocation of being a light to the world. Christians as well as all religious believers must speak from their center in such a way that allows others to do the same. They have to respect and protect the religious liberty of others. They cannot proselytize by imposing their center on others, but they cannot at the same time evacuate their own religious core in the name of tolerance, diversity and pluralism. We believe that the focus on the virtues provide the language and reality to achieve these goals simultaneously.

This is why we also believe that while we speak specifically from the Christian virtue tradition, an honest and explicit dialogue on the specific cultural resources that enable entrepreneurs to be good will encourage a deeper dialogue with various religious and cultural traditions, which will foster greater religious and cultural unity. This moral and spiritual level of engagement between faith and work will foster among religions deeper relations that prepare them to deal with the more difficult doctrinal differences they may have. But again, we will not learn great things from each other if we merely obey government laws and regulations or imitate the best practices of financial and operational techniques. These laws and markets are simply too small for the entrepreneurial soul.

MONEY AND CHRISTIAN FAITH: 
A DUET OR DUELS?

Religion and money are two concepts which have revolutionized the history of the world. Both have deep roots in the human heart and mind and each has its own suite of desires, hopes and dreams. Some embrace money, some faith – turning their choice into the ultimate goal and pursuit of happiness.

This article intends to tackle the concept of business from a biblical perspective. Although the Bible is one of the oldest books in history, its teachings are actual and authentic due to its divine inspiration. The fact that the underlying message of this unique book is the message of salvation through Jesus Christ, the son of God, does not prevent it from offering principles for a wide variety of subjects.

People usually consider money and faith as being inconsistent with one another. The fact of the matter is that they can co-exist very well; everything depends on the good management of the person in charge.

But do these concepts fight or support each other? Can both be engaging, something to long for, harmonizing each other as two voices in a duet, or something adverse to each other, constantly dueling? Can you have both? Is it a sin to be rich? Is the authenticity of Christianity given by the level of misery and poverty someone is in?

These are some of the questions people dealt with and still struggle with even today, in the modern century.

The Bible teaches us in 1 Timothy 6:10-11: “For the love of money is the root of all evil: which while some coveted after, they have erred from the faith, and pierced themselves through with many sorrows. But thou, O man of God, flee these things; and follow after righteousness, godliness, faith, love, patience, meekness.” The Holy Book does not say that money is the root of all evil, but that “the love of money” is the negative source: The greed, the covetousness, and the obsession of having more and more – these are some of the signs of enslaved and chained hearts.

Thus, possessing is not bad. But what I possess makes me accountable. This responsibility is on my shoulders and nobody can carry it for me.

Many people wrongly interpreted some verses from the Bible, where it is said that Christians were taught to share their wealth and had everything in common. “All the believers were together and had everything in common. Selling their possessions and goods, they gave to anyone as he had need.” (Acts 2:44, 45). Some say that is when communism’s seeds were scattered. Actually Christianity is one of the religions that encourages profitable businesses and focuses on adding value, creating wealth for society and its members. In order to prove this, we shall refer to one of the most well known parables from the Bible, in the New Testament, straight from the founder of Christian Faith, Jesus Christ, The Parable of The Talents: (Matthew 25:14-30) – The Holy Bible, NIV

A man going on a journey called his servants and entrusted his property to them. To one he gave five talents (more than $1000) of money, to another two talents, and to another one talent, each according to his ability. Then he went on his journey.

The man who had received the five talents went at once and put his money to work and gained five more. So also, the one with the two talents gained two more. But the man who had received the one talent went off, dug a hole in the ground and hid his master's money.

After a long time the master of those servants returned and settled accounts with them. The man who had received the five talents brought the other five. 'Master,' he said, 'you entrusted me with five talents. See, I have gained five more.' "His master replied, 'Well done, good and faithful servant! You
have been faithful with a few things; I will put you in charge of many things. Come and share your master's happiness!

"The man with the two talents also came. 'Master,' he said, 'you entrusted me with two talents; see, I have gained two more.' "His master replied, 'Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things. Come and share your master's happiness!'

"Then the man who had received the one talent came. 'Master,' he said, 'I knew that you are a hard man, harvesting where you have not sown and gathering where you have not scattered seed. So I was afraid and went out and hid your talent in the ground. See, here is what belongs to you.'

"His master replied, 'You wicked, lazy servant! So you knew that I harvest where I have not sown and gather where I have not scattered seed? Well then, you should have put my money on deposit with the bankers, so that when I returned I would have received it back with interest. Take the talent from him and give it to the one who has the ten talents.'

For everyone who has will be given more and he will have in abundance. Whoever does not have, even what he has will be taken from him. And throw that worthless servant outside, into the darkness, where there will be weeping and gnashing of teeth.

Indeed, Jesus loves profitable business! The text above proves it. Every master or employer would be thrilled to have such employees: productive, people who seize the moment, catch the opportunity and manage to grow what has been entrusted to them. This is the fundamental duty of human beings. Grow what you get, and then get what you have grown! Each person will one day face the consequences of his deeds or of his idleness. So the first teaching from this story is: When you are entrusted with some talents, do not hide your head in the sand: invest them!

The master from our story was really angry when the last of his servants returned to him with the one talent – the same and only talent that was given to him a long time ago ("After a long time the master of those servants returned...”). I would like to emphasize for a moment this issue of time. I think we are all familiar with the idea of present and future value of money. Now, some people may try to exonerate the lazy servant, pressing on the idea that he returned the money after all. He did not lose it or steal it – they might argue. But actually the value of that talent now, was less than the value it had when it was entrusted to the servant; the master’s fortune suffered from this perspective. It decreased proportionally with the smallest opportunity that was missed. What the servant could have done was at least to deposit it in a bank account, and the master would have had then the interest. No worries! He did not have to speculate on the Jerusalem Stock Exchange, or to look for dealers and merchants for his business: just to sit back and let the money work for himself, true, not very profitable (especially these days) but with little risk involved and not much bother. Any other investment opportunity would have been better than burying it in the ground. He did the worst thing of all, and that is nothing. He just had a typical ostrich attitude: hide the head in the sand, and let the danger pass, as if it had not affected him.

The teaching for the modern investor is the same: do not hide your money under your mattress, invest it! This way you add value to it, you have a positive impact on society by creating more jobs and you raise the overall capital of your company, even of your country.

ABUNDANCE VS. SCARCITY – it’s not what we are given that matters, but what we do with it!

The second lesson we learn from this passage is that it is not what we are given that matters, but what we actually do with it. Blaming God for your imperfections and weaknesses will not justify you in the presence of your Master; when He comes, He will hold you accountable for your actions. When God endowed us with our skills and abilities, he gave each of us different talents: one has more than the other, or less. Some are very good at writing, some are good craftsmen. We usually compare ourselves to others. God does not do that: He always compares a person to what that person was supposed to be if he had valued all the talents he received. He expects our full stewardship and for us to display vigilance in our actions. He does not compare our results to others’ results. He will always compare it with how much He equipped us.
He gave the first servant 5 talents and he returned 5 more: 100% rate of return. The second one was entrusted 2 talents and he brought back 4 talents: 100% rate of return. It is a percentage comparison, simple mathematics: they both did the most with how much they received and they got their Master’s recognition. But the third servant did nothing; and he got what he deserved.

PROVIDE FOR OTHERS

A good work brings a well deserved reward. Smart investments do not bring benefits only for you, but also for those around you. It is an altruistic way of making business. The master put the faithful servants in charge of many things. Those things could have been businesses, people, assets, etc. In other words, the master not only gives them public recognition, but also brains and hands ready to be managed. What today’s businesses can do is to be more people-sensitive not only profit oriented. It is very interesting that we meet this principle in other places in Scripture: The wise Solomon said that “He who increases his wealth by exorbitant interest amasses it for another, who will be kind to the poor.” (Proverbs 28:8) In other words, the profit is meant to be shared. The needs are all around us, all we have to do is pay more attention to them. Remember, from him to whom much is entrusted, much will be required!

FAITHFULNESS PREVAILS OVER PROFITABILITY

Some people could wonder: what if the first two servants had failed and their investment had not brought any results, or what if they had even lost the initial investment? What then? I strongly believe that the master still would have called them “faithful” servants. They were not cowards. They took their chances, risked a lot, and tried to do something. In the end, they were called “faithful” by their master, and not “profitable” servants. The master did not stress the idea of profitability, but more the faithfulness of his servants.

On the other hand, the third servant was called “lazy and wicked” and not “unprofitable”. He would have been exonerated if he had at least tried to do his utmost to invest the talent. The main point of interest was to see the faithfulness of their actions, not necessarily the end result. What we could learn for our businesses today is: look at your employees from the master’s point of view. Eliminate laziness and wickedness and encourage people who fail but they have faithfulness in their actions. Evaluating and controlling employees is a necessary management process, but we should not forget the personal example: We must show faithfulness in our actions. Remember the dictum: “Your facts speak so loud, I can’t hear what you’re saying!”

THE ULTIMATE REWARD...AND PUNISHMENT

Another lesson from our parable is: Every deed will be evaluated and rewarded accordingly. When people have the sense of accountability and they are supervised, their attitude toward work is changed. Feedback is a crucial issue to be taken into consideration when you manage people. The staff must know where they are and where they should have been. Theories X and Y, the theories of human motivation, outline the attitudes employees may adopt: some listen out of fear, and they must be constantly supervised, some out of passion, and no observation is needed: they are self motivated. In any of those cases, the employer must carry a carrot or a stick: one for motivation, one for punishment.

This parable is only a crumble from the multitude of possibilities we could have dealt with on the subject of business and faith. Thus, it provides us with a general image and some great principles of how businesses should be managed today. Also, it gives us a glimpse of what is expected from us, business people or not, managers and employees, masters and servants: to be faithful stewards and wisely invest and grow what has been given to us.
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REALIZING THE PRINCIPLES OF *GAUDIUM ET SPES*17 IN A POST-COMMUNIST COUNTRY:
SURVEYING CHRISTIAN ENTREPRENEURS IN HUNGARY AT THE TIME OF
GLOBALIZATION

ABSTRACT

Due to the communist regime in Hungary, the values and principles of the Second Vatican Counsel could hardly achieve their goal in the country and the situation hasn’t changed a lot even for today. This paper examines a group of the Hungarian companies where the thoughts of the Counsel’s document, *Gaudium et spes* might have appeared. We have explored that there are Christian companies existing since the political transition in 1990. Our research executed with them in 2005, have produced a positive result: it has turned out that although the Christian companies are hardly familiar with the Social Teaching of the Church, qualitatively they live and operate according to it.

Furthermore we can conclude that they show the features of the communities, that John Paul II outlines in his encyclical *Sollicitudo rei socialis*, being able to carry the character of hope and strengthening the values of *Gaudium et spes* in the Hungarian society and economy as well.

TEXT

After the Second World War nearly half of the century in Hungary was determined by atheism and communism forced on the country by the Soviet Union. This affected the worldview and everyday life of people substantially. This long period was closed by the first free parliamentary elections in 1990, holding out hope that a real human freedom was coming soon.

However, we missed many opportunities of becoming independent from alien powers, and in the realm of economy we swung to the other extreme: having replaced the central planning system that we had so far, we established the barely regulated, neoliberal version of capitalism. As a result the increasing income and property disparities, the decreasing solidarity, the exclusivity of profit motives and similar problems are being relieved only to a small extent by ethical aspects that fall out of the field of economy. The communist dictatorship has destroyed these values substantially.

The decades of atheism forced on us have not left the Catholic Church and the faithful untouched. Depression encouraged some people to make heroic efforts, but others often made compromises with the system obeying the realpolitics. Presumably it is due to the characteristics of the period that the reform ideas and teachings of the Second Vatican Council have not achieved their goal and they have become known only to a small extent in the region. It is one of the great debts of our history after 1990 that even today the situation is still not much better, but at some points there are definite improvements.

This paper strives to explore the situation in Hungary from this point of view therefore it examines the success of the principles and values of *Gaudium et spes*, as one of the documents of the Council, particularly checking the situation of human wholeness at the beginning of the 21st century, on the levels of companies. It is not the same to what extent companies, enterprises, as human communities are imbued with the aspects of wholeness and common good, and to what extent the values of *Gaudium et spes* or rather the values of the Church’s Social

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17 Editor Remark: *Gaudium et Spes*, the *Pastoral Constitution on the Church in the Modern World*, was one of the chief accomplishments of the *Second Vatican Council*. This phrase comes from the first sentence and means "Joy and Hope" in Latin.
Teaching can be explored at this level. We wanted to search these questions among companies where we could assume that these values exist on a certain level. Thus, we investigated whether there are companies in Hungary that operate on the basis of Christian principles. In our research we could only deal with little fragments of the total masses – that is of all the Hungarian companies, enterprises–, but the characteristics of the sample (Christian companies) make it possible to draw conclusions to our questions.

I. The communist regime has definitely developed that double scale of values, in which faith became a private matter to keep in secret behind the walls of churches until the political transition in 1990, and it was not advisable to speak about it at work. Nowadays a similar policy of the ruling political power seems to become stronger again, but with less success today, because “there are more and more people who think that faith is inseparable also from work, which is proved by the growing number of professional Christian associations.”

Beginning with the year 2000, the establishment of the ecumenical Union of Christian Policemen, the Union of Catholic Lawyers, the “Curate Infirmos” Camillian Community of Catholic Physicians and Assistants and the different organisations that unite Christian businessmen and entrepreneurs (like KEVE, ERME, Economy of Communion /EC/) shows, that in spite of the relatively low number and staff of these organisations, there is still a great desire in Hungarian Christians to integrate their faith and work.

In this paper we focus on the realm of economy, where, according to other researches, the so called “entrepreneurs for something else” have appeared in the enterprise sector, as well. Their main goal is not maximising the profit, but something else stands in the centre of their objective function. This can be the long term security, the improvement of society and environment, the correction of market failures. Profit is only a necessary (the most necessary) frame condition. “Thus, we call ‘entrepreneur for something else’ those organisations that are economically viable, but their main goal is not the maximisation of their returns expressed in money, but it is a ‘higher good’ in moral sense.”

These enterprises do not represent serious danger for the mainstream market economy, they rather fill in the failures of the market, having a healing effect.

“The enterprise for something else cannot be separated from the people operating it.” Thus all that we have stated above leads us to the realm of Christian enterprises, helping us to formulate our hypothesis on the basis of two assumptions: these enterprises are operated by people who would like to integrate their faith and work and who are entrepreneurs for something else. These values are included in the Church’s social doctrine or rather in Catholic social thought (CST).

In the followings we would like to introduce the results of a research carried out in January-February 2005 among Christian enterprises and firms, with the statement mentioned above as the hypothesis. We checked the validity of this hypothesis surveying to what extent the values of CST and within that the values of the document of *Gaudium et spes* are sustained by this entrepreneur group; accordingly, what is their Christianity like, or rather, to what extent these persons and enterprises are imbued with the spirit of the Second Vatican Council, and how do they see the future from this perspective?

The method of the research was making interviews with the help of a questionnaire and processing them. The basis of our questions was given by the first part of *Gaudium et spes* about the human person, and the third chapter of it’s second part about the economical life according to the following:

1. group of questions: How would you describe a Christian enterprise, is your company Christian? / What is the basic activity of your company, what were and are your motives?

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20 G. Tóth: About Entrepreneurs… pp.3.

21 These enterprises are not necessarily Christian, they are small enterprises: from acquiring jobs for gipsy women and the physically challenged, through enterprises promoting sustainable growth to bio vegetable production.

22 G Tóth: About Entrepreneurs pp.3.

23 Pastoral constitution on the Church in the Modern World *Gaudium et spes*, 1965

Basis in the document: *possibility of the human development in “associations and organisations both public and private” (GS 25).*

- **2nd group of questions:** Mission statement of your company / its basic values, principles / is your business a calling? Basis in the document: “for man is the source, the centre and the purpose of all economic and social life” (GS 63); “the fundamental finality of this production is not mere increase of products nor profit or control but rather the service of man and indeed of the whole man…” (GS 64); work is creation and “unfold their own abilities and personality through work…” (GS 67); about dominion, stewardship (GS 34).

- **3rd group of questions:** about human fulfilment. Basis in the document: GS 64, GS 67; and about connection between economy and love, building the Kingdom of God (GS 72). About connection between work and faith. Basis: the split between faith and earthly affairs, daily lives (GS 43).

- **4th group of questions:** about promoting the common good. Basis: about promoting the common good (GS 26). About income distribution. Basis: “obtain a fair income”, “to remove as quickly as possible the immense economic inequalities…” (GS 66), about the universal destination of goods (GS 69), “the livelihood and the human dignity especially of those who are in very difficult conditions because of illness or old age must be guaranteed” (GS 66).

- **5th group of questions:** Are you familiar with the Church’s social doctrine, with Catholic social thought? Basis: “the Church should have true freedom …to teach her social doctrine…” (GS 76).

- **6th group of questions:** Your course of business, coping with the market conditions / Is your Christian identity an advantage or rather a disadvantage in the Hungarian business life and in your operation24 Basis: connection between economy and love, building the Kingdom of God (GS 72), about service and charity (GS 67); your connections with other Christian companies.

According to our rough estimation, (based upon the comparison of the operating Hungarian companies and the number and distribution of Hungarians according to age and profession, who acknowledge their Christianity) out of the 400,000 Hungarian business units there should be about 3-5000 enterprises (1%) that more or less possess one or more criteria of a Christian enterprise (see definition below). We contacted those organisations made up by Christian business leaders and entrepreneurs (ÉRME: preserving values, KEVE: Christian leaders, KG: Economy of Communion of the Focolare Movement) and we made interviews with twenty of them25, owners, founders and top managers. During the interviews it turned out that the majority of the so called Christian enterprises are small and medium size, there was only one larger enterprise that explicitly acknowledged its Christian identity.

**Division of the sample according to size26 and activity (1 USD=HUF 200)**

**small enterprise** (1-14 persons, income: USD 0,02-1 million): 6 (doctoring, furniture, water treatment, consulting, publication)

**middle size** (15-60 persons, income: USD 1-6 million): 9 (tourism, food, building industry, informatics, office supplies, textile, telecommunications, rehabilitation)

**large enterprise** (90-250 persons, income: USD 6-25 million): 3 (publication, spare parts, air-conditioning)

**Christian employees:**27 2 (telecommunication, informatics)

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24 We processed here the outcomes of a conference in Dobogókő, which was held for Christian businessmen on January 16-17th organized by ÉRME.
25 ÉRME 13, KEVE 2, KG 5 interviews
26 The limits of the enterprise size were determined by us, considering the local circumstances of the entrepreneur sector, and not taking into account the size of international giants now. So our „big” enterprise would correspond to a middle size company on an international scale.
27 As „control variables” they were interviewed in order to be able to make a comparison with the attitude of owners and founders.
1. We begun our interviews with the definition of a Christian enterprise that brought a surprising result compared to our initial assumption (we assumed that our partners represent explicitly declared Christian enterprises.) In the first question they had to define the idea of the Christian enterprise and to decide whether their firm fits the definition or not. Surprisingly out of 15 businessmen there were only 5 who admitted that their enterprise was Christian, there were 2, who said “not yet”, and 8 declared, that although they admit their personal Christianity, their enterprise cannot be called Christian. The remaining 5 out of the 20 are enterprises belonging to the Economy of Communion, who naturally admitted their Christian identity. We can explain this phenomenon by checking the definitions of the Christian enterprise given by the entrepreneurs interviewed.

All the managers regardless of their answers, marked as the most basic criteria of the Christian enterprise honesty, fairness, pure morality, leading a fair business. This definition becomes understandable learning that according to different surveys Hungary belongs to the more corrupt countries of the world. Many entrepreneurs claimed that the present tax regulation, but especially the practice of the public procurement, make it difficult to maintain the fairness of the enterprises. This causes serious problems of conscience for those who define themselves Christians, especially if they are in an employee status, or they determine the strategy of the firm together with other people. In bigger companies and mainly the ones not managed by a Christian person determining the strategy of the firm, this phenomenon presents a bigger problem than in the small ones, because even the company environment is not favourable to avoiding corruption.

The other criterion of the Christian enterprise was seen in the predominance of the Christian values in the enterprise – another value system, not the pragmatic one which sets for itself pure profit goals only. Here the Christian ethical values are associated with the values of faith, like the evangelical values, the values of the Ten Commandments, the ideas of love should be present in the company; the presence of Jesus should be felt there, the enterprise must be like the good steward. The latter announcement refers to the idea that the company is not owned by the entrepreneurs themselves: it is the property of God, and the leader of the company realises the thoughts of God by managing the company, as a tool in the hand of God in building his Kingdom (cp. GS 34). Furthermore, among the Christian values to be realised they put persistence, long term thinking, discipline, trustworthiness of the given word, hopeful thinking and trust.

