



## ***Inside-Out Insight: Considerations for 21<sup>st</sup> Century Leaders***

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### **ABSTRACT**

*This article reviews some important developments current and future business leaders could consider, based on an inside-out approach. This approach, which is geared toward more responsible business practices from here onward, needs to start internally with the realization that a change for the better can only happen when one is willing to critically examine his or her own core values and the direction one wants to move into. As an initial practice, the article mentions the expansion of one's internal locus of control. This practice will then lead to 5 consequential actions, being, 1) looking at the bigger picture, 2) embracing diversity, 3) examining core-principles and staying focused, 4) surrounding oneself with individuals who have complementary skills, and 5) expanding horizons. The article concludes with a concise review of organizational and personal effects of the inside-out approach.*

### **Introduction**

*"Our mind is capable of passing beyond the dividing line we have drawn for it. Beyond the pairs of opposites of which the world consists, other, new insights begin."*

~Herman Hesse

As the first decade of the 21<sup>st</sup> century reaches its closing stages, some important insights become obvious. This has been a decade filled with invaluable lessons, which we can either ignore or use to determine a more rewarding direction in this century. Among the numerous astounding facts we have seen, these are some of the more noticeable: we have been confronted with one of the worst recessions in the past 70 years; we have learned about blatant corporate greed and its disastrous effects on large parts of society; we have seen and heard about concerning degrees of global warming, sea level risings, habitat extinctions and other daunting developments in our natural global environment; we have been exposed to increasing manifestations of diversity in our workplaces; we have faced augmented insecurity; we have seen new professions emerging, and consequently, new study majors surfacing in higher education; we have come to question our societal values and ideologies; and we have learned that the pace of change keeps increasing, and developments are becoming harder to keep tread with.

### **Insight at the Inside**

The overarching awareness that emerged from all of these developments is our interconnectedness, or, as Thich Nhat Hanh calls it, our "interbeing." Thich (1998) explains this phenomenon as follows,

"To be in touch with the reality of the world means to be in touch with everything that is around us in the animal, vegetal and mineral realms. If we want to be in touch, we have to get out of our shell and look clearly and deeply at the wonders of life – the snowflakes, the moonlight, the beautiful flowers – and also the suffering – hunger, disease, torture, and oppression" (p. 3-4).

Nhat Hanh further explains, "Too many people distinguish between the inner world of our mind and the world outside, but these worlds are not separate" (p. 4). Illustrating the importance of interbeing in our lives, Thich (1991) presents the example of a simple sheet of paper. The paper would not be if there were no trees, but trees would not be if there was no rain, and rain would not be if there were no clouds: they all inter-are. In addition, the tree from which the paper was made would also not be without sun, so the paper and the sun inter-are. The paper would also not be without the logger who cut the tree, the transporter who took it to the mill, the food that the logger ate to be strong enough to cut the tree, and all those elements and people needed to produce the food for the logger. Everything inter-is.



To demonstrate the interconnectedness of matters in a contemporary light: in February 2010, we witnessed a global scare prompted by an earthquake in Chile, sending chills to the people of Hawaii, New Zealand and Japan, as this 8.8 earthquake represented the clear and present danger of a tsunami on one of those islands within the 24 hours after its manifestation. Yet, there is far more that confirms our interconnectedness than just the effects of natural disasters. If we examine the business world, its operations and outputs today, we can easily detect the interconnectedness in everything: the desk we work on, the clothes we wear, the food we eat, and the car we drive, as a simple example. In every item or service we use today we can find inputs from numerous other nations than just the one that claims manufacturing of the product or service. Interbeing is everywhere, but it requires increased awareness to acknowledge and respect it. Unfortunately, this awareness is not yet present within many, which leaves room for excessive selfish thinking and ruthless short-term decision-making. Needless to say that these are the foundations of the problems we have been facing in the first decade of this century to start with!

So, what should be done? The answer is easier formulated in words than in actions: a collective effort toward increased awareness should be undertaken! This effort could be initiated alone – at the personal level-, but should definitely also be included in business education. Business, as we know, is the single entity that crosses all boundaries and enters places that others cannot access. Business is therefore one of the most powerful - if not *the* most powerful - constituents toward greater interhuman awareness. Due to the fact that it is more complicated and cumbersome to change ideologies, government systems, or cultural tendencies, the initiative toward greater awareness can most successfully be implemented at the smallest level: within each individual, and more specifically, within each business leader. It starts with the realization that things can be guided in a more positive direction if there is a will to do so. And it continues with the understanding that anyone can enhance his or her internal locus of control if he or she wants to. This enhancement starts with the insight that we should look more in the mirror and less out of the window when we consider

our responsibilities. Jim Collins (2005) clarifies this metaphor in his description of level 5 leaders, where he underscores that these exceptional leaders attest the fortune in their careers on luck rather than on their well-considered actions. Collins comments, “The emphasis on luck turns out to be part of a broader pattern that we have come to call ‘the window and the mirror’” (p. 144). Getting to the heart of the matter, Collins (2005) asserts, “Level 5 leaders, inherently humble, look out the window to apportion credit – even undue credit – to factors outside themselves. At the same time, they look in the mirror to assign responsibility, never citing bad luck or external factors when things go poorly” (p. 144).