It was also an important principle, that the Christian company should operate according to the Church’s social doctrine, where the most important ideas for them were common good as goal, universal destination of goods (“the money which surpasses the needs has a task and it has something to say” as an entrepreneur puts it) and solidarity.

Another basic requirement of the Christian company is that the leader of the company should be a true believer and his scale of values should inspire the whole company. The values of the enterprise are determined by the values of the leader. Building good human relations within the company and with the stakeholders is at the first place among the tasks, many compared this to a relationship similar to friendship. According to some respondents it is good if there is a core in the company holding Christian values, and the others meet around them. There was not any interviewee who would require as a criterion that there should be only Christians in the company, on the contrary, when taking an employee on, they all consider professional viewpoints only. Their point here is that their workers should be excellent experts.

“One of the company’s task as a whole is the mission” say many of the interviewed, but it is their general opinion that Christians working in it have a mission. According to some leaders and the EC entrepreneurs this means evangelisation by words and deeds, but many are of the opinion that the Christian fulfills his mission in his environment at the workplace by his creditable behaviour and the quality of his human relations. Some illustrate this saying that they do not speak about their Christianity, but people around them know it.

Further important features of Christian enterprises are the consideration of familiar duties, not too long working hours, environment conscious operation, excellent quality, no use of obscene words, honest behaviour.

According to the majority interviewed, the Christian company’s place is in the realm of the small size companies that produce unique, special products that fulfill not big scale demands, especially in those areas of the economy where multinational companies are not flexible enough. This way they can avoid the competition forced on them by the globalisation and the values mentioned above can be set in practice. Big companies are faceless and impersonal. At the same time small companies often enjoy particular comparative advantages, as well. For instance, the leader of an enterprise in the building industry recruits his workers from his village of
birth where a great proportion of the inhabitants of the village are practising their faith and their moral of work is based on that.

A possible future way in Hungary could be to join the products that are produced in a smaller scale and meet existing market deficiencies; the producers could enter into alliance with each other, and appear on the market consistently. We can already observe these kinds of initiatives in our country. Many consider business relationships among each other as important.

Those entrepreneurs, who did not call their companies Christian, said that their enterprises do not fulfil one or more of the values described, or they declared that work and faith or economy and religion should be separated from each other. Some of them consider religion a private matter and faith something personal, so one cannot even speak about those things. These companies lay emphasis upon avoiding conflicts and upon survival. Some leaders say that only the people working in a company can be Christian, the company itself cannot, therefore it cannot show its values to the public sphere. Some also agree that these approaches are heavy remnants of communist times.

It turned out clearly that the entrepreneurs interviewed do not consider the symbols of Christian faith necessary for their operation, they think, representing these would be even disturbing and discriminative towards the non believers (e.g. “public common prayer would hurt the non believers”). Yet, there happened to be companies, where appropriate atmosphere and integrated scale of values allow a thanksgiving mass at the end of the year, the possibility of a conversation with a clergyman (in the firm of a Calvinist leader), benediction of the working place at the beginning of the year, and in a restaurant owned by a Catholic manager no meat is served on Fridays. These will form part of the company community life, on a voluntary basis. Still these factors do not play any role in the Christian character of a company.

The Economy of Communion (EC) enterprises are the most conscious and committed Christians. They establish Focolare spirituality in their enterprises, the culture of giving, and they consider not only the profit but the company as a tool to human fulfilment, as well as a way of becoming saints through the enterprise. “The Economy of Communion is not merely a way of sharing profits that is charity for the poor, but rather an aspect of the Focolare Movement. It is the integration of private life, the entrepreneur’s life, Christian life and community life. EC people are the same everywhere: they are whole persons!” (cp.: GS 3) “The centre of the economy is the person” (cp.: GS 64), the goal of the enterprise is love and sharing. They consider everybody, stakeholders and poor, as their neighbours: the poor belong to the stakeholders of the Economy of Communion. According to one of the EC entrepreneurs “the Christian company is the company where Jesus has the majority of the shares and this appears in setting the goals of the company” (that is: the Co. works definitely for the common good). Another respondent explains the culture of giving as follows: “you should know the real needs of the company in the spirit of self-restraint, selflessness, realism and being free from cupiditiy and to live the giving of the surplus to others this way.” The EC entrepreneur goes so far as even initiating his partners in the charity work. The EC is the community of the ‘new persons’ that is of the converted.” The EC entrepreneur wants to make others (colleagues, stakeholders, poor) happy, and he is “part of a God’s plan, tool of the Providence”. This gives meaning to work, which is mission. He attaches community spirituality to the business life, as well, because he is an integrated person. The community background of Focolare Movement sustains him and gives him strength to live the mission.

Focusing on the human person and its connection with business appears best of all perhaps in the EC enterprise that gives and acquires working places for the challenged. Sixty percent of the staff of the enterprise consists of physically challenged people, whose return into work by the firm is a rehabilitation at the same time, because they find community and social acceptance, as well. The cooperation and sharing at the workplace mean human fulfilment for those who live with deficiency, as well. In Hungary there are six EC enterprises, one of them is middle sized, and five are small (on our scale).

It seems to us from the facts written above that there is a grater chance for the “human development in …private associations” as it is written in GS 25, than in “public associations”, because there is a larger correlation between operating a private ownership accompanied by smaller company size and the wholeness of human being; it is easier to realise this value in the small firms than in big ones. Let us remember that e.g. the scale of values of the leader/owner will become more easily determining in this kind of company; the workplace community can develop earlier; the small, private owned enterprise fights easier against corruption than the big, state owned one; etc.

We can conclude that we did receive the definition of the Christian company, even from those who do not find their company Christian. Consequently, both on the level of goals and in reality this class of
enterprises *does exist*. We can trace the separation of work and faith, that becomes an individual conviction, back to a conscious political decision on the one hand, and on the other to the apparition of the consumer society. It would be a great help, if more and more information (articles, books, etc.) and possibilities for conversation about integration of work and faith would arise, if the different Christian professional and business circles would contact each other and share with each other and strengthen each other, and if they could get help from institutions, countries where Christians in this field are one step further than we are.

2. We could observe the orientation for “enterprising for something else” in another question of the interview that referred to the mission statements, values and calling of the companies, and we could verify their content by other questions and by experiencing credibility in our personal contacts with the entrepreneurs. Comparing these, sometimes not even written mission statements with the mission statements that we got used to, being of no weight and ringing empty most of the times in absence of realisation, the former ones are simple but alive. Many companies formulated their mission statements on the basis of their profession and activity: “Giving high level knowledge, experience and values to people”; “Giving healthy nutrition programmes in the interest of common good”; “Values to Hungary”; “To give aesthetically something nicer, better, the product should carry surplus”; “Creative production, innovation”; “Quick, cheap, quality work”; “Organisation of pilgrimages, create infrastructure for spiritual needs of people”; etc.

Many mission statements are connected to the Christian faith and express the world view of the entrepreneur explicitly. It was not only the EC entrepreneurs who have put their mission statements this way: “Working together with God”; “Allowing God to enter the working place”; “Continuing the creation of God”; “It is better to give than to receive”; “To be competitive, successful and steady through honest work”; “Value-driven, human-centred, humanitarian service”; “Taking care of the colleagues”; “Creating values”; “Working with love”; etc. There were statements about social responsibility as well: “Producing products useful to the whole society, acting usefully”; “Improving quality of life in the interest of the common good” and there were entrepreneurs who drew up their mission statement in terms of economy: “Harmonising business with public interests”; “profit orientation and Christian scale of values”; “Measure of value is profit, as the fruit of a good work, but not above all”. The mission statements referring to charity and environment were not missing either. Regarding *values in the enterprise* the following definitions were formulated: “catholic, ecumenical, trustworthiness, honesty, clever management, on the basis of evangelical values, civil values, pragmatic values, human relations.” These definitions are in harmony with our previous item about defining the Christian enterprise.

In connection with the question of calling we conclude that the significant majority of the interviewees (15 persons out of 20) consider their jobs as calling (creation, development of abilities *cp.: GS 67*). Those who do not, are limiting the definition of calling to the vocation for family, for a community, or rather calling means for them “more than to operate a company”. Consequently, there were not too many, who called business a vocation. The other version was that they do not like doing what they actually do, and thus cannot be regarded as a calling. (This was admitted for instance by one of the employees of a ‘big’ enterprise.)

Examining the mission statements, values and calling it turns out clearly that our basic assumption is being proved: *Christian companies are “entrepreneurs for something else.”* The focus of their management is the human being (*c p.: GS 64*) and the common good (*q.p.: GS 26*). Profit comes up as a measure of value, as the fruit of good work, as the essential condition attached to the Christian scale of values, that is: as a necessary tool (“the basic goal of production is not the profit…” *q.p.: GS 64*). Christian enterprises are made especially Christian by their mission statements focusing on faith: their efforts to integrate work and faith can be seen here, too. In phrasing profession and social responsibility where faith is not being explicitly expressed, it is the common good that appears as goal. *Thus, we have here the possibility to observe the spontaneous and unconscious development of the Catholic social thought.*

3. According to the experts of the topic one of the goals of the enterprise is the *fulfilment* in humanity and life of the persons working there.**28** This fact was confirmed by 16 of the interviewed people. These entrepreneurs acknowledge that for them work is creation (*q.p.: GS67*); one can grow up in it, it is possible to look for new solutions there, it is pleasure, service and recreation, it is like physical training and training of the

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willpower in a good atmosphere. According to a company leader work might also mean conversion for some employees following the model of the leader. This means that the whole person (GS 64) can be “born” and respected at these places. The ones not confirming fulfilment at the workplace were the employed managers at the large enterprises and a leader of a large enterprise: here routine work, corruptive environment and the distance from the colleagues do not make the human fulfilment possible. Our data are definitely not exhaustive; however, based on the thoughts above we can presume that in the ideal Christian enterprise the possibility for development of the whole person is present.

The topic of integrating work and faith is connected with the question of fulfilment. There were twelve interviewees who admitted they can integrate their work with their faith. Two of them said they do not see the integrated life of their colleagues alongside theirs. The six managers answering negatively mentioned split life (cp.: GS 43) as a reason. However, they can see a kind of professional, human fulfilment in their work they treat faith as a separate sphere in their life. There were some employees and managers in the large companies who accused the corrupt company environment for not being able to integrate their work and faith. At the same time others from the same type of companies affirmed that they are not hindered in their faith, they are the same persons at the workplace as at home. Concluding we can say that where human fulfilment cannot be experienced at work, integration of work and faith cannot really be realised there either.

4. We have already spoken about common good on several occasions, but we asked about it concretely in the survey. It turned out, that there were 17 from the sample who defined common good (meaning charitable work, as well) as the goal of their operation (GS 26). Primarily we defined common good based on the traditional statement: “Historically, a common good is considered to be human perfection or fulfilment achievable by a community, such that the community’s members all share it, both as a community, and singly, in their persons.”9 At the same time we also observed how much these firms can realise production of real goods serving human development, how much they strive for the excellent and common goods, for participation and for these taken all together. It is clear in this perspective that, according to their statements, there are many entrepreneurs in this group (14) who consciously serve common good with their products and activity. E.g. one of the enterprises produces its products for the Hungarian market only, and it strives to make its business connections with Hungarian partners. The others try to serve the common good of the nation with their products and services, which also shows that for them being Hungarian is a value. (E.g. ÉRME highlights this value sharply.) Facing globalization more and more in Hungary, the companies in question deliberately take charge of preserving these values, and the further strengthening and diffusing of which should become their missionary task. Among those interviewees who answered negatively regarding the common good, we can find the employees of two large companies. One of them works for a multinational firm, which explicitly defines its goal in the profit maximisation. Some entrepreneurs detect a lack of consciousness in acting for the common good, i.e. their goal of management is not explicitly the common good. All respondents consider environment conscious operation important, one said, that the company he works for, does not pay attention to it.

Thus, the central value of the CST, the common good can be realised at most of these companies even without knowing the teaching and the concept of common good. This shows that the basis of the teaching can be realised and it is being realised in practice.

Turning our attention to the income distribution we can conclude, that the smaller the company is, the more equal it distributes its income. There are firms, where the income of the leader and of his employee is similar if we count it in working hours, because the leader works more hours than his colleagues. As an average, at a small size company income disparity multiplier is 2-3-4, while at the large ones surveyed is 7-10. At one of them it is 16, and according to the estimation of the manager at the multinational company the difference between the lowest and highest incomes is min. 50, max. 100 times. This clearly shows how the higher we go in the company size, the larger the income differences become (cp.:GS66). We have already spoken about universal destination of goods, here we just mention, that smaller companies are more sensitive in this field, as well, that is, they can see more clearly what their needs are. Yet, generally the amount of profit made by them makes only possible its 100% return back into the production, i.e. into a reproduction on an increasing scale (cp.: GS 69). As we have mentioned, all of them make charity work, where they offer help to the poor, as well (i.e. promoting poor families, Hungarians outside the borders, etc.) (cp.: GS 66).

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29 Alford – Naughton: Managing... pp.41.
5. Previously we have seen that some entrepreneurs indicated conscious operation based on CST as the most important criterion of a Christian enterprise (cp.: GS 76). The importance of this can be found in the special literature, as well. In spite of this it turned out that out of the twenty interviewees fifteen do not know the Church’s social doctrine at all. However, six of them spontaneously apply more elements of it (solidarity, subsidiarity, common good, universal destination of goods) and there were only four enterprises that know and more or less apply it consciously. Out of these firms two were EC enterprises, the other two belong to the companies with the most conscious leaders. One company leader observed that he knows the Church's social doctrine in general and tries to apply its principles.

Publicity and information flow would mean progress in declaration of the teaching, both with the help of the Hungarian church and experts and with the help of foreign connections. They should present and clarify that the basic principles of the Christian business life, necessary for the humane, ethical operation focusing on human person and promoting common good, can be found in CST. They should declare that, beyond the thirteen papal encyclical letters, it is being developed by experts and theoreticians in our times, too.

6. During the interviews we also surveyed whether the companies operating on the basis of the above mentioned principles (against main stream) are successful in a free market economy – that is, what their course of business is like. The survey results give us an interesting picture. Out of the eighteen firms (where the interviews were made with leaders / owners) ten show a slow growth, without outstanding results or profits, but they are profitable; two are struggling for survival; two admit they have a hard time on the market; one faces losses this fiscal year; and three show dynamic growth. (Out of them one is an EC company, which says its economic indicators are better than the Hungarian average.) The two employees can satisfactorily support their large families from their salaries. In order to understand this phenomenon we quote the explanation of three businessmen. According to one of the leaders of a slow-growing firm “doing fair business you can grow only slowly, without huge profits and results, but you can operate ethically”. A leader of a company struggling with difficulties notices: “because of the forced competition with multinationals the company is compelled to compromises and sales: to give up the use of its own Hungarian brand name and to do paidwork.” Out of the successful firms an owner of a large company states: “one can manage without cheating, you should just take on Christian values, it is possible to grow.” (This company appears on the spare parts market for cars with a product range /aluminium spare parts/ that mean comparative advantage against other similar firms and they complement the assortment of multinationals.)

We asked whether they see their Christian identity as an advantage or rather a disadvantage in the Hungarian business life and in their operations? The answers are different here, too, but a sharp line can be observed. Out of the twenty people asked nine admitted that it helps them in the decision making, in the struggle against corruption, in the connections with colleagues, stakeholders, in being ethical, in conflict management, in distribution politics, in preserving a good reputation and in spiritual matters: to hold out, to get strength. Four of the interviewed have thought it is neutral: it does not help but does not hinder either. One said that in the long run it helps, but for short intervals it is rather a hindrance; and two were of the opinion that it helps only spiritually. The four managers who see only the disadvantage of being a Christian in the business say that the voluntary absence from the non fair competition is disadvantageous. (An EC owner says: “I am not in the gang, the sharks push me out from their circles”.)

The advantages and disadvantages of being Christian in the business life were formulated concretely at the ÉRME conference mentioned above. Summing up the questionnaires it turned out that without knowing the CST thoroughly the businessmen have pronounced such thoughts as their own ideas, as the ones expressed in Gaudium et spes and in Laborem Excences, mainly in its fifth part entitled “Elements for a Spirituality of Work”. This means, that they have intuitively sensed the essence of an enterprise established on Christian principles. This fact gives us a kind of proof that the theory of the pope about work and its practice experienced by the entrepreneurs are absolutely not so far from each other as it is often brought forth against CST. Moreover, let us dare to declare that theoretical teaching and experienced practice are lead by the “same Holy
Spirit”, and the letter of theory becomes alive by being born in practice. This is a powerful argument for the
CST against those ones who consider the teaching obsolete and impossible to accomplish.

Let us see some ideas from the advantages and disadvantages. Six businessmen have formulated the
idea about their advantages of being Christian in business saying that being a Christian makes the entrepreneur
capable to realise “the relative feature of success and failure”; to “tolerate failure”; that “these [success and
failure] are found not in the most important dimension”; “they are not essential, what is essential is the eternal
scale”; “prosperity in this world is not the primary goal”. (Let us compare these statements with LE, chapters
24-27.) There were many who indicated that long term thinking is the issue; “the deep belief in Providence”;
and living love in management, business. (Let us compare these with GS 72, GS 67!) Of course they listed the
most advantages of being Christian in the topic of value based decision making, management and thinking,
and in emphasising human centred management. The references to faith and hope were not missing either
(“trust, building on faith, selflessness”; “faith driven thinking”), which means that the almost tall elements of
Christian workplace spirituality were described spontaneously, with intuition. (We can compare this with Alford –
Naughton: Managing as if Faith Mattered, Part III.) This conclusion initiates us to explore again that theory and
practice rise from the same stem, and based on that we can build the conscious elements of introducing CST
and of building identity and community for Christian businessmen further.

The listed disadvantages reflect the well known problems: “to survive as 'lamb among the wolves' in a
corrupt environment, in a business agent that has no ethics and conscience”; “honesty is unfavourable in the
competition”; “there are often conflicts of conscience”. The nicest description sounds as follows: “If not only
profit is the measure, than there is no disadvantage in being a Christian.”

To be able to stay alive in the long run, it is an important question for them whether Christian companies
should give advantage to each other in the business or not? We could think that because of the difficulties mentioned
above Christian entrepreneurs are looking for business possibilities with each other. The facts would support
this, as well; they establish organisations, hold meetings where there is a possibility to make business
connections with each other, to get acquainted with each other. As these initiatives are rather new, utilisation
of business possibilities is just about to develop. Despite of all this, in 2005 sixty percent of the respondents
gave a negative answer, while in their business connections and at hiring new employees they are led by
professional and ethical (fairness) viewpoints; and there are some who have simply negative experiences with
companies calling themselves Christian. (They refer extremely to their Christianity and they want to get
advantages by doing so.) According to one respondent it is not healthy in business that Christianity will be a
standpoint in it. Two businessmen give advantage to Christian companies definitely and five attempt to do so.

Their business, information, and friendly connections with each other can strengthen Christian
businessmen in survival, in deepening their Christian identity, therefore a great responsibility falls on their
organisations. Programmes offered (i.e. the ERME conference, the ordinary meetings), networking with
foreigners thinking similarly (some take part on Gaudium et spes conference), future plans about formation of
Christian business people, about deepening the work of the organisations give possibility to Christian
enterprises and entrepreneurs to grow.

Finally we would like to quote some of their thoughts expressing their desire to live. These sentences
were formulated at the conference mentioned above, when they clarified their relation to the world. Here they
clearly see that their role in the world is to be yeast, light, the salt of the World; to set a good example, to bear
witness; to play a missionary role (“we should make Christianity attractive and understandable for the society”,
“to work and pray for the world so that it becomes more similar to the Kingdom of God”). Many expressed
that one should love and serve the world and to shape it so that it may be able to receive Christian values and
to place human person in the middle. Our initial hypothesis that presumed that Christian entrepreneurs are
“entrepreneurs for something else” can be maintained by the following quotation: “…it must appear in our
deeds that we strive for more than profit, contributing to the common good is also an aspect.”

Our three-fold hypothesis, that there are Christian enterprises in Hungary and the entrepreneurs want
to live their faith and they are entrepreneurs for something else, has been proved based on the fact that
although the majority of our entrepreneurs questioned would not call their company Christian, they can define
the nature and characteristics of the Christian enterprise on the level of a desired model, of the expectations.
This way the model of the Christian enterprise, its place and activity emerges in the economy of Hungary,
even if there are few who trust its spreading in wider range. Quoting their words, “Faith, holding out,
willingness to give and the Providence we rely upon keep us alive.” During our analysis our most important conclusion is that the values of the Church’s social doctrine and the values of Gaudium et spes within that are alive or at least are expressed on the level of efforts in these enterprises, without their knowing them. This can lead us on to further conclusions, that is: arguments for the practicability of CST and its introduction in wider range. This is reinforced by the words of the Holy Father in his apostolic exhortation beginning with the words Ecclesia in Europa: “Because of its intrinsic connection with the dignity of the human person, the Church’s social doctrine is also capable of being appreciated by those who are not members of the community of believers. It is urgent, then, that this doctrine be better known and studied, and that more and more Christians became familiar with it. The new Europe now being built demands this, since it requires individuals formed in these values and disposed to working for the attainment of the common good.” (99)

Thus, the greatest mission at present seems to be the introduction of the CST among these businessmen or thinking in a wider circle in our whole country. We ourselves try to give some help for instance with the regular publication of the Christian economic monthly „Kovász” (Yeast) or with the Hungarian translation and distribution of books like Alford – Naughton Managing as if Faith Mattered (it appeared in Hungary at Christmas 2004). We hope that through deepening the connections with the Christian businessmen, organising the book review of Alford and Naughton, or taking part on the conference on Gaudium et spes we may build a bridge to establish connections between Hungarian and international Christian entrepreneurs and experts, that might help Hungarians in building and living a Christian business life. We may all experience that there is a homogeneous Christian economical or business approach in the world, based on the Church’s Social Teaching and the hope outlined by John Paul II may also be illustrated by the similar messages of the following pair of quotations. The first one comes from a Hungarian EC entrepreneur33, the other can be read in the book of Paolo Pugni34: “The company is a tool in becoming saints” “…work is an instrument and area for man’s sanctification”.

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33 See our interview with EC entrepreneurs on the 5th page.
THE PHILOSOPHY OF CHRISTIAN DEMOCRACY IN GERMANY

The Christian democracy in Germany reflects a political philosophy that has its roots in catholic social teachings and protestant social ethics. It is based on a view of humanity where man is God's creation incorporating dignity, variety, equality and incompleteness, marking notions of freedom, solidarity and justice. This forms the basis for the Christian democracy to unite Christian social, liberal and conservative values.

Founded after the 2nd World War, the Christian Democratic Union (CDU), which had its first National Party Congress in October 1950 in Goslar, uses the Christian view of mankind as guidance for practical day-to-day decisions. These views of humanity combine the belief in freedom of man and the scepticism towards ideological teachings.

The basis for the effectiveness of the CDU is on one hand its Christian view of the world and on the other hand on the principles of Christian ethics and culture. For these reasons materialism and totalitarianism are clearly rejected. The pragmatism of the CDU emphasises humanity, also the responsibility and the irrevocable right of the individual, where the power of the state will find its limits. This philosophy results from the negative experience with national socialist as well as communist, fascist and autocratic collectivism.

The starting point of Christian democratic politics is a free and democratic state based on the law. Only where there is law can justice be served. Christian democrats understand law as part of a comprehensive moral order in society.

The essence of a political movement, as created by the CDU in Germany, transpires in its all encompassing and at the same time, pluralistic structure. In addition, the movement is not class sensitive, but pragmatic and organisationally addressing all sections of society.

The CSU is neither a party of religion nor of Christians, as no believers of other faiths are excluded. As little as one can draw a party manifesto from the Bible, as little can Christianity provide concrete party political actions.

The Christian view of humanity is and remains the essential parameter how the CDU considers the world as a party. The tension between freedom and responsibility shape its views. This creates an obligation to mankind in politics to guarantee a framework where a satisfactory life in freedom is possible.

Individual freedom has however limits in the freedom of others. Therefore a superordinately national framework must be ensured to enable communities to exist through the restricted sphere of individuals.

Such a framework, which has to balance the peculiarities of individuality as well as that of the community, is created through the acknowledgement of both leading criteria of the Christian social teachings: subsidiarity and solidarity.

The principle of subsidiarity – according to the papal encyclical ‘Quadragesima Anno’ from 1931, preserves the protection of a free and responsible life towards the danger of collective assimilation and dominance. The subsidiarity is the prerequisite for a civil society at its best, which supports those in solidarity that cannot master a dignified life on their own, irrespective of age, gender, ethnic and social origin.

A society, which concentrates on subsidiarity and offers solidarity, is a just society. To reach and maintain these two objectives is the dominant aim of the integration politics of the Christian Democratic Union in Germany, especially when the world is challenged with major upheavals and far-reaching changes.

Remark: The author wish to express his thanks to Tina Sommer, ESBA President for translating the paper form German to English.
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- Important for the current political understanding of the CDU with regards to its objectives and tasks as the ‘Party of the Centre’ is the new version of the ‘Grundsatzprogramme – Freiheit und Sicherheit’ according to the Party Congress of 3rd Dec 2007 in Hannover.

Editor Remark: The Christian Democratic Union of Germany (CDU; Christlich Demokratische Union Deutschlands) is the largest political party in Germany. A centre right Christian democratic party, the CDU is a member of the European People's Party (EPP) and the International Democrat Union (IDU).


JESUS DRIVES THE TRADERS FROM THE TEMPLE

Then Jesus went into the temple, threw out everyone who was selling and buying in the temple, and overturned the moneychangers' tables and the chairs of those who sold doves. He told them “It is written My house is to be called a house of prayer, but you are turning it into a hideout for bandit!”

Antonio Zanchi: Jesus drives the traders from the Temple
Collection of The Archabbey of Pannonhalma
© Pannonhalmi Főapátság
ENTREPRENEURSHIP IN THE ISRAELI KIBBUTZ

INTRODUCTION

Entrepreneurs have a significant impact upon local economies by fostering job creation and increasing income at the local level by maintaining an infrastructure which provides access to services and economic and business opportunities (Henderson, 2002). Entrepreneurial behavior of community members increases social and economic stability via local passion and motivation (Cavaye, 2001). Thus, there is no doubt as to the importance of understanding entrepreneurship in community contexts. When people engage in entrepreneurial behavior within the community context, characteristics of the community itself have an impact upon their intentions and motivations. The aim of this paper is to provide an overview summarizing studies on entrepreneurship in the Israeli Kibbutz.

Kibbutzim are traditionally of collectivistic character and can be described as rural. There are about 277 kibbutzim in Israel, most of them located in the geographic periphery of the country. Until the early 1990's kibbutzim can be described as ideological, economic and social entities encompassing all spheres of life of members (Heilbrunn, 2005). A strong egalitarian bias implied that people doing very different types of work received the same income (budget) and nobody was superior to anybody else. But since the kibbutz economy deteriorated into a deep economic crisis (Rosolio, 1994) processes of change were under way. Government policy (Russell, 1996), overspending (Kroll, 1990), leadership inefficiencies (Lanir, 1994; Rosolio, 1994) and negative demographic tendencies (Maron, 1994) are among the reasons for crisis discussed in the literature. Whether decline in ideology and member commitment was cause or result of the crisis remains controversial (Heilbrunn, 2005). There is no controversy as to the fact that following the crisis the kibbutz movement became much more heterogeneous and essentially two different types of kibbutzim emerge: collective and differential ones. The former, although also being exposed to processes of crisis and change, hold on to the main ideological features with income of members still allocated to the kibbutz. The latter type – adopting a more capitalist/materialistic system (Gluck, 1998) - is now characterized by the fact that more than 50% of the family income is allocated to family itself (Richman, 2004). The rate of collective oriented kibbutzim dropped from 95% in 1996, to 38% in 2004 (Getz 2005). In other words while in 1996 nearly all kibbutzim were of the traditional collectivistic nature, only eight years later nearly two third of them changed their ideological outlook and can now be characterized as differential in terms of income allocation. Thus the kibbutz movement underwent a process of tremendous change in a relatively short period of time. It is important though to keep in mind that in kibbutzim of the differential type still a significant percentage of the family income is allocated to the community, thus differentiating these communities from the city (Pavin, 2006).

SCOPE AND CHARACTERISTICS OF KIBBUTZ ENTREPRENEURSHIP

Traditionally kibbutz communities engaged in agriculture and usually every kibbutz had at least one industrial plant. Professional services such as accounting, legal advice and infrastructural planning were provided by the movement or by external agencies. Members received personal services such as education, health, laundry, cosmetics, etc. from the kibbutz itself. Thus, the average kibbutz had children houses, an elementary school, a clinic, a collective kitchen, a small shop and a dining room. From the early 1990ies additional economic activities emerged and in my studies I defined entrepreneurial businesses as all economic
activities initiated by kibbutz members, not located within the traditional economic branches (agriculture and industry) and/or providing services not only to members but also to clients from the surrounding. The following data are based upon a number of studies conducted within a sample of 60 kibbutzim.

Table 1: Descriptive statistics of number of businesses per Kibbutz 1994, 1997 and 2004.

<table>
<thead>
<tr>
<th></th>
<th>1994</th>
<th>1997</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>N (Kibbutzim)</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Mean (Number of Ventures)</td>
<td>4.37</td>
<td>9.03</td>
<td>9.27</td>
</tr>
<tr>
<td>Std Deviation</td>
<td>3.369</td>
<td>5.155</td>
<td>5.358</td>
</tr>
<tr>
<td>Sum of Ventures</td>
<td>262</td>
<td>542</td>
<td>556</td>
</tr>
</tbody>
</table>

The data reveal that there is a significant increase of average business number per kibbutz from 1994 to 1997, and a minor increase of average business number per kibbutz between the years 1997 and 2004. In all years there are kibbutzim with no entrepreneurial businesses, but the maximal number of businesses increases over the years, whereas in 1994 the highest business number is 18, and in 2004 one kibbutz had 35 entrepreneurial businesses. Also note that the total number of ventures in the 60 sample kibbutzim more than doubled in a period of ten years (Heilbrunn, 2005, 2008).

Table 2 presents the distribution of business types in the sample kibbutzim in 2004. Production businesses include innovative agricultural ventures such as ostrich farms, newly established workshops producing popular art, small sewing factories mostly run by female members. Service businesses include many businesses which have been established as an extension of already existing facilities but now also approaching clients from outside the kibbutz who have to pay. Thus for example children from the environment were accepted into the children houses of the kibbutzim, cosmetic studies serve non-member clients, the laundry sells its services, people from outside the kibbutz use the garage for car repair, etc (Samuel & Heilbrunn, 2001). Coffee shops, discothèques and bed & breakfast facilities were opened in order to increase the scope of the economic activities of the kibbutz. Finally, kibbutz members with professional formal education such as psychologists, economic advisors, lawyers, accountants, etc. started small businesses either within the vicinity of the kibbutz or in the immediate environment.

Table 2: Distribution of types of businesses in 2004 (60 sample kibbutzim)

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>120</td>
<td>21.6</td>
</tr>
<tr>
<td>Service</td>
<td>348</td>
<td>62.5</td>
</tr>
<tr>
<td>Professional</td>
<td>88</td>
<td>15.8</td>
</tr>
<tr>
<td>Total</td>
<td>556</td>
<td>100%</td>
</tr>
</tbody>
</table>

The data reveal that most of the newly established businesses are in the service sector, usually based upon existing infrastructure, utilizing local resources. Many of these businesses are managed by women, who usually encounter barriers when trying to enter the non-kibbutz labor market due to age and lack of formal education. Professional businesses comprise the lowest percentage since they require relatively high levels of human capital (Heilbrunn, 2005, 2008).

Figure 1 relates to the level of analysis of the kibbutzim in general and presents the trend of start-ups and closures of ventures in the 60 sample kibbutzim over a period of ten years. Group 1 includes Kibbutzim in which the number of ventures between 1994 and 2004 decreased. These kibbutzim are 40% of the sample. Group 2 includes Kibbutzim in which the number of businesses between 1994 and 2004 remained stable; they encompass 15% of the sample. And finally, group 3 represents 45% of the sample including those Kibbutzim
in which the number of businesses during the same years increased. The data reveal a considerable mobility of start-up and closures.

**Figure 1: Trend of start-up and closure of businesses in the sample kibbutzim**

![Figure 1: Trend of start-up and closure of businesses in the sample kibbutzim](image)

**FACTORS INFLUENCING KIBBUTZ ENTREPRENEURSHIP**

Since kibbutzim vary as to scope and characteristics of entrepreneurship it is important to investigate which factors influence the entrepreneurial profile of each kibbutz?

Following the literature on corporate entrepreneurship organizational resources (Covin & Miles, 1999; Zajac et.al., 1991; Hornsby et.al, 2002), organizational structure (Stevenson and Jarillo, 1990; Barringer & Bluedorn, 1999; Kemelgor, 2002; Sundbo, 1999), organizational culture (Covin & Slevin, 1991; Burgelman & Sayles, 1986; Brazeal, 1993, Hornsby et.al. 1993; Stevenson & Jarillo, 1990; Kuratko et.al, 1990) and institutionalization (Kanter et.al., 1990; Zahra, 1993; Hornsby et.al. 1990, 1993) established the independent variable a study conducted within the same 60 sample kibbutzim in 2008 (Heilbrunn, 2008). The results of the conducted regression model indicated that organizational size, organizational age and the existence of an institutionalization mechanism are factors influencing entrepreneurial profile of the kibbutz positively. Larger and economically stable kibbutzim have a higher entrepreneurial profile. Due to the fact that the kibbutz community acts like an incubator with leverage of resources accomplished via adherence to shared norms, values and goals of its members (Wilkens & Ouchi, 1983), the presence of institutional mechanisms fostering entrepreneurship within the kibbutz, assisting entrepreneurial members during the start-up process increases entrepreneurial undertakings. As a result of these processes life-style rather than high-growth entrepreneurship (Henderson, 2002) emerges which fits the community setting well.

**MOTIVATION OF KIBBUTZ MEMBERS TO LAUNCH A BUSINESS**

In a study conducted in 2007 I investigated the motivation of kibbutz members to launch a business while comparing between collective kibbutzim, differential kibbutzim and the Israeli city (Heilbrunn, forthcoming). Both types of kibbutzim are communities in the classical sense. In terms of Hofstede (1980) collective kibbutzim can be described as low on power distance, very low degree of tolerance for unequal relationships; strong on individual uncertainty avoidance, little acceptance for uncertainty and risk; collectivistic with a large degree of emphasis on group accomplishment and of feminine character, stressing community harmony and relationships. Differential kibbutzim are on the move towards typical capitalistic and individualistic relations coming closer to the Israeli society as a whole, which is high on power distance, weak on uncertainty avoidance, rather individualistic and stressing materialism and wealth.
Segal (2005) review studies dealing with motivation and present two concepts: push and pull (Gilad & Levine, 1986). 'Push factors' drive people into entrepreneurship due to external constraints such as dissatisfaction with the workplace, difficulties to find work, low wages, and lack of flexibility of work hours. 'Pull factors' concern the wish for independence, self-esteem, and seeking for additional opportunities. Ryan and Deci (1999) distinguish between extrinsic and intrinsic motivation, based on different reasons or goals that give rise to action. Intrinsic refers to doing something because it is inherently interesting or enjoyable, and extrinsic motivation refers to doing something because it leads to separable outcome.

Based on a combination of convenient and snow-ball sample, students interviewed 360 entrepreneurs via a questionnaire. The sample includes 88 entrepreneurs living in collective kibbutzim, 107 entrepreneurs in differential kibbutzim and 165 entrepreneurs living in Israeli cities. Motivation was divided in three subgroups: 1. Internal motivation including increase of personal independence, increase personal self-esteem, and need for change (Cronbach's Alpha = .712); 2. External motivation including economic independence, increase income, and realize market opportunities (Cronbach’s alpha = .728); and 3. Kibbutz related motivation (relevant only for group 1 and 2) which includes only the item of 'change in the kibbutz'.

Table 3 shows the result of Anova analysis comparing the external and internal motivation between the three types of institutional environments and comparing the item change in the kibbutz as motivator to establish a business between the two types of kibbutzim.

<table>
<thead>
<tr>
<th></th>
<th>Collective Kibbutz (n = 88)</th>
<th>Differential Kibbutz (n = 105)</th>
<th>City (n = 163)</th>
<th>Anova Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std.Dev.</td>
<td>Mean</td>
<td>Std.Dev.</td>
</tr>
<tr>
<td>External Motivation</td>
<td>2.19</td>
<td>1.40</td>
<td>3.39</td>
<td>1.46</td>
</tr>
<tr>
<td>Internal Motivation</td>
<td>4.11</td>
<td>.73</td>
<td>3.33</td>
<td>1.40</td>
</tr>
<tr>
<td>Change in Kibbutz</td>
<td>1.48</td>
<td>1.52</td>
<td>4.03</td>
<td>1.22</td>
</tr>
</tbody>
</table>

When comparing external and internal motivation between the three environments I found that entrepreneurs in collective kibbutzim rate significantly lower on external motivational items than entrepreneurs in differential kibbutzim and in cities. Entrepreneurs in differential kibbutzim rate significantly lower on internal motivation items than entrepreneurs in collective kibbutzim and in cities. The study shows not only that environments influence entrepreneurial motivations but also points to the importance of analyzing particularities of communities. In the process of transition kibbutz members have to deal with uncertainty and to adapt to new environmental conditions, demanding personal responsibility for providing income for their families, therefore in differential kibbutzim change is the main motivator. During the process of adaptation, people decide to start a business primarily for economic reasons; internal motivational factors are less relevant especially since the environment is "on the move". The very issue of environmental change is the main motivator for entrepreneurship. The fact that entrepreneurs in cities and collective kibbutzim – two very different institutional cultural environments – but both of them stable, rate the same on internal motivations, reinforces the conclusion that in times of change and transition personal aspirations of entrepreneurs play a secondary role versus the need to provide a living. Nevertheless our results show, that entrepreneurs in differential kibbutzim are not exclusively driven by necessity, rather priorities change in adaptation to environmental conditions.

**CONCLUDING REMARKS**

The dramatic increase in scope of entrepreneurship in kibbutzim in a period of 10 years (1994 – 2004) can be explained by external and internal factors influencing the Kibbutz movement during the years in question. The
macro-level socio-economic environment in Israel became constantly more competitive, and at the same time, Kibbutz communities underwent processes of change towards a more individualistic organizational climate. The growing entrepreneurial engagement by members of the community reflects the need of the individual within the community to take responsibility for his/her economic future and also reflects the need of the community to generate variety in order to survive in a changing, competitive environment. In larger and economically stronger kibbutzim entrepreneurship flourishes especially when institutionally embedded mechanisms ("entrepreneurial vehicles") provide an incubator like environment for the start-ups. Kibbutz members are motivated to launch an entrepreneurial undertaking by a combination of external and internal motivations. The ideological orientation of the kibbutz in terms of collectivism and individualism influences the composition of the combination of external and internal motivations of kibbutz members.

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**ISLAM-FRIENDLY ENTREPRENEURSHIP: THE CASE OF IRAN**

**Abstract**

This paper examines the story of how the idea of entrepreneurship is spreading as a concept in Iranian society. We argue that problems associated with the translation of the concept into the Persian language may have contributed to its late introduction to Iran and the current misunderstandings about the concept that are prevalent among Iranians, both among the public and in the government. Our study provides insights into a paradigm shift that is occurring in the way Iranians view entrepreneurship. Once the linguistic misunderstandings are settled, we find that the Persian word “karafarini” presents a new, highly positive, and Islam-friendly conceptualization of entrepreneurship for Iranians that makes it widely acceptable for them.

**Keywords:** Iran, Entrepreneurship Culture, Paradigm Shift, Islam

**INTRODUCTION**

In recent years, we have witnessed the dawn of a new era of awareness about the concept of entrepreneurship in the Islamic Republic of Iran. Iran’s progress towards privatization and the fostering of entrepreneurship does have similarities to what many post-socialist economies in Europe went through in the 1990s, but is also unique in many ways. Iran struggles with many of the barriers to entrepreneurship faced by post-socialist economies such as high inflation, high interest rates, and weak legislation (OECD, 1998). However, the country’s access to oil, its Islamic ideological roots, and – perhaps surprisingly – its language have played an important role in its embrace of entrepreneurship, and thus make it a unique case.

Part of the answer as to why and how entrepreneurship is becoming a much more salient concept in Iran lies in the way Iranians think about it. The new wave of entrepreneurship promotion that Iran is going through now, essentially involves a major re-conceptualization of what entrepreneurship means to the Iranian people. A new choice of wording has enabled a better translation of the concept of entrepreneurship in the Persian language. However, the newly adopted word, “karafarini” has been a double-edged sword. On the one hand, the new word is the flag symbol for a new paradigm, promoting the positive, Islam-friendly sides of entrepreneurship that Iranians have been less familiar with in the past. On the other hand, the semantics of the word have caused linguistic misunderstandings leading to some adverse side effects.

Therefore, understanding the story of how Iran is embracing entrepreneurship requires not only an understanding of its socioeconomic history and status, but also an understanding of the way entrepreneurship is being re-conceptualized in the Persian language. The latter could be understood as taking a memetic perspective, because it views the concept of entrepreneurship as a unit of cultural information, or a meme (Dawkins, 1989) and focuses on the characteristics of this information, in addition to the traditional social

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35 This paper is based on an article that was presented at the International Conference on Entrepreneurship in Langkawi, Malaysia, May 27-28, 2008
science perspective which focuses on the characteristics of the society in which the information is being communicated ("Journal of Memetics," 2008).

There are many studies concerning the socioeconomic history of modern Iran (Bartsch & Bharier, 1971; Katouzian, 1981, 2003; Mahdi, 1980). However, with the exception of Vaghefi (1975) the narrower topic of the history of entrepreneurship in Iran has only recently emerged as a research topic, with most studies concentrating on biographical case studies of specific entrepreneurs (Khosrowshahi, 2004; Saeedi & Shirinkam, 2005). The entrepreneurship research community in Iran is still nascent and their publications are still few and mainly in the Persian language.

Some authors have attempted to touch upon the history of the concept of entrepreneurship in the Persian language (Ahmadpour Daryani, 2001; Khanifar, 2006), but only briefly. In some works the language barrier is ignored and it is only emphasized that “karafarini” is simply the equivalent of “entrepreneurship” (Ahmadpour Daryani, 1999b; Ahmadpour Daryani & Moghimi, 2006), perhaps because an explanation of the problem would drive the text off track and confuse the reader. And while many authors mention the common misunderstandings about the concept due to linguistic barriers (Ahmadpour Daryani, 2001; Saedikya, 2006; Samadaghaei, 1999, 2001), few go farther to analyze the implications of these misconceptions.

This article presents the first attempt to analyze the language barriers that have created misunderstanding about the concept of entrepreneurship in Iran. It also presents the most comprehensive linguistic history of the concept in the Persian language to date. As a result of this analysis, this article identifies an ongoing paradigm shift in the way Iranians think about entrepreneurship.

We have reached our conclusions based on historical data and facts from various sources, a review of the various relevant literature, and also interviews with leading figures in the promotion of the concept of entrepreneurship in Iran. In the next section we review the current situation of entrepreneurship as a concept in Iran and some of the major developments of recent years that have led to its diffusion. Section 3 highlights the language barriers to this diffusion and the important misunderstandings that have accompanied the concept and their adverse effects. In section 4, a comprehensive history of the concept of entrepreneurship in the Persian language is presented, while in section 5 the modern conceptualization is put in socioeconomic context to demonstrate the ongoing paradigm shift.

THE CURRENT ENTREPRENEURSHIP HYPE IN IRAN

Iran's first ever degree program in Entrepreneurship began in 2004 as a Masters program at the University of Tehran. Due to generous support from the Ministry of Labour, the Ministry of Science, and the Tehran Municipality, and the efforts of a team of Iranian scholars, this degree program has now grown into Iran's first Faculty of Entrepreneurship. The media in Iran have also started to embrace Entrepreneurship with national TV and radio stations, as well as newspapers and magazines allocating an increasing amount of attention to this topic.

A wave of increasing awareness about venture creation, start-ups, innovation and entrepreneurship is hitting the country. The government is spending more than ever to promote and encourage these concepts. The number of publications on entrepreneurship is increasing rapidly. Figure 1 shows the number of Persian-language books indexed with the keyword “karafarini” by the National Library and Archives Organization of Iran, organized by year of publication.

The earliest books started to appear in the 1990s, and no books on the subject were published before 1992. The trend in figure 1 is clearly indicative of the entrepreneurship hype in Iran. The number of books published just in 2007, is higher than the total number of books published ever until 2004.
Largely under the pressure of increasing unemployment rates (Deldar, 2008), official government policy started paying attention to entrepreneurship as a possible solution in 2000, via the Third Development Plan (2000-2005). This plan resulted in the allocation of budgets for entrepreneurship research & education, cultural promotion of entrepreneurship, and support institutions such as science and technology parks and incubator facilities in universities. The development plan designated many parts of the government such as the Ministry of Science, Research and Technology, the Ministry of Industries and Mines, etc. that were to be involved in entrepreneurship development efforts (Guilan University Entrepreneurship Center, n.d.-b). The KARAD program which came out of this plan (Guilan University Entrepreneurship Center, n.d.-a), became an important driving force for promoting entrepreneurship in universities, establishing entrepreneurship centers and introducing entrepreneurship courses into undergraduate education.

Ironically, the Ministry of Labour which later took the lead in entrepreneurship promotion and development in the country, was not designated to do so in the Third Plan. The tendency of the Ministry of Labour to take on this role was influenced by the personal initiative of the minister, Mr. Jahromi whose interest in the topic grew through discussion sessions with some of the leading promoters of entrepreneurship who had emerged from the KARAD program. As one interviewee put it eloquently, “it is a country of people rather than structures”. The ministry of labour has been responsible for a considerable amount of financial and non-financial support to the entrepreneurship promotion movement. Most notably, this includes funding and support for the establishment of the Faculty of Entrepreneurship in the University of Tehran. This was a very unusual source of funding for a higher education institute in Iran.

The Fourth Development Plan (2005-2009) continues with the trend and gives even more weight to entrepreneurship development through education, promotion, and direct and indirect support initiatives. In this plan, entrepreneurship rises to a new level of importance in public policy. Another rise is expected in the next plan currently under development. During the fourth plan, the KARAD program (IROST, 2006) gained great impetus.

All great, but why so late? All this hype about entrepreneurship and its importance in Iran begs the question "If it’s so important, why were we not talking and writing about it or teaching it before?" Why have the Iranian people been introduced to the concept of entrepreneurship so late?
Now that awareness is being created there are still obstacles in the way. These barriers include social, cultural, and economic obstacles, as well as linguistic misunderstandings as we point out in the next section.

**LANGUAGE BARRIERS**

The answer to why Iranians have been unfamiliar with the full scope of the concept of entrepreneurship may partly lie in problems of communication, and specifically in language. At least two important language barriers to promoting entrepreneurship in Iran can be identified: (i) establishment of an agreed upon translation, and (ii) clarification of the not-so-good translation. These barriers have contributed to the late contagion hindered understanding of the concept of entrepreneurship as a "meme" throughout Iranian society.

The first barrier was the problem of getting the concept into the Persian language in the first place. The word "entrepreneurship" did not have an agreed upon equivalent in the Persian (Farsi) language that could present an accurate conceptualization. Consequently, related concepts such as "entrepreneurial" or "entrepreneur" had a similar condition. If the word “entrepreneurship” was easier to pronounce and more tangible and observable, it may have been able to enter the Persian language as-is, similar to words such as “Television”, “Radio”, and “Computer”.

A lack of words to use as labels for concepts hinders the formulation of concepts in the mind. As we shall see in the next section, lacking a word for “entrepreneur” resulted in the merging of this concept into a larger concept for which there was a word in the Persian language: Capitalist (Sarmayedar).

Even after the word “karafarini” was relatively established as the best available translation for entrepreneurship, it remained largely unrecognized by the majority of people. A meme could do a lot better if it had a hero, similar to the way global warming had Al Gore as a hero. He is called an "availability entrepreneur" for bringing the concept of global warming into the set of information available to the attention and memory of society (Tierny, 2008). Entrepreneurship as a concept did not have such an availability entrepreneur for Iranian society until Mahmoud Ahmadpour Daryani36 came along. Note that we use the term “availability entrepreneur” in a much more positive sense than Tierny (2008).

Dr. Ahmadpour published his doctoral thesis as a book and it became the first academic textbook on Entrepreneurship in Iran. The book was titled “Entrepreneurship: Definitions, Theories, Models” and was first published in 1999 (Ahmadpour Daryani, 1999b). By 2006, a couple of dozen books directly related to entrepreneurship were available in the Iranian market (see figure 1), many of which included Dr. Ahmadpour’s name as an author. He put great effort into spreading the meme, personally presenting it in a plethora of seminars and workshops. Already being an influential man in the Iranian business community and among Iranian policy makers, made it much easier for him to spread the meme even faster. He was seen as a man who can practice what he preaches.

He was influential in many of the government efforts to promote entrepreneurship, including the KARAD program. He also devoted a lot of resources to starting and maintaining Iran’s first website dedicated to the promotion of Entrepreneurship (previously at www.karafariny.com and currently located at www.karafarini.ir). The website still remains one of the most comprehensive and content-rich Persian sites on the topic.

But perhaps the one characteristic that most facilitated Dr. Ahmadpour’s promotion of entrepreneurship was his religious posture. He presented an image of himself as a successful Muslim businessman. A sort of “live proof” that Islam and entrepreneurship had no conflict (see section 5). Had he lacked this attribute, not only would he not have been able to achieve influence in the Iranian government, but he also would not have been able to persuade the majority of Iranians into embracing the concept of entrepreneurship as Islam-Friendly, and even virtuous.

36 Known in Iran as Dr. Ahmadpour
Dr. Ahmadpour eventually gained widespread attention on the topic of entrepreneurship in Iran and is sometimes referred to as “The Father of Entrepreneurship in Iran”. His efforts helped establish the word “karafarini” and bring about a paradigm shift in the way Iranians think about entrepreneurship.

Unfortunately however, this translation created its own problems. The word “karafarini” translates literally to “Job Creation”. It is a composite of “kar” and “afarini”. The second part “afarini” comes from the word “Afarinesh” meaning creation and the word “kar” is used in the modern Persian language to refer to a variety of concepts such as “Work”, “Job”, and “Labour” and sometimes “Employment”. Since the word “karafarini” is new to most people’s ears, upon encountering it for the first time people naturally rely on the literal interpretation to understand its meaning.

This interpretation has resulted in misconceived perceptions of what Entrepreneurship means. Upon hearing the word “karafarini” for the first time, most Iranians think that it means “Job Creation”. As long as this misconception exists, “karafarini” is deemed to be mainly a task of government and not the individual because people associate this unfamiliar word with the familiar battle of the state with unemployment rates.

This misunderstanding has far reaching negative effects. Take for example the Entrepreneurship Unit or “Vahed-e Karafarini” in a certain faculty at the University of Tehran. This organizational unit consists of one employee who is assigned the task of assisting graduating students in finding jobs in the marketplace. At best, this unit should be called an “Employment Office”. It does not promote, assist, or even understand entrepreneurship, and yet the label is there.

The misunderstandings have had adverse effects at the public policy level as well. It is not only the public who are mistaken, but also many parts of government. Considering what the word “kar” means in Persian, and considering the Ministry of Labour is in fact called the Ministry of “kar” (Vezarat-e kar) in Iran, and considering also the fact that the Ministry of Labour is under so much pressure to decrease the unemployment levels in Iran, it is no surprise that this Ministry is the strongest institutional supporter of entrepreneurship in Iran. The interpretation of “karafarini” as “job creation” and the sheer existence of the word “kar” in “karafarini” make this fit well with the public’s expectation.

Although, the minister himself and the expert personnel of the ministry of labour have demonstrated that they are aware of the correct meaning and full scope of the concept of entrepreneurship, the common misunderstanding still exists throughout the body of the organization. This became highly problematic in the process of executing one of the Ahmadinejad administration’s earliest plans to allocate interest-free loans or cheap credit to small and entrepreneurial businesses with short-term return prospects. In this respect, it was similar to a venture capital fund. Unfortunately however, when the ideas needed to be assessed in order to determine loan allocations, business plans were less analyzed in terms of economic value added, market, and innovation. Instead, the most important criteria for analyzing the competing business plans became the number of jobs the plan promised to create (Anonymous analyst of the Ministry of Labour, personal communication, April 26, 2008). This was heavily influenced by the misguided notion of entrepreneurship as job creation. The plan has driven Iranian banks to allocate US$18 billion so far37 to funding new ventures (Public Relations of the Ministry of Labour and Social Affairs, 2008) but is not recognized as very successful.

All this suggests that perhaps another word would have served better as the translation of the concept of entrepreneurship in Persian. However, it is not easy to compose or select a new Persian word to refer to entrepreneurship. Not just because it is extremely hard to find the right word, but also because the word “karafarini” is not as bad as we have portrayed so far. The word represents a paradigm shift, giving entrepreneurship the kind of legitimacy it needed in Iranian society. To gain a better understanding, we need to look at the history of the word “karafarini”. The history presented in the next section demonstrates that perhaps the prevailing misunderstandings about the concept of entrepreneurship have not been as destructive as one would have thought.

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37 This amount was not from the government budget, but rather it was allocated in the form of loans issued by banks.
FROM GOD TO ENTREPRENEUR

As indicated in figure 1, Persian literature on entrepreneurship has only appeared recently. Since this literature uses the word “karafarin” as the Persian equivalent of the word “entrepreneur”, it is only natural that many of the authors consider the word “karafarin” to be a new word (neologism) in the Persian language (Khalili, 2005; Samadaghaei, 1999; Selvik, 2005). Contrary to common belief however, the word “karafarin” is not itself a new Persian word. In fact, its earliest known usage goes back as far as the 12th century when the famous Iranian poet Nezami Ganjawi used the term in one of his poems in “The Book of Alexander” to refer to God. The theme of the verses leading to this word is about the encouragement of risk taking and emphasizes the point that making a decision and starting an endeavor on the part of man will be accompanied by help from above. Nezami does not call God an entrepreneur but does suggest that God rewards entrepreneurial behavior.

It is notable that the word “kar” encompasses a wide area of meaning in classic Persian literature. It is true that today, interpreting “kar” as job, work, or labour is natural, but in fact these are not even the most common meanings of the word in the classic literature. The various meanings “kar” had in the classic works encompass a wide range including activity, affair, deed, effort, endeavor, action, operation, behavior, and initiative. If the modern usage of the word among ordinary people had retained this scope, “karafarin” might have resembled “entrepreneur” more accurately.

This early appearance of the word in classic literature resulted in it being listed in the most prominent Persian dictionaries and encyclopedias such as Anandraj (Padshah, 1956), Dehkhoda (1998), and Mo’in (2002). In all these three major Persian references “karafarin” is listed as meaning “God” with reference to Nezami’s Poem.

If the word “karafarin” is not new in itself, one could argue, it is at least new in the sense that it was the first word to be used as the direct translation of the word “entrepreneur”. However, we do not have sufficient evidence of this, and there is in fact some evidence to the contrary. It is suggested that the word “karfarma” was first used as the translation of the word “entrepreneur” (Ahmadpour Daryani, 2001). We do not yet know when either of these words was used as such for the first time.

Reza Vaghefi, author of the book “Entrepreneurs of Iran” (Vaghefi, 1975), who was one of the first researchers to investigate Iranian entrepreneurs before the 1979 revolution, recalls that among the public, the entrepreneurs were mostly referred to as “sarmayedar” which means “capitalist” (R. Vaghefi, personal communication, May 1, 2008). This is rather demonstrative of the fact that Iranians did not have a specific conceptualization of “entrepreneur” in mind, and simply merged them into a larger category for which they had a word.

Marxist influences among Iranian intellectuals were a threat to the Pahlavi Regime which was a strong advocate of Capitalism. Therefore, Marxist thought was censured and oppressed by this regime throughout the 1960s and 1970s (Maljoo, 2005). As part of this censure, economists were pressured to use a sort of camouflage terminology for Marxist concepts in their publications. The word “karfarma”, which according to Behdad (1995) was the translation of “entrepreneur” at the time, was used to replace the word “sarmayedar”.

This replacement eventually led to “karfarma” itself being associated with Marxist terminology. The word translates literally to “commander of work” and today, it is recognized mainly as a legal term referring to the side of a contract that pays the other side for products or services, or with some simplification, an employer.

There is, however, something new about the word “karafarin” that is very significant for modern Iran. It is new in the sense that for the first time, it gave a very positive meaning and legitimacy to the concept of entrepreneurship for the Iranian society, promising to solve one of the country’s critical economic problems, and allowing it to fit much better into the Islamic value system. Thus it was able to spread faster and farther as a meme, than ever before.
According to Selvik (2005), the founders of the Industrial Managers’ Association started promoting the word “karafarin” as an alternative to “karfarma” shortly after the revolution because they thought the word “karfarma” had too many negative connotations and evoked class-conflict and workers’ exploitation. “Karafarin” however, was a much more positive word that emphasized development and especially employment in a developing country with very high unemployment rates. Still, the word did not begin to spread into wide usage and major publications did not appear until the 1990s.

The confusion of the Persian language with the word “karafarin” is mirrored in the entries related to this word in English-Persian and Persian-Persian dictionaries and encyclopedias. Hardly any of the modern general purpose reference books provide an accurate definition of “karafarini” as entrepreneurship. Many of them do not even mention the word “karafarin” (Amid, 1995; Behabadi & Alashti, 1994; Haim, 2001; Moshiri, 1992; Rahiminia, 1999) including the popular Aryanpour family of dictionaries (A. Aryanpur Kashani & Aryanpur Kashani, 2000; M. Aryanpur Kashani, 2003) which are the basis of most of today’s online and electronic Persian-English and English-Persian dictionaries. Persian equivalents of the word entrepreneur found in the aforementioned general purpose English-Persian dictionaries translate literally to a variety of concepts such as contractor, founder, merchant, investor, manager, boss, resolver, and employer.

The situation is not better among the Persian-Persian reference books. Few of them include an entry for the word “karafarin” and those that do, often exhibit the same misunderstanding stated earlier. That is, they define “karafarini” as creation of jobs (See for example Anvari, 2002). This seems natural considering the literal translation of the word and the early definitions provided by Anandraj, Dehkhoda, and Mo’in which were extremely influential in later reference books. It seems that even those dictionary publishers who are aware of the modern usage of the term as the translation of “entrepreneur” still feel the need to reconcile this usage with the old and literal meaning.

Some of the leading promoters of entrepreneurship repeatedly point out that the word “arzeshafarini” meaning “value creation” might have been a better translation for entrepreneurship (Ahmadpour Daryani, 2001; Samadaghaei, 2001). This translation did not take off for two reasons: (i) because “karafarin” was already established, and favored by the government and (ii) because the concept of “value” could be confused with religious values (Ahmadpour Daryani, 2001), where in fact, it refers to economic or social value.

Another word to translate entrepreneurship based on the concept of opportunity was suggested by the International Association of Iranian Managers (I-AIM, 2007) last year. The word “forsatvarzi” was their suggestion which translates literally to “exercising opportunity”. This suggestion also didn’t achieve adoption and was not able to replace “karafarin”.

It doesn’t look like the misunderstanding is going away easy, but the leading promoters of entrepreneurship in Iran are working hard at it. Or are they? Almost all of the leading promoters we interviewed confessed that they were completely aware of the prevalent misunderstanding that “karafarin” is “job creation” but purposefully did not point it out or emphasize it, especially to the government. After all, the government, and particularly the ministry of labour, embraced the concept mainly because they were searching for a solution to the country’s unemployment problem. The promoters of entrepreneurship recognized this opportunity and jumped on the bandwagon. They repeatedly point out that if they had not done so, entrepreneurship would very likely still be an unknown concept for the Iranian public. In any case, studies have shown that proper entrepreneurship policy can in fact lead to higher employment rates (Arzeni, 1998), even if that is just one of the aspects.

Fortunately though, today the efforts of the leading promoters and the state have spread the meme so far that there is no longer any need to conceal the misunderstandings. The experts are openly discussing the linguistic problems and misconceptions and the discussion about why “karafarin” is not just “job creation” is often one of the first subjects brought up in entrepreneurship training and educational classes.
Once the linguistic misunderstanding has been settled, it becomes clear that “karafarini” as it is being promoted in Iran today, is a new and very positive conceptualization of entrepreneurship that is completely different from the old notion of “sarmayedar”.

**THE PARADIGM SHIFT TO ISLAM-FRIENDLY ENTREPRENEURSHIP**

A look into the modern history of Iran can provide insights into the difference between the new paradigm of entrepreneurship that is being promoted under the “karafarini” brand, and the traditional view of Iranians regarding this concept. While within the old paradigm, the Iranian society was exposed to the negative sides of capitalism, the new notion of entrepreneurship is being presented to them in an entirely new, much more positive light.

In the years both before and after the Islamic revolution of 1979 the entrepreneurial culture of Iran has been defined with a technology gap between Iran and the west, which has stimulated a habit of importing technology (Foyouzat, 2004) rather than inventing it. A lack of stability and reliable information flows in the market also obstructed the advantages of innovation-based entrepreneurship.

The availability of oil rents in the economy, cultivated an environment in which rent-seeking activity was often more profitable than value creating endeavor (Selvik, 2005). Add to all this, the fact that most of the economy, especially after the revolution, has been controlled, or heavily influenced by the state, leaving little room for the private sector to thrive.

Consider also the socialist-friendly influences of Ali Shariati’s (1933-1977) intellectual doctrines and interpretations of Islam that induced an anti-capitalist public sentiment (Behdad, 1995; Selvik, 2005). For a Muslim public that has witnessed opportunistic individuals get wealthy through rent-seeking behavior, it was very hard to accept values of entrepreneurship as compatible with Islam.

The shift in paradigm began to start after the Iran-Iraq war (1980-1988) when Akbar Hashemi Rafsanjani came to power as the president of Iran. His two consecutive terms in office from 1989 to 1997 is well known in Iran as the construction era (dowrane sazandegi). It was in this time period that people were reminded of the importance of successful businesses for the sustainability of the nation (Selvik, 2005).

As figure 1 shows, it was in this era that the concept of entrepreneurship as “karafarini” began to be introduced to Iranian society. “Karafarini” had to be presented as much more positive, favorable, moral, and Islam-friendly than the traditional notion of capitalism in order to find widespread acceptance in Iran. Therefore, the leading promoters of the concept made efforts to present it as such (Ahmadpour Daryani, 1999a; Khanifar, 2006). Add this to the fact that the literal interpretation of the word promises to solve one of the country’s main socioeconomic problems (i.e. unemployment) and you have a recipe for a contagious meme.

Due to the influence of Islam in Iranian society, the leading promoters of “karafarini” knew that if the meme was to spread, the public had to be confident that there is absolutely no incompatibility between entrepreneurship and Islam. Therefore, they have made considerable effort to show that Islamic teachings hold nothing against entrepreneurship. Khanifar’s (2006) book is entirely devoted to this subject. Khanifar demonstrates that the desire for earthly assets is acknowledged in the Quran and the accumulation of wealth is not prohibited. However, ostentatious and grandiose lifestyles are not favored in many Islamic teachings. Khanifar acknowledges that according to the Quran, wealth does not bring one closer to God but emphasizes the many verses of the Quran in which work and value creating activities are encouraged.

Overall, profit-making and entrepreneurial activity is not by itself condemned in Islam. Rather, it is profit-making without value creating that is frowned upon. While the availability of oil rents has resulted in a public perception of unproductive rent-seeking as the most salient road to riches, the Iranian society is struggling to reestablish the link between profit-making and value-creating, and thus bringing back the legitimacy to entrepreneurship.
The promoters of entrepreneurship in today’s Iran emphasize that entrepreneurs are not opportunistic individuals who get rich at the expense of the poor. Rather, they are hardworking creative people who recognize opportunities to create value, and often put their entire life on the line in order to pursue their dreams. They insist that not only is entrepreneurship compatible with Islam, it is highly encouraged (Khanifar, 2006). Under the brand of “karafarin”, people are being encouraged to become economically active from the bottom-up, in contrast to the old top-down notion of a statist economy. They are also being encouraged to come up with their own creative ideas, and utilize locally developed technology, rather than just importing ideas and technology from the west.

Through this much more socially acceptable conceptualization of entrepreneurship, the meme has been able to penetrate Iranian society in a way it had never accomplished before.

CONCLUSION

Whether it was “sarmayedar” or “karfarma” or “karafarin”, the Persian language has never had a single word that could encompass the full meaning of the word “entrepreneur”. But it has come closer and closer with every try, covering more and more of the positive side of the concept each time. Of course, it is likely that other languages may have had similar problems with entrepreneurship or similar concepts as well.

Although most of the Iranian entrepreneurship academics and writers agree that a significant misunderstanding is prevalent among the public, they are more confident that they themselves are not mistaken about the true meaning of “karafarin” as entrepreneurship. They do disagree with each other on various aspects of the concept, but these disagreements are pretty much similar to the worldwide disagreements and debates among the international experts and do not involve any linguistic misunderstandings.

But a closer look reveals that the word “karafarin” has such a positive meaning, that it is almost impossible (even for the experts) to use it in the Persian language exactly the way “entrepreneur” is used in English. For example the adjective “entrepreneurial” in the English language sometimes has negative connotations, such as when it is used to describe opportunistic behavior or creative ways to do wrong. However, the equivalent adjective in Persian which would be “karafarinaheh”, is far from having negative connotations. In fact, part of the legitimacy that “karafarin” brought to entrepreneurship in Iran was precisely that it set the concept apart from opportunistic rent-seeking. Also, the recent informal expansion of the usage scope of the word “entrepreneur” in the English language (Pozen, 2008) has not yet fully entered the Persian language.

As the promoters of the entrepreneurship meme continue to emphasize that the word “karafarin” is the translation of the word “entrepreneurship”, the usage of the concept in the Persian language may gradually converge to the English usage. As semantic misunderstandings gradually clear away, it becomes evident that the word “karafarin” represents a paradigm shift towards a new and very positive Islam-friendly conceptualization of entrepreneurship that has enabled its success as a contagious meme in Iranian society.

References


Photos and © by Dr. Antal Szabó in Istanbul (Turkey) in 2004
THOUGHTS ABOUT THE BUDDHIST ECONOMY

THE FASCINATION OF THE EAST

According to Buddhism neither the erotism of sensual pleasure, nor the overdid mortification can lead to salvation, but the golden mean of moderate quitclaim about the world. Our aim should be the finding of the golden mean, so we should live our lives without extremity. Buddha thought that getting rid of the negative features (animus and intellectual blindness) could put an end to human suffering, and lead to composure and perfect happiness.

The old Buddhism aims to show people the way to redemption. If somebody dissociates himself from the Bad and acts well, he will sooner or later reach the Nirvana. Most of Buddha’s revelations are remonstrance for moral way of life. Since Buddhism does not know God, giving directions and punishing people for not keeping them, the messages of it are only moral directions which help people to live their lives in a virtuous and ethical way. (Glasenapp, 1987)

We can easily examine the behaviour of an enterprise with the use of Buddha’s message from an economic point of view. The problems in an organization date back to the passion of its elements, since the participants – the owners, employers and employees – themselves generate them. The participants of a business association could ensure its harmonious functioning if the owners could get rid of their wishes for possession, the employers of their intellectual blindness and hierarchic superiority, and the employees of their negative attitude. Buddhist economics have been examining academically the opportunities of realization of corporate welfare for more than 30 years.

THE BASIS OF BUDDHIST ECONOMICS

The theory of Buddhism about the way of living gives the ground for Buddhist economics, set up by Ernst Friedrich Schumacher. It says that the main goal of living is getting rid of human passion. In order to realize it we should minimize our needs by clarifying human nature, and so we could reach the Nirvana.

Buddhist economy is not interested in manifolding the goods, but in the liberation of human beings. The Buddhists reject self-centric consumption. They say people should reach welfare consuming as little as possible. The main values of the doctrine are simplicity and non-violent lifestyle, so they think the optimal rate of consumption is the highest level of human satisfaction while using up the least sum of material needs. A simple way of life can acquit people of stress, caused by press on goods. According to the Buddhists, people should have non-violent lifestyles in order to be in harmony with other people and the nature, too. That is why they advise the modest and deliberate usage of ecological resources. Scarcity is supposed to make people, living a simple way of life, angry or aggressive less often than those, who depend on restricted natural resources. For this fact the Buddhists draw a borderline between renewable and non-renewable natural resources. They try to build their economy on renewable resources, so they allow the use of non-renewable ones only under a continuous control and only in sorely needed cases. (Zsolnai, 2001)

The theory of Buddhist economics tells that working is not a needful bad thing that we have to avoid. It declares that cooperating for common goals can help people get rid of their self-centred point of view. Furthermore, working results in new goods and services for human communities. (Zsolnai, 2001)

THE RELATION OF NATURE AND HUMAN BEINGS

Buddhism does not accept the theory about human superiority over other species. Its motto is: people have to behave warm-heartedly and commiseratingly with natural beings. It says that though there is a huge difference between human and natural beings, people cannot become the arbiter and master of nature. The position in the hierarchy gives people a kind of moral engagement – we have to love and take care of other natural beings of the Earth. (Zsolnai, 2001) Business decisions have influence on the fate of the nature, society,
and the next generation. To keep them alive we have to find a way that is thoughtful of the ecological and ethic barriers of business activities. Business activities among barriers can lead to a safe and enriched world. According to R. Welford we have to get rid of greed on behalf of sustainable development. In *Middle Way Economics* (1994) Venerable P. A. attracts the attention on realizing welfare while not hurting anyone or his environment.

**CONTRARY TO THE WEST**

Western people often think that the only way towards happiness and satisfaction consists of seeking after money and material needs. Buddhism, asserting that the source of destruction is the longing of greedy satisfaction, points at the impracticality of this egocentric view.

As the Buddhist theory tells: the more wishes people can get rid of, the happier they will become. This point of view offers the economy a kind of opportunity to find new funds of functioning, and to moderate the exploitive and destructive effect of business life while focusing on producing basic products and services.

In accordance with the Buddhist economics the most rational way of organizing the business life is the satisfaction of local needs by local resources, because depending both on the import from abroad and the continuous export is uneconomical and very often unrealistic.

In today’s economic life some specialists think that the Buddhist economics can be an alternative for the western discipline. On the West the main tendency is composed of themes like profit-maximization, expansion of longings, extension of markets, or – as a strategy – loving people. In contrast to the West, eastern scientists try to focus on reducing the suffering of sentient beings, simplicity of wishes, non-violence and generosity.

László Zsolnai and Knut Johannessen Ims has published in *Business within Limits – Deep Ecology and Buddhist Economics* that the Buddhist economics aims to transform business life into a more humane and environmental conscious form. Today’s globalization is rearing a very egocentric business model that leads to an ecological and human desolation. Thomas Schelling has created a really acceptable expression for describing western economics – this is “ego-nomics”.

Buddhist economics is not a system, so it can easily and effectively be integrated into every kind of economic environment. It is a rational, ethical and environmental conscious model that leads to happiness, peace and stability. Buddhist economics is sometimes supposed to teach extreme points of view. In fact, it does not criticize the business actors if they benefit from any kinds of business activities unless they are harmful for the others. Harmlessness means having regard for every human and nature being, and respecting all of them. The legitimacy of the discipline in the capitalist Europe depends on change and changing. Instead of waiting for radical changes in the democratic system we should generate them ourselves. If we face this problem carefully and in a sympathetic way, then we can provide for our lives, for the others’ lives, and for our planet, too.

Adherents of Buddhist economics think that the optimal rate of consumption is the highest level of human satisfaction while using up the least sum of material needs. We can easily draw a parallel between the previous sentence and the philosophy of the West (to reach the highest profit as soon as possible, while using up the least sum of resources). But in fact, drawing this parallel we forget about one of the most important motives of the system. The level of human satisfaction is very low in Buddhism, since its main discipline is about a life without longings. So the main difference between the sagacity of the West and the East is the group of the goods, thought to be necessary for living.

It is necessary but hard to integrate the disciplines of Buddhist Economics into the western culture or into the everyday lives of western people. People living in the East live their familiar lives in a calm world full of love, peace and want, so working under these kinds of conditions does not cause any trouble for them. Life in Europe or America differs from it. In these continents, thank to the economic and political situation we can divide the society into two parts. People can belong even to the lower or to the upper social class; it depends on their financial and moral positions. The members of the lower social class face financial barriers every day. Whereas people, living their hedonistic lives under better conditions, face only moral barriers. One of the main reasons for this phenomenon is globalization.

Globalization integrates producing, commerce, finance and communications, while generating social and ecological problems like unemployment, widening gaps among income brackets, and worsening environmental factors. Hundreds million people live on upper level of material well-being, but thousands
million people live in ghettos in poverty. The richest 20 percent of the people living on the Earth earn ninety times more, consume eleven times more energy and meat, and owns forty-nine times more mobile phones and one hundred and forty-five times more cars, than the poorest 20 percent of them. According to some statistics, Americans spend thirty times more on slimming cure, than the full budget of UN on the reduction of famine. (László, 2006)

We are unable to live our lives by the disciplines of Buddhist economics unless ‘money’ looses its centralized role in our lives, and we are able to attend to other human and nature beings. So we cannot make people deny their identity and work among Buddhist circumstances. In my opinion, we cannot solve today’s entrepreneurial, business and economic problems unless the basic views of western people and the surrounding society about life change. We have to learn how to get rid of material goods in order to live in a welfare society.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) has become a central topic in everyday life of enterprises and organizations in the last decade. In 1969, in the 17th session of the Economic and Social Council of UN the ex-Secretary-General, U Thant, appealed to the population of the world. He said: “This is the first time during the history when we face the development of a world-wide crisis, concerning both the developed and developing countries. This is the crisis of human environment. If we keep on our lifestyle, we can be sure that life on the Earth will soon be questionable. So it is time to call the world’s attention to those problems, which can prevent people from living in high-level circumstances.” (UN Conference, 1972) Though UN politicians have been trying to create usable orders for sustainable development since 1972, the situation is still getting worse and worse. In accordance with the thoughts, published in the study of professors László Zsolnai and Knut Johannessen Ims, Buddhist economics transforms business life into a more humane and ecological form. This new form may eliminate the effects of egocentric business model (generated by globalization), and so we could avoid ecological and human desolation.

THE PRACTICE OF BUDDHIST ECONOMY

People have to behave warm-heartedly and commiseratingly with natural beings. The fact that Buddhism does not accept the superiority of human beings over other species can be adapted into the theory of managerial roles. The leader, standing on the top of the hierarchy, must not make the advantages of his position felt among his employees.

Many people think that somebody, standing high in the hierarchic system, adds automatically more value to the end result. In fact this statement is often false in practice. Since employees often think that occupational situations are a kind of game for authority, it can happen that some of them try to lower the importance of the other in order to feel or to increase their own power. If this kind of process becomes conscious at a company, it will sooner or later generate distrust, and the leader will loose his authority. It means that the owners or the managers of the company need to be mentally healthy for being able to manage it well and to present and to live in happiness. (Lőrey – Manohar, 2003)

Business decisions have effect on nature, society and the next generation, so when we make a decision we have to consider the ecological and ethical barriers of the business activity. A bad manager or leader, being interested only in his profit, can be so egocentric that he does not take care of his employees. Being the manager or the leader of a company does not mean a kind of position or status, leading to moneybags. It means an opportunity – we have to be mature and responsible enough to make the best decisions and to determine the goals of the company. These goals are the best fulfilment of the customers’, the employees’ and the organization’s demands.

Of course, it is hard for the owner or the employee of a company to identify himself with the Buddhist disciplines until he faces cost-of-living problems in his everyday life. It is not easy to work only for pleasure, when someone has to support others. So, like in other cases, the most important thing is that we should not hold extreme opinions, but we should aim to find the golden mean. We should keep our longings at an acceptable level, and we should not want luxury goods, mainly if it means destroying our environment, the Earth.
Bibliography


Seven Blunders of the World

The Seven Blunders of the World is a list that Mohandas Karamchand Gandhi gave to his grandson Arun Gandhi, written on a piece of paper, on their final day together, not too long before his assassination. Gandhi said that that these things will destroy us. The seven blunders are:

- Wealth without work
- Pleasure without conscience
- Knowledge without character
- Commerce (business) without morality (ethics)
- Science without humanity
- Worship without sacrifice
- Politics without principle

Source: http://en.wikipedia.org/wiki/Seven_Blunders_of_the_World
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MANAGEMENT FUNDAMENTALS BASED ON  
‘KAUTILYA’S ARTHASHASTRA’

(Radhakrishnan Pillai is a management consultant and corporate trainer. He is an author and has written over 150 articles in various newspapers, journals and other publications. This research Paper is based on studies done on the book Kautilya’s Arthashastra, at Chinmaya International Foundation (CIF) under the guidance of Dr. Gangadharan Nair, dean of Shree Shankara University of Sanskrit, Kalady, Kerala.).

INTRODUCTION

In the current corporate and Management scenario, we find a lack of business ethics. Even though modern corporations have developed a basic framework on ‘Corporate Governance’ it has merely become a piece of yet another document which the Management signs as another process for the functioning of a company. Even some of the top Multinationals have a very well defined Corporate Governance structure. However, the practical application is hardly being noticed. This has become a very serious problem to be considered when Corporations are becoming the prime movers of the society. We need to rework the basic Fundamentals of Management. The current paper is based on ‘Kautilya Arthashastra’ written in 4th B.C. by Kautilya, also called as Vishnugupta, and popularly known as Chankaya. Various Management Gurus have also referred to him as the world’s first Management Guru.

RESEARCH METHODOLOGY

The current paper is based on the critical edition of Kautilya’s Arthashastra by Dr. Kangle (1972) which was taken as the primary source for this study. Other books and translations on the same subject have been used for reference; namely, the works by Dr. Shamashatry, Mysore University, (1908) Ganapati Shastrty (1924) and by Rangarajan (1992). The complete list of books used in this research is given in the reference section.

Apart from the academic interpretation of the subject I felt it was necessary to explore the work’s practical relevance in today’s society, the management world in particular. The aim is to give a basic framework derived from conceptual level to application level. For this purpose during the course of the research I also spent time interacting, learning and sharing his viewpoint with professionals in various fields. I presented my views and papers at two national level conferences, one in the field of Management, and the other in the legal field. Interacted with about 20 Management ‘Guru’ and teachers, 2 CEOs, Met up with 3 Chartered accountants and 2 senior Judges, one of the supreme court and another the High Court of Kerala followed by a a visit to a Law college and meeting with its registrar. I also met up with the Vice Chancellors of two universities of Kerala along with their registrars. I interacted with the Governor of Kerala State, the District collector of Ernakulam and spent some time with a Member of a Legislative assembly (MLA). During one of the conferences I also had a chance to listen to the Chief Minister of Kerala on ‘Effective Governance’. I attended a workshop on ‘Character Analysis’ and conducted a workshop, for a group of youngsters on ‘Creative Thinking’. Finally I gave a lecture for a group of students of an M.B.A programme on ‘Management Principles from the Arthashastra’. On the research front, I also prepared a research paper titled ‘The life of Adi Shankara - a Management Lesson’ which gives an ‘ideal’ of an organizational leader in the context of the Modern Management Gurus.

The prime objective of this course of study to find the ‘Truth’, which Dr Gangadharan Nair, described, should be the solo objective of any research work.
KAUTILYA’S ARTHASHASTRA

We find the roots of Arthashastra in the Rig Veda (Nair, G). The Arthashastra deals primarily with Economics, Politics or Statecraft and Punishments, therefore it is also called as Dandaniti. Arthashastra is a book based on Pure logic, Anveshiki (1.2.1). Most of our ancient Indian books starts with the invocation of a deity before the writing of a book, in most cases, Ganesha, the Lord who removes obstacles and Saraswati, the Goddess of Knowledge. However in this book we find that Kautilya, who is also referred to as Vishnugupta, towards the end of the commentary, begins by invoking Sukracharya and Brihaspati.

“Om Namah Sukrabrihaspatibhyam”
Om, Salutations to Sukra and Brihaspati

There are two important insights we can get from this. The first is that he invokes the two great Acharyas (Gurus) of the Asuras and the Devatas. We find in the Puranas that the Asuras and the Devatas were enemies, hence their Gurus would also would have had different view points. This means that, Kautilya has considered both the different view points of the extremes before reaching any decision. Secondly as we proceed we find that the book is completely based on logical discussions taking into consideration all different view points.

The Arthashastra totally contains 5363 Sutras, 15 books, 150 chapters, and 180 Sections. The 15 Books contained in the Arthashastra can be classified in the following manner: Book 1, as a book on ‘Fundamentals of Management’, Book 2 dealing with ‘Economics’, Books 3, 4 and 5 on ‘Law’, Books 6, 7, 8 describes Foreign Policies. Books 9 to 14 concerns subjects on ‘war’. The 15th book deals with the Methodology and devices used in writing the Arthashastra. However, it also needs to be stated that these are general classifications from the writer’s view point. We can learn of areas covered in one book in other books also. For example, we can learn about the Fundamentals of Management from not only Book 1 but also from Books 2, 8 and 10.

We find that Kautilya describes various specialized sciences in the Arthashastra including Gemology, Ayurveda, Architecture etc. What is really interesting to note is that in this process we come close to the mind of Kautilya who appears before us a ‘master mind’ who could specialize in so many different areas within one single book.

Another interesting revelation is that Kautilya’s Arthashastra is not the first Arthashastra. From a number of quotations and references in later works, we know that there were at least four distinct schools and thirteen individual teachers of Arthashastra before Kautilya (Rangarajan, pg 16). Throughout the book he gives references of these various acharyas which include Bharadvaja, Visalaka, Parasara, Pisuna and Kannapadanta among others. The greatness of Kautilya was that he made the principles contained in his Arthashastra so applicable that probably the previous Arthashastras got lost with passage of time. The very reason that this book has come down to our generation after nearly 2000 years shows us that he had really fine tuned each concepts in detailed manner that it survived the test of time. This shows the farsightedness of Kautilya. He has worked on the psychology of the human mind that never changes with time.

This book was written by Kautilya for his disciple king Chandragupta Maurya. Basically in this research paper we will limit ourselves to the Management aspects given in the Arthashastra.

MANAGEMENT ASPECTS

Book 1, ie ‘Concerning the Topic of Training’, is taken as the Fundamentals and Foundations of the Management aspects contained in the Arthashastra. It has 500 sutras, divided into 21 chapters and 18 sections. As in any Management system, the book starts by defining what areas are going to be covered. Kautilya tells us before hand what is going to be taught in the following chapters. He wants the students to be aware what they are going to learn. This is done by giving a basic structure of the Arthashastra starting with the Enumeration of Sections and Books and also Enumeration of the Sciences (chapters 1 to 4).

The next important aspect concerns is Training. Unlike in today’s Management system of just learning in a Business school, Kautilya starts in his more traditional manner of learning through a Guru-Shisya Paramapara, by learning under knowledgeable and experienced persons. Hence the following chapter, no 5 is titled ‘Association with Elders’. It is very important for us to understand at this point that any knowledge that we need to gather cannot be learnt just by mere theory. It is gained only by careful observations by people.
who are skilled in that science. This is the concept of Mentorship that we observe in today’s corporate scenario.

Kautilya, also commonly known as Chandrayya, has been generally criticized by many people as a very cunning person. Historians have also compared him to Machiavelli, the author of ‘The prince’, which contains methods that could seem adharmic or unrighteous. However this comparison may not be justified, as Kautilya gives a lot of stress on Self Control and proper methods of winning over the enemy. The following chapter 6 titled, ‘Control over the senses’, brings out a totally different aspect of Kautilya which many current interpretations of Kautilya’s Arthashastra generally miss. In this chapter he elaborates in 12 sutras the importance of control over the senses by giving up Kama, Krodha, Lobha, Mana, Mada and Harsha i.e., lust, anger, pride, arrogance and fool-hardiness. He also gives various examples of kings who perished, having over indulged in the senses. Finally in the 12th sutra he concludes by quoting King Jamdagnya and Amarisa who enjoyed the earth for a long time having controlled their senses. Therefore the first teaching of Kautilya is, To conquer the internal enemies before you conquer the external enemies.

This idea is further discussed in the next chapter 7, section 3 covering the topic of a ‘Sage king’. By casting out the group of six enemies he (the king) should acquire control over the senses, cultivate his intellect by association with elders, keep a watchful eye by means of spies, bring about security and well-being by (energetic) activity, maintain the observance of their special duties (by the subjects) by carrying out (his own) duties, acquire discipline by (receiving) instruction in the sciences, attain popularity by association with what is of material advantage and maintain (proper) behavior by (doing) what is beneficial. (1.7.1)

Here we come to note that for Kautilya a ‘Sage King’ is the ideal. He has clearly set in front of us what is expected out of an ideal king by describing him in the very beginning itself. The later chapter goes on to explain all the details in the above sutra.

Among the three Paraskurithas, of Dharma, Artha, and Kama, Kautilya gives top priority to Artha. ‘Material well-being alone is supreme’, says Kautilya, for spiritual good and sensual pleasures depend on material well-being (1.7.6-7). This makes Kautilya different from the other thinkers. He has stressed the foundations of Artha for success in worldly life. Hence, the book is rightly named Arthashastra. This may seem a bit confusing to newcomers, especially with a religious background. Hence Kautilya’s Arthashastra is addressed to rulers in particular and not to the common man. This is not a Dharmashastra but Arthashastra. Moreover the primary responsibility of a king is to maintain the material and physical well being of his subjects. Having a strong material foundation (Artha) will make Kama and Dharma easy to achieve.

Appointment of Amatyas (persons who are close to the king) is the next important aspect of Management (1.8). This is followed by the appointment of the Mantri and Purohit i.e. Councilors and Chaplain. The duties of all three are to advise the king on various matters and be with him through thick and thin. Hence their selection process is very carefully considered. This is followed by Ascertainment of their integrity. The duties, acquire discipline by (receiving) instruction in the sciences, attain popularity by association with what is of material advantage and maintain (proper) behavior by (doing) what is beneficial. (1.7.1)

Kauityla proceeds with the creation of an Intelligence Network as the next Management process. Appointment of persons in Secret service and creation of an establishment of spies is considered in detail in section 7. He suggests that the appointment of persons in the secret service could be of such persons as a sharp pupil, the apostate monk, the seeming householder, the seeming trader, seeming ascetic, secret agent, a bravo, a poison-giver and a begging nun among others (1.11.1) He also lays down the rules for the secret servants in Section 8. These spies and secret agents are then set to keep a watch on the citizens and the country people. They have to keep watch over the seducible and the non-seducible parties in one’s own territory (section 9). These then follows a discussion on how to win over seducible and non seducible parties in the Enemy’s territory (section 10).

Section 11 contains the topic of counsel. A king is advised not to take any decision without the help of consultation. Consultation should be done in secrecy (1.15.3). The affairs of a king are three fold viz, directly perceived, unperceived and inferred (1.15.19). Therefore he should sit in counsel with those who are matured in intellect. “All undertakings should be preceded by consultation. Holding a consultation with only one, he may not be able to reach a decision in difficult matters. With more councilors it is difficult to reach decisions and maintain secrecy” (1.15.2,35,40). Kautilya suggests that a king should despise none, should listen to the opinion of everyone, and should make use of the sensible words of even a child (1.15.22)
Section 12 states the rules for the Envoy; how he should pass on the message to the enemy and protect himself in their territory.

The leader of any organization should be able to maintain high standards while running an organization. “If the king is energetic, his subjects will be equally energetic. If he is slack (and lazy in performing his duties) the subjects will also be lazy, thereby, eat into his wealth. Besides, a lazy king will easily fall into the hands of the enemies. Hence the king should himself always be energetic” (1.19.1-5). Kautilya gives the ‘Time Management’ principles for the king (1.19.7-25). He should be able to maintain an open door policy and attend to affairs of temple deities, hermitages, heretics, Brahmins learned in the Vedas, cattle and holy places, of minors, the aged, sick, the distressed and the helpless and of women (1.19.26-29). Therefore being ever active, the king should carry out the management of material well-being (Artha). The root of material well being is activity, the opposite behavior brings material disaster. In the absence of activity, there is certain destruction of what is obtained and of what is not yet received. By activity reward is obtained, and one also secures abundance of riches (1.19.35-36).

Thus the basic Fundamentals of Management are covered in the first book of Arthashastra titled Vīnayadhikarikam, “Concerning the Topic of Training”.

Having established the foundations for a good king, the Book 2, Adhyakshaprachara, the activity of the heads of Departments, deals with the Economics of a country. Consisting totally of 36 chapters, it deals in detail with many areas covered under the proper functioning of an economy. Some topics explained in detail are - Setting up of Revenue collection, Records, accounts and audit office, Starting of mines and factories, Settlement of the countryside, Construction of Forts, the appointment and the responsibilities of various departmental heads, and the Inspection of Officers. Agriculture, cattle-rearing and trade, constitute the main economic resources. Through them, the king brings under his sway his own party, as well as the party of the enemies, by the use of the treasury and the army. The basic purpose of a good economy is acquisition of things not possessed, the preservation of things possessed, increase of things preserved and bestowal it on a worthy recipient. On it is dependent the orderly maintenance of worldly life (1.4.1-4).

The next three books, Books 3, 4 & 5, deal with various ‘Legal’ aspects in the kingdom. Issues concerning judges, Valid and Invalid Transactions, Filing of Law-suits, Non – payment of debts, Undertaking in Partnerships, etc, is taken into account. The control and suppression of Criminals is also dealt in detail in this part. Detection of criminals through secret agents, keeping a watch over the crime levels, punishments and Investigation is dealt in detail.

Books 6, 7 &8 cover the area of ‘Foreign Policy’. An active foreign policy is required between two countries. Categories of kings like the neighboring king, the middle king, neutral king, ally king and their strategies towards each other is worked on in detail. This section is particularly useful in dealing with the economic market in today’s world when we are dealing with different types of players and the competition it brings.

Finally books 9-14 deal with ‘War’. What is interesting to note is that the Topic of War is the last subject in the Arthashastra. War is always the last option. However, a war in certain cases is unavoidable, hence, preparation and maintenance of the army, the right moves in the battle field and warfare strategies all are essential in the defence of a country, subjects which Kautilya tackles with the extra sensory precision.

Towards the end we find a very astonishing revelation about Kautilya. In Section 176 he deals with the topic ‘Pacification of the conquered territory’. Kautilya gives due respect to the citizens of the conquered territory and treats them with honor. After gaining new territory, he (the king) should cover the enemy’s faults with his own virtues, his virtues with double virtues. He should carry out what is agreeable and beneficial to the subjects by doing his own duty as laid down, granting favours, giving exemptions, making gifts and showing honor. And he should cause the enemy’s seducible party to be favoured as promised; all the more so if they had exerted themselves. For, he who does not keep his promise becomes unworthy of trust for his own and other people, as also he whose behavior is contrary to that of the subjects. Hence he should adopt a similar character, dress, language and behaviour (as the subjects). And he should further show the same devotion in festivals in honor of the deities of the country, festive gatherings and sportive amusements as do his subjects (13.5.3-8). He should cause the honoring of all deities and hermitages, and make grants of land, money and exemptions to men distinguished in learning, speech and piety, order the release of prisoners and render help to the distressed, the helpless and the diseased (13.5.11).

The last book no 15, deals with the methodology used in the ‘Arthashastra’.
CONCLUSION

Kautilya’s Arthashastra is a book of ‘pure’ Logic not taking any religious aspect into account. It deals with the various subjects directly and with razor like sharpness. In the present paper I have tried to bring out the Management aspects as I, have understood them with reference to the current corporate scenario that I have been exposed to. Analyzed carefully, we find that there are many concepts of the Arthashastra which are still applicable in today’s corporate world. This also gave me an opportunity to go into depth and understand the great mind of Kautilya. Kautilya deals with certain principles of Management that are eternal and do not change with time. Over a period of time we realize that Management is not just an academic subject but a ‘mindset’ that is carefully developed by control of the senses, association with elders, proper training and guidance, and an over-all purpose for the higher good of the society. Deeper study of the book will open out new areas unknown to our generation.

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organizational leader in the context of the Modern Management Gurus.

Other Inputs
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GLIMPSES OF HINDU DOMINANCE OF GOAN ECONOMY  
IN THE 17TH CENTURY

An article by Dr. M. N. Pearson (University of Pennsylvania) appeared recently in a periodical issued from Paris. Despite some factual inaccuracies, the work of Dr. Pearson has the merit of having broken new ground. What follows is an attempt to peep into the economic past of Goa during the 17th century and to rectify with the help of recorded evidence a half-truth about the Hindu population having received a very raw deal under the Portuguese colonial rule in India.

A NIGHTMARE OF RELIGIOUS OPPRESSION?

Dr. Pearson contends that the discriminatory legislation of the Portuguese failed to curb the preponderance of the Hindus in Goan economy, but his explanation finds the "sheer numerical dominance of the Hindus" as the chief factor which helped the Hindus withstand the oppressive legislation. Factual evidence leads us to an entirely contrary conclusion, that is, that the Portuguese administration had succeeded in altering statistics and reducing the Hindu community to a minority group by the end of the 17th century. If the Hindus still continued to exercise control over Goan economy, the explanation has to be sought elsewhere, and not in their numerical dominance.

During the first three decades after their conquest of Goa in 1510, the Portuguese maintained a very friendly contact with the native Hindu population. The Portuguese were in need of their cooperation to undo the effects of their Muslim predecessors and to consolidate their own new foothold on the west coast of India. If the Portuguese attitude towards the natives changed thereafter, it was not solely because their dual purpose had been more or less achieved. The change was dictated by some events that had taken place in Europe and had brought about a revolution in Christendom.

As a result of its fight against the Protestant Reformers, the Catholic Church had re-defined its doctrine in the Council of Trent and the Society of Jesus had been established by a Spanish ex-serviceman to help the Catholic Church in the task of self-purification and self-activation. Both these events had their repercussions in the Portuguese overseas empire. The principle cujus regio, illius religio was extended by the Catholic rulers of Portugal to their overseas dominions in India. The instrument of this extension was Francis Xavier, a founder-member of the newly founded Society of Jesus, who arrived in Goa in May 1542. The Crown of Portugal was awakened by the Society of Jesus in the person of Francis Xavier to its duties of Crown patronage, by which it was bound to bring under the spiritual jurisdiction of the Pope all lands which it would discover and dominate in the eastern half of the globe.

Much has been written about the harassment to which the Goan Hindus were subjected by the State and Church authorities of Goa during the second half of the 16th and throughout the 17th centuries. A pile of legislative measures which have been edited and others which still lie in the archives suggest that the Hindus must have been subjected to an unimaginable, nightmarish oppression. However, such a conclusion appears simplistic to one who brings within the purview of his historical inquiry the economic situation of the period in question. A bleak picture of oppression may be: legitimately drawn by a superficial surveyor who only

39 The propagation of this half-truth can be attributed largely to A. K. Priolkar's The Goa Inquisition (Bombay 1961). This and other writings of the -author have been an almost exclusive source of information on the subject for Indian historians who do not read Portuguese.
sees the recorded legislation relating to Hindu females being given rights of inheritance by accepting Christianity, temples being razed, Hindus being forbidden to mix freely with their converted relatives and friends, or Hindu orphan children being whisked off from their homes to be catechised and baptized. The missionary zeal had even reached the limit of ordering that Hindu and Christian public women should live on different streets in order to avoid greater offences against God. This kind of legislation was bound to cripple the most fervent Hindus and reduce their community to insignificance. But did that happen?

CONVERSION-DRIVE AND DEMOGRAPHIC CHANGES

The carrot-and-stick method employed by the Portuguese to promote conversions to Christianity in Goa appears to have had considerable success, though slow and partial. An analysis of the demographic changes in the course of the 17th century is the best witness to the success of the conversion-drive if numbers matter. However, the Hindu remnant had continued to wield the weapon of economic control and succeeded in gradually wearing out the proselytizing zeal of the Portuguese and winning back their lost privileges. The Hindus had effectively convinced the State administrators that their blind execution of Church-influenced laws was foolish and detrimental to the administrative interests of the State.

A rough estimate of the relative strength of the two denominational groups can be obtained from the data we could gather from the State papers and missionary reports preserved in the Historical Archive of Goa and in various European repositories.

According to a census of the Goa town ordered by the viceroy Count of Vidigueira of c. 1623, there were about 60,000 native Christians and nearly 100,000 non-Christians. Only one borough of the town, known as Santa Luzia, had over 15,000 non-Christians. But this same borough had 30,000 non-Christians six years earlier (1617) as reported in the same records. The Jesuit Annual letters give us the population of Salcete taluka in 1624 as 66,221 Christians. The report makes it clear that with the exception of the village of Icunkaly, which still counted nearly 8,000 Hindu inhabitants, the number of Hindus in other Salcete villages was either nil or insignificant. The first more or less reliable census of the Christian population of Bardez was made by Fr Paulo de Trindade in c.1635 on the basis of the baptism registers of the Bardez Churches. Summing up the village-wise totals provided by him, we come to 27,000 as the number of the Christians in Bardez. The proportion of the Hindus was said to be one fourth. A Jesuit missionary report of 1647 describes Salcete as divided into twenty-five parishes, some having little over 5,000 souls, others an average of 4,000 and very few having over 1,500. Our calculations based on a tobacco tax substitute imposed on every household in Bardez and Salcete gives the probable number of the households in those two taluks as 14,500 and 14,300 respectively? According to a Franciscan source, the number of Christians three years later (1667) in Bardez was 46,450 and that of Hindus 7,000. Careri refers to the population of Salcete in 1695 and notes down a round number 50,000 as its population. However, an official record of the same year gives the total number of Hindus in the Portuguese jurisdiction of Goa as little over 20,000 of whom only 198 owned landed property. The total population at this time must have exceeded 150,000 at a conservative estimate, because according to a Church census in 1722, the number of Christians in taluks was about 175,000.

THE ECONOMIC POWER OF THE HINDUS

Unlike the English and the Dutch, the Portuguese did not excel in business skill. The arrival of the Portuguese in India was not the result of an adventure of enterprising merchants, but of a Crown undertaking executed by men who could fight but who understood no business. Affonso de Albuquerque complained, bitterly in a letter to the King that the wealth of India could he lost because the factors and the factory clerks appointed by Lisbon did not understand the trade mechanism and were unable to count straight ten Rials. If in the course of time, individual Portuguese did take to trading privately, it was due to the inability of the


AHU, India, Caixa 31 (14.1.1681)

Remark by the Editor: A , taluka, taluk, tehsil (Urdu: تشیک/تالوک/تالک) is an administrative division...
Government to pay them fair and regular salaries. However, even this growing private trade of Portuguese officials was carried out through native Hindu middle-men. The Portuguese still preferred to hold an administrative job or to serve in the army. Thus, while the Jews controlled the European, and to some extent the overseas, economy of the Portuguese, it fell to the lot of the Hindus to play the same role in India. This control enabled them to withstand and even nullify the effects of the oppressive official legislation against them.  

Almost all of the foreign travel as Linschoten, Pyrard, Mocquet, Mandelso, Della Jacques de Coutre, Careri and Hamilton, who paid long or short visits to Goa during the closing years of the sixteenth or during the whole seventeenth century, make references in their travelogues to the business involvement of the Goan Hindus. Linschoten, for instance, writes: "Heathenish Indians that dwell in Goa are very rich merchants and traffique much, there is one street that is full of shops by these heathenish Indians, that not only sell all kinds of silks, satins, damasks, and curious works of velvet, silk, satin, and much like, brought out of Portugal, which by means of their brokers they buy by the great, and sell them again by the peace or eller, wherein they are very cunning, and naturally subtil." Pyrard also gives a long description of different Hindu groups that controlled the market of Goa and refers to them as large capital holders and as State tax farmers." It may also be noted that the Decanins from Balagate "bringing all victuals and necessities out of the firm land into the town and island of Goa" and "holding customers and rents of the Portingals", as reported by Linschoten, were largely the Hindu Brahmins from the Salcete and Bardez talukas of Goa. This can be verified from the extant records of the administration of Crown revenues in India preserved in the Historical Archives of Goa. It may suffice to note that half a dozen Brahmin families (with the family names of Sinay, Parbu, Pai, Shet, and Gad) were State revenue farmers for generations. Some branches of revenue had become virtual monopolies of some of these families. Thus, for instance, a Sinay family of Kortaly (in Salcete) provided generations of tax-farmers during the 17th century. They controlled food-grain imports, and occasionally farmed the revenues from silk and cotton piece-goods, gold and silver minting rights, or even such valuable contracts as ship repairs in the Goa Shipyard. There are instances of several members of the same family acting as partners or running simultaneously different branches of revenue.

While the Portuguese had no inclination or capital to act as tax-farmers, the native Christians were recruited by and large from the poor, though not necessarily from less noble, classes of the population. In such a situation, the role that the latter two groups could play in the fiscal administration was negligible. It was left to the moneyed and the enterprising Hindus to run the show. In the first decade of the 17th century the total of the State Rendas or non-agricultural revenue amounted to 68,555 xerafins28 per year on average. Of these 62,815 or 91.7% were administered by the Hindus, and the remaining 5,740 or 8.3% by the Christians. The tax-farmers included 14 Hindus and 2 Christians. The highest investment of one single individual was 13,400 xerafins per year 46, and that was of Narsu Naik, the opium revenue farmer. The second in rank was Damu Sinay who had bought the right of collecting cloth revenue for 12,000 xerafins. These are not the highest investments recorded. In 1683, Rangana Sinay was a tobacco tax-farmer, and his investment was of 29,000 xerafins. This latter example goes to prove that the importance of the Hindus as tax-farmers was growing in course of time.

One factor in factor of the Hindu tax-farmers was their contacts with the neighbouring lands. This was not possible nor allowed to the Christians, because it was regarded as harmful to their new faith. Their contacts with their business partners on the mainland made it possible for the Hindus to run profitably whatever business they were involved in. Besides, most of the Hindus running business in Goa or acting as State revenue farmers had their household belongings and capital on the mainland safe against the vagaries of the Portuguese administrators who often exploited all possible sources, particularly the purses of businessmen, le Hindus to risk large investments (much of the money was borrowed on the spot) which is a must for any promising business. "The Portuguese administration faced a constant problem regarding these Hindu revenue-farmers who had a common tendency to cross the borders whenever they feared official action because they

46 Remark by the Editor: xerafines and budgrooks are currencies issued by the East India Company in Bombaz during the 17th century. One xerain was equal to 580 budgrooks. Source: http://rockwithinfo.blogspot.com/2007/05/what-are-budgrooks-and-xeraphines.html
failed to satisfy their terms of contract. It is true that the tax-farmers had to present reliable sureties, but the persons who stood guarantee for them were often their relations and friends, who accompanied them in the exodus. The Portuguese were helpless in such situations, but generally the tax-farmers would return and resume their obligations as nothing had happened.

In course of time Hindu tax-farmers had acquainted such a control over the entire fiscal administration that on more than one occasion the State made attempts to take over the administration of certain branches of revenue but failed miserably either because the Government could not find trained personnel to replace the Hindu administrators or because other tax farmers, who sympathised with their fellow countrymen and did not cooperate with the Government-appointed administrators of revenue, I made their work difficult. Thus, for instance, in the 1630s the viceroy Count of Linhares had to face the grim situation caused by the famine which had affected most of the neighbouring lands as well. The viceroy detected that the Hindu official in charge of importing food-grains was exploiting the situation by cooperating with and protecting the Hindu retail-merchants in order to raise the prices of the food-grains excessively. The viceroy deprived him of his job and entrusted to the Goa Municipality the task of importing food-grains and distributing them to the people at moderate prices (10 budgrooks per measure of rice). This caused an exodus of the Hindu merchants and the Government could make no alternative arrangement for the distribution of food-grain. The restrictions on the Hindu merchants were later withdrawn and the situation returned to normal. Here is another instance of the Portuguese administration succumbing to the pressure tactics of the Hindus: it happened in 1678 when the Public Revenue Department took over the administration of the salt-revenue. The Government-appointed salt-revenue administrator who had no idea whatsoever of the Goa-Balghat trade. The Hindu customs-tax-farmers of Salcete and Bardez refused to supply them any information about the matter. The latter had in their possession lists of people who owned oxen and the number of the oxen involved in the trade. But they stubbornly kept the information to themselves even when the Government directed them to supply that information to the salt-revenue administrators. Not long after, the Government relinquished the administration of salt-revenue and handed it back to the Hindus.

PREFERENTIAL TREATMENT TO HINDUS

The Hindus in Goa were not only tax-farmers and shopkeepers, but they were in every kind of trade and profession. A look at the Goa Municipality records corroborates this fact. These records show to whom the Municipality issued licenses to practice various kinds of professions such as medicine, hair-cutting-cum-surgery, metalwork, etc. We read also in travelers’ and missionary reports that Hindu doctors or pundits were very popular in Goa and the Goa Municipality always employed thirty of them in its service. It is interesting to note that the missionary reports refer to these pundits as bandits, and a clause was inserted in the licenses issued to them by the Municipality forbidding them to use superstitious practices while treating Christian patients or to induce the sick to make votive offerings in Hindu temples. But in spite of such aspersions on their behaviour, we come across references to these pundits being employed in monasteries.

It is also interesting to note that Hindu and Christian artisans were on friendly terms with each other and there does not seem to have been any kind of rivalry or enmity based on religion. The Goa Municipality records present us several instances of Hindu and Christian artisans standing surety for each other. Not only were these artisans free from religious bias, but even the most zealous among the missionaries, the Jesuits, are found to be helping Hindu artisans to obtain licenses from the Municipality with their letters of recommendation. It is also to be noted that while the employment of Hindu artists to produce objects of Christian worship was strictly prohibited by the Provincial Church Councils, yet Religious Orders still preferred them for the decoration of their churches and altars.

Not only missionaries, but even the State authorities held the Hindu artisans in high esteem and did not mind extending preferential treatment to them. Dr. Pearson refers to the privilege of riding in palanquins granted to two Hindu pepper suppliers in 1617. This cannot be treated as an instance of privilege concession, because such permission was granted to almost all the tax-farmers who had to be constantly on the move. Palanquins were the only convenient mode of transport at the time. A better instance of the matter in question was the appointments made by the Public Revenue Council to the cavalry regiment of Salcete in 1683. A Christian was appointed to look after the horses and he was to be paid three xerafins per month for every six horses he took care of. A Hindu blacksmith was also enrolled to nail horse-shoes and fix the harness.
His salary would be one santhome per month plus a daily measure of rice. The only reason given to justify this unequal treatment has "He is a Hindu and must be satisfied." 47

CONCLUSION

As a result of their steady and growing dominance of the Goan economy, the Hindus became more vocal in their protests against the legislation that curbed their religious and social practices. To their protests they added threats of quitting with their households and possessions the Portuguese jurisdiction and settling in Bombay, the new trade centre. Thus, at the close of the 17th century we find the Goa State authorities trying to placate and please the Hindus by showing readiness to relax their former restrictions in matters of religion. 48 Meanwhile, the Inquisition and the missionaries did not allow the Government to soften its stand and they began pressing the Home Government to expel the Hindus definitely from the Portuguese dominions. However, a Royal instruction addressed to the viceroy of India on 1 March 1704 proposed a compromise. It said: "Expulsion of the Hindus will be tantamount to destroying the State, because it is only they who keep our trade going and provide us with all our revenues. However, it will not be right to give them too much freedom and let them have temples within the territories of our jurisdiction". 49 It is true that the xenddi-tax (capitation tax on non-Christians) was introduced in this very year. However, this tax was motivated by the fiscal necessities: of the State, though suggested by the religious zealots who belonged to the advisory council of the Portuguese viceroy in Goa. 50

See also: HINDU ENTREPRENEURSHIP IN GOAN HISTORY
Teotonio R. de Souza
Goa Today, Panjim, Jan. 178, pp. 15,18
http://www.geocities.com/Athens/Forum/1503/hindus_goa.htm

Photos and © by Dr. Antal Szabó near Jaipur in India in 2006

RELIGION AND BUSINESS IN JAPAN

A hypothetical business visitor asks: is there anything I need to know about Japanese religion, is there anything that will get me into trouble, corporate or otherwise, from my ignorance? No. And yet a little consideration of this example will produce important if negative reflections.

Those who have not been to Japan might have been persuaded to believe that the Japanese is a “deeply spiritual” society, and so on, the result of the pervasive influence of the Japanese-image-and-myth industry, reflected in the pictures of quiet monks sweeping temple gardens or reflective kimono ladies in austerely minimal sitting rooms. Don’t get me wrong, this industry is good for the Japanese, but if you believe it naively and uncritically you can, at the very least, waste a lot of time. To see how different things are, consider how seriously you can put a foot wrong if you behave in heretical or idolatrous ways in societies like Israel, Saudi, the US and others.

Let’s bear this hypothesis out in two ways. Religious societies have two kinds of rules, on the surface at least. Those that have not been gifted by divine intervention and those that are derived from the institutionalised internalised conscience. We do or don’t a thing because God says so, or because the voice of God inside ourselves says to or not to. Neither of these things pertains in Japan. You cannot make a gaffe by claiming that Friday is or not a day of rest, that the Virgin Mary was not born immaculate, by eating certain combinations of foods (though the Japanese abhor rice pudding with a passion akin to fanaticism).

Religion in fact has no part to play in Japanese life whatsoever, except that of decoration and the provision of tacit support for ideologies. It does not function within; it has not imposed itself on instinctive patterns that are perceived as natural and right.

One of the reasons for this might be the historical divide between Buddhism and Shinto; Buddhism, the religion with more intellectual content, clearly came from outside, and was associated with the upper and court classes. Shinto less of a religion, more of an animist cult, and left for the common or rural people. All of these are simplifications. It’s an old but nonetheless useful observation that the Japanese are born Shintoist, die Buddhists and are married as Christians. The corollary being that none of them can have any great impact.

All of this is enormous benefit to Japanese society and to the practice of business. It removes at least one source of irrationality, deprives people with an insufficiency of probity of the useful resource of religious prohibition. “I am sorry, mister, but although I would like to pay you, my religion makes it impossible for me.” Although the Japanese too wriggle on occasions, as you can see in the endless chicanery about whale catching.

There have been notable and long-lasting attempts to impose hierarchical religion on the social base. Emperor Hirohito, like all his forebears, was treated as a divinity. Like many other features of Japanese life, this went out when MacArthur came in at the end of the war. But if one regards religion as an attempt to extract a society’s instinctive folkways and elevate them into a hard and fast set of codes with a transcendental backing, mainly for the purpose of social control, then the Japanese have been happily spared. Japanese society is as secular as it is reasonable to be. In a recent government-sponsored poll focusing on dignity and morality, asking respondents where they thought Japanese society was going, what was being lost and gained, almost inexplicably to our minds religion never raised its head. In a specific poll to do with religion, in 2003 over 90% of 1400 respondents said they did not belong to a religious group and 70% said they had no faith at all. On the other hand, about 40 to 50% admitted having a Buddhist altar or Shinto shelf in the house. About forty percent each believe in the existence of unlucky years, unlucky wedding days and unlucky funerals. There must be endless jokes to be made about that. In the 2005 census, there was no box to be ticked for religion. A refreshing change from the country where I live. Not only is there a box, but the census taker pressures you to adopt one of the religions “Catholicism, Islam or Judaism” (sic).

The Japanese have in fact skipped a stage, at least in the present. They do have a set of beliefs and values and convictions derived from the way they live and have to live, but have not bothered to seek much in
the way of ghostly authority for them. And these beliefs need to be known and respected and in a sense discounted as myths good for the Japanese but not much for anyone else.

In brief, the only religion in Japan is: Japan, Japaneseness and the Japanese. At one time this produced outrageous nationalism and xenophobia; at the present it is cosier but not the less all-pervading. There is a Japanese way, and it is backed up by the enormously popular industry of nihonjinron, i.e. the multifarious studies of what makes the above Js unique, special and blessed. In a sense, they could be mistaken for Holy Scriptures, and they are read with a zeal that rivals that of the adepts of the great monotheistic religions. Importantly, they draw upon and they tend to reinforce, re-produce, the great nexus of social controls and adjustments that have created the Japanese society. Sometimes they are a kind of quasi-science that non-Japanese tend to have fits about. For example: the Japanese cannot import non-Japanese rice because the Japanese gut, by adaptation over 3000 (!) years, can only eat Japanese rice. Arbitrary though this might seem, it had a clear relevance to a party that depended on the farm vote with a subsidised rice production. However, it is best to be aware of Japanese sensitivities, and to treat the complex of phenomena that are not a religion and yet draw on the same raw materials as a religion might and have the same effects as a religion, with respect, for it might after all stand you in good stead.

The closest thing to a divine countenance shining upon Japanese society is aestheticised nature. In another poll, 100% of Japanese said that what made Japan great and unique was: the four seasons. The Japanese treat the passage of the seasons – and their own perception of that passage – with awe and wonder. Never mind the multiple ironies involved, this constitutes a belief, ideology and practice that have the effect of palliating the sordid reality of daily life, “getting and spending”. One more poll result. When asked what “three great things” they wanted to see, 100% opted for the three great natural views, which have of course been interpreted and polished in art of all kinds; only 25% chose the three great temples. Is this a substitute for religion? Rather, the reverse might be true.

True religion in the Japanese sense, rather than its aesthetic substitute, consists of a set of practices, feelings, beliefs and inhibitions about how to behave with other people. They believe it is important to have sensitivity for other people’s feelings, to be kind, considerate and courteous – all essentially the same things. A corollary is the obedience that is due to the senior in rank, the senior in age. A practically sacrilegious blunder is to cause your superior to feel a loss of dignity or embarrassment. This might be construed as for example even listening to criticism of your senior (senior in the hierarchy, not, not just some anonymous old person; one is called a sempai, the other is just a rojin). Certainly one has to know these rules and many others that can’t be crammed in the scope of this note. The great thing is that they are what they are, and they don’t pretend to be something much more.

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**Daibutsu, Kita Kamakura**

daibutsu -
his breathing undisturbed
by the visitors

**Hram Tokeiji, Kita Kamakura**

autumn sun
quivers with the echoes
of the temple bell

Haiku and photos provided by Višnja Mc Master ©
ON THE ROLE OF VALUE ORDERS

It is commonplace to say that the economy of any one of the countries is driven by two main factors: 1) the discoveries of natural sciences translated into practical life; 2) people’s daily work and co-operation shaped by the world views accepted in their societies. Fred Hoyle points out that in terms of geography and natural resources Morocco and California have rather similar positions, yet their development is different, because their inhabitants have different thoughts in their minds that shape the course of their decisions. He stresses the most important factor of our environment is the state of our minds.

Because of such development-shaping thoughts, the results of social sciences, unlike those of natural sciences, may not be applicable everywhere. Ruth Benedict says: the reason is that all our life we accommodate to the patterns and standards traditionally handed down in our community. Everyone is programmed, conditioned in this way. Individuals may believe that they have free will, but, in fact, they act according to the ideas they are programmed to act by. That is why most social scientists fail to study societies with pristine eyes. When, in the West, we look at the social problems of our societies, our conditioning prevents us from seeing some of our own odds because we hold them to be natural parts of life everywhere. When we analyze inter-culturally, we first have a look on our society; it is only after that that we look on the non-western societies. The comparison we make is based on our patterns and standards, so we find some of our odds natural, and some of their natural features odd.

If we refer to an unusual set of values, people shall misinterpret our message. In the 1970s, for example, a German-British economist, Ernst F. Schumacher, outlined his view on what dangers the ‘faith in economy’ might imply. His work remained echoless probably because he talked about negative western practices and positive non-western values; his readers knew nothing of the latter. Schumacher must have forgot that his readers would 1) understand “practice” according to what their values let them accept as “practice” and 2) reject any theory outside their values. As scholars must comply with that, they inform us of their skin-deep results. For example: “Moral, much talked-of on Sundays, seems to evaporate on workdays”. They would not add: “That is because we believe in a God separated from us; we think He is somewhere up there, while we are down here. Therefore we give Sundays to God, and are content in the thought that this is as much as we can afford; we excuse ourselves by saying that we have to make a living on workdays.” Would it not be politically incorrect to compare these ideas to those that non-westerners follow while making their living, one could reveal some deep sociological currents.

Certain people refuse to admit even the existence of such a problem. Others refuse the suggestion that they should learn of non-western sets of values. They feel it comfortable to apply our present set of values; they prefer that to learning something new. That is not a new phenomenon. The late Anthony de Mello, a well known Christian preacher of India, saw slim chances of most people getting rid of the conditioned characters of their minds. “Jesus proclaimed the good news yet he was rejected. Not because it was good, but because it was new. We hate the new... We do not want new things, particularly when... they involve change.” Calling for a change in value orders is dangerous. After giving The Tao Teh King in writing, Lao-tse was careful to leave before others could get round to reading it. The Buddha would not talk of his discoveries to ordinary men; he walked hundreds of miles to meet those five people who were but one step away from opening their eyes. Jesus took more risk: he proclaimed the good news to mixed audiences, some members of which condemned him to death later. Mohamed also talked of values that were unusual to all around him; some of whom almost put him on the sword.

Granted is that the course of globalization shall bring peoples of different sets of values in conflict with one another. If a gentleman dances swing, and his lady partner dances tango, then – whatever gentle they are – they will soon mutually step on their partner. Therefore we must learn about the value orders of others. That may be a tiresome business to those who are obsessed with the idea of “saving time”. No “Ten Famous Novels on 50 Pages” and the like shall be rewarding. After two decades of relevant studies, I must say that one may only get faint ideas of the problem no sooner than completing, say, a 30 hour series of lectures on this particular field. One may not find a new path before leaving the old one. Then he can decide on which one to walk.
The Aljazeera Centre for Studies held its second International Forum on:

**SCIENCE, CULTURES AND THE FUTURE OF HUMANITY:**
**COULD SCIENCE, SPIRITUALITY AND ACTION RE-SHAPE THE WORLD?**

in Doha, Qatar, from 30 May to 1 June 2008.

The Forum was co-organized by the Interdisciplinary University of Paris, and in partnership with the “Science and Religion in Islam” Research Group.

The Forum concluded with the drafting of the following Declaration:

**DOHA DECLARATION**

**Considering** that modernity has been marked by a deep division between two "cultures": on the one hand, the vision of the world which our cultural and religious heritage gives to us and, on the other hand, the world picture offered by modern science and technology;

**Concerned** that scientists sometimes manifest imperialistic dreams, pretending that scientific knowledge is the only kind of knowledge; and concerned that religious fundamentalists sometimes fall into rigid dogmatism, excluding all forms of rational or scientific thought as incompatible with religious faith;

**Considering** that the last few decades have witnessed significant confusion and misunderstanding of the roles that science and religion are supposed to play and the places they must occupy in society, and that verses from the sacred scriptures are sometimes turned into equations;

**Alarmed by** the frequent and widespread confusion today between the results of science and philosophical interpretations of science; by the tendency for scientism to masquerade as real science; and by the treatment of religious beliefs as if they were scientific theories;

**We, the participants in the Forum “Science, Cultures and the Future of Humanity”** adopt and solemnly proclaim the present Declaration:

1- We agree that the so-called "warfare between science and religion" is unnecessary and destructive—to religion, to science, and to the future of our species and our planet. It has become possible in our day to
formulate a unified vision which takes into account the best of science and the best of the religious traditions, without confusing the two.

2- We call for worldwide attention in the 21st century to the need to work towards change on a very fundamental level – a change in the ways of thinking, believing, and knowing that have dominated the modern period. It is possible in this century to bridge the gap between the cultures of science and religion. Succeeding in this task will require greater openness to contributions from all fields of knowledge, including science, philosophy, the arts, etc.

3- We reject the view that all human knowledge is scientific knowledge. Scientific results cannot directly prove the existence of God any more than they can falsify God's existence. Conversely, religious beliefs are not the same as scientific theories, nor are scientists in the position to make final pronouncements on religious matters. We encourage an interdisciplinary approach to the discussion of science, culture, and religion. Yet this discussion must be conducted with discipline and intellectual rigor by people with the requisite expertise.

4- All human words and interpretations fall short of the perfect truth, which is divine. This is one of the reasons why it is important to have recourse to a multiplicity of languages and approaches – yet always in the spirit of dialogue and with the goal of increasing our knowledge of each other.

5- Finally, we call for deeper forms of reflection on the relationship between science and religion. In this search we are inspired by the great philosophical traditions, and we profit from the experiences of many different peoples, cultures, and civilizations in our quest to achieve a more open and diverse world.

Science, cultures and the Future of Humanity
Doha, Qatar, 1 June 2008

Photos and © by Mária Magdolna Szabó in Doha (Qatar) in 2008
EUROPEAN CHRISTIAN-MUSLIM CONFERENCE
Brussels-Malines/Mechelen, 20 – 23 October 2008

Being a Citizen of Europe and a Person of Faith
Christians and Muslims as Active Partners in European Societies

Subject and Objectives of the Conference

How people of different faiths and cultural traditions can live together peacefully in European societies is currently one of the most urgent and debated topics. Religions contribute in a very substantial way to the main convictions and values of people and shape their behaviour and everyday existence, their hopes and visions of a better life. There are also a number of tensions and conflicts between people of different cultures and traditions which cannot be denied or neglected. The Constitutions of the European countries and the human rights Conventions they have chosen to adopt guarantee everyone’s freedom to profess and practise, alone or with others, their own religious convictions and cultural traditions. But plurality must also be based on tolerance and mutual acceptance in the minds of all people living in these countries.

What does being a citizen of Europe and a person of faith mean? This conference will focus on the question of how Christians and Muslims can be active partners in European societies, and how both religions can overcome the tensions and conflicts of the past – and of the present – and develop a solid basis of mutual trust and cooperation. Are religions ‘trouble-maker’ in modern societies or advocates and partners in a political process towards a more peaceful, just and participatory world?

The following issues will be discussed during the conference from different perspectives:
- What is the role of religions in a secular society? What is their role in the public sphere in different parts of Europe?
- How are religions institutionalised? Is an organisational structure the precondition to act as a responsible partner in civil society? How can a balance be found between an agreed basis of a religious group and the liberty to individual practise of faith?
- How do Christians and Muslims see each other? How are they seen by non-believers? How can mutual respect and understanding be promoted through education?
- How can we deal with extremism and fundamentalism in our communities?

The following objectives are aimed for in discussing these issues:
- As Christians and Muslims, we wish to contribute to the development of a dynamic European identity by promoting religious attitudes and convictions which are based on mutual tolerance of convictions as well as the acceptance of cultural plurality.
- As Muslims and Christians, we wish to take action for the benefit of human dignity, the integrity of creation, peace and justice.
- As Christians and Muslims, we wish to develop a clear awareness in our communities of our common humanity and our moral responsibilities which make us aware that we are sisters and brothers despite our different religious and social positions.
- As Muslims and Christians, we strive to develop peaceful co-habitation and reject all forms of religious grounds for violence.

These objectives have been already underlined by a European Christian-Muslim conference held by the previous CCEE and CEC Committee on *Islam in Europe* together with Muslim partners, exactly just on the crucial date of 11\textsuperscript{th} September 2001. These commitments are a continuing challenge for deepening and enhancing Christian-Muslim cooperation in Europe.

The present Committee for Relations with Muslims in Europe (CRME), set up by the Council of European Bishops’ Conferences (CCEE) and Conference of European Churches (CEC) wishes to continue building up cooperation with Muslim congregations, organisations and partners in Europe. The conference to take place in October 2008 in Malines/Brussels is to be prepared in cooperation between Christian and Muslim representatives from all over Europe, and aims at setting an example of how Muslims and Christians can be active partners of civil societies all over Europe.

Furthermore this conference will substantially contribute to the *European Year of Intercultural Dialogue 2008* which was proclaimed by the Commission of the European Union and is actively supported by the European Parliament in Strasbourg and Brussels. Both European institutions encourage politicians, institutions and organisations of civil society to contribute actively to this event. There is also a connection to the *White Paper on intercultural dialogue* of the Council of Europe.

The outcomes of the conference being planned for 2008 will be presented not only to the parent bodies of the Committee for Relations with Muslims in Europe (CRME) and the European institutions – principally those dealing with the *European Year of Intercultural Dialogue 2008* – but also published in a suitable format.
INSITUTIONAL PROFILE

The Center for Catholic Studies is dedicated to the integration of faith and reason in every facet of life.

File: http://www.stthomas.edu/cathstudies/default.html

Our programs and services create an environment where students, alumni and others can engage their faith within contemporary culture and grow both intellectually and spiritually.

Undergraduate Program in Catholic Studies
Graduate Program in Catholic Studies
John A. Ryan Institute for Catholic Social Thought
Terrence J. Murphy Institute for Catholic Thought, Law and Public Policy

The Center for Catholic Studies was established in 1996 to coordinate programs to enhance the Catholic mission and identity of the University of St. Thomas. The University of St. Thomas was founded in 1885. It is a Catholic, diocesan university based in the Twin Cities of St. Paul and Minneapolis. The largest private university in Minnesota, St. Thomas offers bachelor’s degrees in over 85 major fields of study and more than 45 graduate degree programs including master's, education specialist, juris doctor and doctorates. It address is: University of St. Thomas · Minnesota, 2115 Summit Avenue · Saint Paul, Minnesota 55105 · USA 1-651-962-5000 ·

However, Catholic Studies actually became a reality a few years prior to that with the creation of an interdisciplinary undergraduate degree program in 1993. The program was designed to engage students and faculty interested in a study of the Catholic intellectual tradition as a whole and how it shapes our understanding of politics, psychology, history, science, literature, theology and other aspects of contemporary culture.

The program was the first of its kind in the nation and continues to be a leader in Catholic education. Today, the program offers an undergraduate major and minor, a master’s degree, a joint-degree with the School of Law and a study-abroad program in Rome.
Throughout the years, the center has grown to include several institutes which address issues important to faculty members and the general public. It houses the John A. Ryan Institute for Catholic Social Thought as well as the Terrence J. Murphy Institute for Catholic Thought, Law and Public Policy. In addition, the center has published the quarterly journal, Logos: A Journal of Catholic Thought and Culture, since 1997.

With each component of the center, we strive to accomplish the challenge put forth by Pope John Paul II in Ex Corde Ecclesiae: to "discover how the strength of the Gospel can penetrate and regenerate the mentalities and dominant values that inspire individual cultures, as well as the opinions and mental attitudes that are derived from it."

Mission Statement

The Master of Arts degree in Catholic Studies is an advanced course of study that provides a comprehensive, interdisciplinary understanding of Catholicism and of the Catholic intellectual tradition. The program explores the truth, beauty, and vitality of Catholicism as it has permeated disciplines and cultures throughout time.

Undergirded by courses in theology, philosophy, and history, the program explores Catholicism's contributions to world literature, art, music, architecture, law, political systems, and the social and natural sciences. It encourages critical reflection and debate on contemporary and cross-cultural issues related to Catholicism, and it promotes the dialogue between faith and reason that leads to a higher synthesis of knowledge.

Students have the opportunity to design a unique course of study that meets their educational and personal goals. The program welcomes students of any faith background.

Photos and © by Dr. Antal Szabó in the Vatican
Emanuel University of Oradea is a prominent evangelical Christian university of Europe committed to train and develop the next generation of pastors, missionaries, community leaders, business people, teachers, social workers, and musicians in order to fulfill the Great Commission of Jesus Christ.

It is strategically located at the crossroads between Europe, Asia and Middle East in the northwest corner of Romania. This ideal location enables the university to attract students from many nations, and have over 1300 graduates serving around the world. The desire of Emanuel University of Oradea is to prepare students in becoming experts in the chosen domain and through their qualification, character and behavior, to integrate the Christian world outlook in their future work places.

Griffiths Management School has the goal to prepare the students in facing the daily economical issues, by teaching them to diagnose the potential risks and finding the optimal solutions. In the given conditions of Romanian society, which experiences a major change, from a State-owned economy to a free-market economy, the „pretences” of contemporary economic world claim for firm, moral and upstanding managerial concepts in order to discern the true professional and administrative values.

The Executive Masters in Entrepreneurial Management program, as a following step for a licentiate in Organizations Management, regards the development of knowledge, analytical abilities and critical approaches of contemporary economy. This program was conceived in collaboration with international specialized personnel of foreign universities. The range of the studies covers, besides the main field of study, complementary courses from connected areas, but very necessary in shaping the capacity to manage economic and social activities in a free-market economy and this will provide for a qualitative academic development and a guaranteed ascension on professional status in order to achieve the standards of the day.

Prepared by Ioan Fotea
Aims and Objectives of the Institute

The IFE has been implemented in 2005 at the Economy and Law Department (Fachbereich 3) of Fachhochschule Frankfurt am Main because an increasing and urgent need for support of start-ups could be felt at that time. However, the Institute has been based on a wide range of activities and experience with start-up development from the very first project “Frankfurter Modell” in 1998 on.

The main issues of the institute are:
- doing research concerning business creation, development, and expansion
- providing academic education and practice-related training for young entrepreneurs and students who intend to make up their own business
- giving consultancy for start-ups
- developing concepts of culturally sensitive consultancy for start-ups founded by migrants
- supporting cooperation and networking of start-ups with existing companies
- developing the cooperation of founders from abroad with their home countries (Turkey, Maroc, China, etc.) and thereby opening new markets.

Moreover, the IFE operates a small incubator with 4 to 5 places for students and alumni who are in the process of establishing their enterprises in the field of information technology, multimedia, logistics or health management.

The Directory of the Institute has six members from the teaching staff: Prof. Dr. Hans-Jürgen Weissbach (managing director), Prof. Dr. Martina Voigt, Prof. Dr. Tino Michalski, Prof. Dr. Wolfgang Hossenfelder, Prof. Dr. Hilko J. Meyer (Dean).

Working together with other departments, the IFE has coordinating and integrative functions for start-up education and training at Fachhochschule Frankfurt. The IFE is financially supported by the Economy and Law Department. In the following, we are giving a list of recent activities of the IFE.

Projects finished
- Project „Competency Development fo Start-Ups“ (Federal Ministry of Research, ended in 2005)
- Participation in SOCRATES Grundtvig Project „Diversity & Gender Experts for Europe“ (2007)
- Participation in EXIST II Program (Federal Ministry of Research, ended in 2007)
- German-Turkish Enterprise Day (November 2007)

Regular teaching activities
- Seminar “Entrepreneurship” in Business Administration
- Strategy Seminaries (eligible)
- Supervision of Diploma Theses

Incubation activities
- 12 start-ups, 11 of them have been successful
- average time of incubation: 18 months

Working plan
- Participation in LEONARDO Moduc Project „European Entrepreneurship Education“ (started in July 2007)
- Preparation of an MBA Program in Business Development (aiming as well at Corporate customers, SME, Start-ups, and Non-Profit Organizations)
- Maroc-German Enterprise day (2009)

Cooperation
- BEST-EXCELLENCE Project of Frankfurter Allgemeine Zeitung – F.A.Z Institute

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Publications

Speeches
Weissbach, H.-J.: Why do we need culturally sensitive consultancy for start-ups?
DiGe_E-Konferenz, Kaunas, Lithuania, 15.6.2007
What is ÉrMe Club?

ÉrMe (Érték Megőrző — i.e. Safeguarding Values) Club was founded in January 2000 by six Hungarian entrepreneurs and businessmen with the declared purpose of establishing a discussion forum for businessmen and entrepreneurs that endeavour to operate businesses in correspondence with Christian values and with a strong commitment to the nation.

In 2004 the Club events were attended on a regular basis by over a hundred entrepreneurs and businessmen that all strive as much as reasonably possible not to give profitability exclusive considerations in making business decisions.

As a result of the numerous presentations, self-awareness and self-development training courses, group discussions and the two-day conference held in January 2005 under the auspices of the Club the members of the Club share the conviction today that Christian and national values are not in contradiction with business success and efficiency. On the contrary, it rather appears that moral lessons of Christianity and other world religions and the traditional set of values strengthen businessmen and entrepreneurs in their efforts to work under often puzzling conditions in business life. At the same time it is of no doubt that such benefit to business is not measurable directly by an increase in profits and the way it is used but manifests itself in a number of other business aspects difficult to measure. However, they clearly contribute to the long term viability and growth of business.

In Hungary this sort of value-based business philosophy has not been widely adopted yet which can be most probably attributed to economic and social factors alike. When looking at small and medium size enterprises in the most developed countries of the European Union some improvements in this respect can be experienced, though. In fact, such adjectives like reliable, trustworthy, honest, fair, benevolent, etc. that are obviously not intrinsic values of Christian moral and national commitment exclusively seem to have earned ever greater respect in business life in Hungary recently.

In the future ÉrMe Club continues to be firmly committed to facilitate permanent dialogue among businessmen and entrepreneurs that beyond generating profit take various other aspects irrespective of their general human, collective, national, environmental, social or religious nature into consideration when doing business.

Zoltán Salzmann
Founding Manager and Co-ordinator of ÉrMe Club

For further information on ÉrMe Club contact:
E-mail: hidveroe@salzmannandpartners.hu
CALLS – EVENTS – NEWS

The Commission is organising the first European SME week in May 2009 to inform SMEs about available support at EU and national level and to encourage more people to become entrepreneurs. The SME week will be a European umbrella campaign for activities that take place throughout Europe.

The SME week will run from 6 to 14 May 2009. It will be launched in Brussels on 6 May but the vast majority of events during the week will take place across Europe in the Member States. The closing event will be organised together with the Czech Presidency on 13 and 14 May 2009. This event will include the European Enterprise Awards ceremony.

We are calling for business organisations and all interested parties at national, regional and local level to organise events during the SME week. The SME week is an opportunity to promote the support that your organisation can provide to SMEs and potential entrepreneurs.

To organise an event as part of the SME week, please fill in the event form below and send your proposal to the national coordinators for your country.

By signing the event form and agreeing to the objectives of the SME week, the event organisers will receive a toolbox with branding and communication material. This material will be available in the 4th quarter of 2008.

Matsuyama castle

whose canvas
the castle camellias
in the island’s sky?
singing,
the reds upon the tiles
of temple roofs
seasons merge slowly -
a butterfly in passing
turns the switch

Haiku and photos provided by Višnja Mc Master ©
INTERNATIONAL SCIENTIFIC CONFERENCE ON
ENTREPRENEURSHIP AND GROWTH OF FAMILY FIRMS

June 4-5, 2009
Cracow, Poland (CUE campus)

Organizers:
Department of European Studies and Department of Entrepreneurship and Innovation
Cracow University of Economics

Conference Idea:
Entrepreneurship is a necessary condition for economic growth and development. Modern states converge in treating entrepreneurship as a key economic resource. But entrepreneurship is especially important in the period of structural change and changing global division of labour. Enterprises often start from an entrepreneurial idea of an individual, but then continue as family businesses. Hence, the conference links these two issues.

Cracow University of Economics has designed the conference as a meeting point to discuss past, present and future tendencies with regard to entrepreneurship and family firms as well as to share ideas on modern entrepreneurship and family firms research.

Conference Topics:
• The idea and determinants of entrepreneurship in modern economies.
• The relations between entrepreneurship and family firms
• The advantages and disadvantages of family as a vehicle for entrepreneurship.
• The impact of family entrepreneurs on local development: spatial dimension of entrepreneurship.
• Challenges of family firms’ succession.
• Various research approaches to study family firms’ development and growth.
• Public policy instrument to promote the growth of entrepreneurship.

Call for Papers:
Submissions are invited. Abstracts and CVs should be sent to Krzysztof.Wach@uek.krakow.pl before November 15, 2008. Papers will be subject to a review process. Accepted papers need to be submitted in full by April 15, 2009. Accepted papers will also be considered for inclusion in an edited book. Additionally all the papers will be published as conference proceedings in an electronic version.

Fee:
There is no conference fee. The participants are to cover accommodation and travel expenses on their own.

Contact:
Prof. Aleksander Surdej, e-mail: Aleksander.Surdej@uek.krakow.pl
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Tel.: +48 12 293 7457, +48 12 293 5327

Conference Website: http://www.conference.uek.krakow.pl
MANAGING AS IF FAITH MATTERED

Christian Social Principles in the Modern Organization

by Helen J. Alford, O.P. and Michael Naughton

Challenging the often-practiced double standard of private and public moralities, Managing as if Faith Mattered bridges what is for some managers and employees a fault line between their work and their faith. Recovering a rich social tradition found within Christianity, they connect the well-developed and developing ideas of the common good, virtue, and social principles with concrete management issues such as job design, just wages, corporate ownership structures, marketing communication and product development. As Bob Wahlstedt, former CEO of Reell Precision Manufacturing states in the Foreword to the book, “Michael and Helen combine the results of their theological inquiry with the experience of practitioners to make a compelling case for the integration of spiritual principles, values and insights with management theory.” This book will challenge both those who think that the Christian tradition has nothing to say to modern business and those who think that nothing more than a personal living-out of their faith in the work situation is needed.

This book is in three parts. The first part, and in many respects the most difficult, concerns establishing the engagement between the Christian social tradition and management. Chapter 1 begins by setting the discussion of Christian social thought and management with the existential problem so many of us face in our work: the context of a divided life, and suggests ways that Christian thinkers and managers have used to overcome this division. In Chapter 2, we provide a critique of the two dominant accounts of organizational purpose, the shareholder and stakeholder theories of the firm, from the perspective of the common good. Next, in Chapter 3, we examine the re-emergence of virtue as a theme in organizational literature, and consider the virtues needed in business in the light of the Christian moral tradition. Throughout this section, the discussion revolves around the two fundamentals of the Christian social tradition that provide the basis for an engagement with the management disciplines: the nature, value and development in virtue of the human person, and the promotion of the common good. Lacking members who practice personal virtue, organizations fail to flourish in a fully human way; apart from a deliberate, common pursuit of the good, the human person at work is unable to pursue more than a “divided life,” where the implications of faith cannot be lived out at work.

The second part of the book makes the engagement of Christian social thought and management by examining specific, concrete management issues. Chapters 4-7 are devoted to the skills—broadly defined— which are the prerequisites for operationalizing a vision of the common good in today’s business organization. In this section, therefore, we relate the pursuit of the common good to four critical management functions, and we attend to specific issues within each function’s purview. In Chapter 4, we inquire into the reasons operations/production management has paid so little attention to designing jobs that help people to grow and discuss possible ways of redirecting job design to be more consonant with the Christian tradition. In Chapter 5, we explore the tendency of human resources management to instrumentalize human relations when determining employees’ pay and of ways to place strategic concerns in a wider perspective, in light of the Christian tradition. In Chapter 6, we examine the role of finance, its failure to promote the distribution of capital ownership, and possible alternative mechanisms for promoting such distribution. In Chapter 7, we discuss different philosophies of marketing and marketing practices within this function, providing a critique of some approaches and a positive evaluation of others.

In part three, we explore what is necessary to sustain the engagement. This part of the book serves as what G.K. Chesterton might have called an “Afterword, In Defense of Everything Else.” We take up, in Chapters 8 and 9, the question of an authentic spirituality of work. We are fully cognizant that apart from an authentic spirituality of work, our argument for the integration of faith and work is a dead letter.

IN MEMORY OF PROF. MIROSLAV GLAS
(1950 - 2008)

Miroslav Glas, a professor at University in Ljubljana, passed away on June, 27th 2008 after a decade long fight with cancer that has not however significantly affected his dedication to pedagogical and research work.

Prof. Misorlav Glas highlights the development of the Slovenian business incubation process at the ERENET Workshop held on 23 June 2006 at the Corvinus University in Budapest.

Prof. Glas was employed by the Faculty of Economics since his undergraduate degree in economics in 1973. He completed his master's degree in international economics at University of Zagreb and doctoral studies in 1983 at University in Ljubljana under supervision of Prof. Ivan Lavrac.

His research and pedagogical opus is extensive and diversified. His early work includes empirical studies of relationships between income equality, wealth distribution and economic development of a national economy. Phenomena of gray economy and size efficiency of firms in specific contexts of socialist and transition economies also attracted much of his research effort that led to his later fascination with entrepreneurship. He strongly believed that new value and jobs can be most effectively created by small entrepreneurial firms.

Most of his macro level research included studies of impact that entrepreneurship had on regional and national development, efficiency of organizing support infrastructure and institutions for entrepreneurship, and determinants of competitive business environment development. Beyond those, he was particularly interested in specific characteristics and problems of family businesses, female entrepreneurs, and business ethics. His research findings were disseminated in more than 200 research papers, conference contributions and journal articles. He participated to the most renowned entrepreneurship conferences, such as Babson Entrepreneurship Conference, International Small Business Conference, Rent, IntEnt conferences, and others. He was also an active member of many international networks, such as ERENET, ISBC and others. He served on editorial and reviewers' boards of several international journals in the field of economics and entrepreneurship.

His pedagogical work included design, preparation and organization of materials for numerous courses, such as Political Economy, Business Environment, New Venture Creation, Family Business, Corporate Entrepreneurship at undergraduate and graduate levels. He was one of the most productive professors at Faculty of Economics with an output of more than 500 textbooks, research papers, professional and scientific articles. He advised to more than 200 undergraduate students, some 50 graduate students at preparation of their final theses, and 2 doctoral students. He was awarded Golden Plaque of University in Ljubljana for exceptional research and pedagogical contributions in 2006.
During his professional career he served as a Vice Dean for Pedagogy at Faculty of Economics (1989 – 1991), as a President of the Ljubljana University Board (2005 – 2007) and was the most instrumental initiator of university based incubator with aim of connecting faculty and students from social, natural science, and engineering departments within Ljubljana University in transfer of scientific research results to businesses.

His consulting work in public and private sector included strategic plans that envisioned restructuring of socially owned companies during economic transition. He closely worked with regional and national governments in South and East Europe to help them design economic development programs that would best fit specific country needs. He co-authored national strategy of entrepreneurship development in Slovenia in 1996 and 2001, local and regional strategies of economic development in Bosnia and Herzegovina, Serbia, Moldova, Kosovo, Romania and others.

Prof. Glas left a rich yet very unique research and pedagogical opus that advanced our university’s mission of practicing high standard basic, applied and development in all fields of science and arts. Through his engagement in co-operation with various economic institutions in both, the public and private sector, he harnessed application of his research and pedagogy and contributed to audiences beyond students.

Ljubljana, 14.10.2008

Mateja Drnovšek, Assist. Prof.
Faculty of Economics
University in Ljubljana
Announcement of the Editor:
A more comprehensive study “On the Role of Value Orders” by János Máté, Associate Professor is available in Hungarian.

The address of the ERENET Secretary see below:

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ERENET PROFILE

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