Once the sense of increased responsibility is established through an expanded internal locus of control, a number of things happen, starting with increased reflection on one’s decisions, including self-reflection. Kaplan (2008) makes a strong point in favor of this act of reflecting before making choices for a future. He refers to the high rates of dissatisfied executives who based their definitions of success on opinions of family, friends, and colleagues rather than their own insights. Kaplan considers this tendency to follow what others suggest instead of exploring one’s own passions a major impediment toward reaching one’s potential, as it indisputably leads to dissatisfaction and a feeling of entrapment later in life. Kaplan’s suggestion to anyone contemplating on their next career focus is to ask themselves what kind of work they would do if they had \$10 million in the bank, and subsequently rethink their choices. Kaplan stresses, “Loving what you do gives you the strength to weather personal setbacks, overcome adversity, face and address your weaknesses, and work the long hours typically needed to reach your full potential” (p. 48). Kaplan is right: people who love what they do feel less resentment when they face challenges and find creative and constructive solutions to these challenges without harming others.

### **Insight Toward the Outside**

While there could be an infinite array of actions formulated as a result of a greater internal locus of control and the consequential choice toward a career in which one’s real passion lies, this section will be limited to actions taken by



business leaders who decide to expand their internal locus of control. They consist of, but are not limited to:

1. Looking at the bigger picture. Amazingly, the inside-out approach causes a macro-to-micro sense of decision-making: one *first* considers the effects of an action on as large a community as possible, and *then* decides whether this action should be taken or not. Marques (2006) clarifies this as follows:

“Business leaders who want to practice wakefulness should realize that the time for micro-to-macro thinking, which entails the sequence “A) What can I do, and B) How will it possibly benefit others?” has become obsolete. Today we actually have no other conscious choice than the application of the macro-to-micro perspective, which entails exactly the reverse: ‘A) What does my neighborhood, city, country, continent, or world need; and B) How can I best help given my talents, connections, skills, and education to make it happen?’” (p. 39).

2. Embracing diversity. Through the awareness of interconnectedness, strengthened by continuous exposure to global developments, one will no longer resent working in diverse environments. Contrarily, one will seek these environments out, with the awareness that personal and professional growth can only augment when one gets exposed to multiple cultures and diverse mindsets. On top of the moral truth that diversity acceptance is the right thing to do, several advantages have been ascribed to this trend, such as 1) changing marketplace demographics (rapidly growing Hispanic, African American and Asian populations in America), 2) the unstoppable globalization trend (more corporations operate in multiple countries – IBM, for example, operates in 160 countries!), and 3) greater availability of talent (a global workforce offers more talent than a local or a regional one) (*The competitive advantage...*, 2005). Leaders who embrace diversity will thus be able to capitalize on these advantages in a quicker, more conscious, thus more rewarding manner than others.

3. Examining one’s core-principles and staying focused. Instead of blindly following the status quo, one will take a critical look at the circumstances encountered, and consider their alignment to core principles. In corporate settings, this entails, that there will be no diverging, incoherent processes, but synchronous focus on one single mission. Peter Drucker (2006), often referred to as the guru of management, agrees in that regard, “Indeed, an organization is effective only if it concentrates on one task. Diversification destroys the performance capacity of an organization, whether it is a business, a labor union, a school, a hospital, a community service, or a house of worship” (p. 148). Jim Collins, cited earlier in this paper, stressed a similar approach from level 5 leaders, as these leaders started their leadership task by redefining their corporation’s core principles and practices, and subsequently succeeded by sticking to them. Yet, core principles should not only be examined for corporations. The leader should also examine his or her own core principles and make sure they align with the organization he or she is involved with. In examining his or her core principles, a leader may find that some of these principles were merely established through cultural tradition, and don’t make much sense anymore in today’s day and age. In those cases, the leader will have to contemplate a revision of his or her core principles, the same way in which the level 5 leaders did for their corporations.
4. Surrounding oneself with individuals who have complementary skills. It is no secret that insecure leaders gravitate toward people with similar skills and characteristics as their own, because they fear that individuals who are different and complement their skills might challenge their decisions and maybe even end up taking their position. It is this sense of protectionism and fear that has caused many a business organization to fail. In his book, *True North*, Bill George (2007) presents a statement by Dick Kovacevich, chairman and CEO of Wells Fargo Bank in San Francisco, that says it all, “I am amazed at leaders who surround themselves with people just like themselves. There is no



way they can be effective. We need to recognize our weaknesses, but don't want to amplify them. You need to surround yourself with people whose strengths complement your weaknesses" (pp. 9-10). Drucker (2006) underscores, "...*how* a person performs is a given, just as *what* a person is good at or not good at is a given" (p. 150). He subsequently pleads for contemporary knowledge workers to ask one another what they should know about their strengths, performance, values, and proposed contribution, so that everyone can contribute optimally and more satisfactorily.

5. Expanding horizons. Individuals who want to excel in a responsible and lasting way in this day and age should continue to expand their horizons. They can do this in numerous ways, often emphasized by management mentors such as Peter Drucker and Tom Peters. Drucker (2006) asserts, "Whichever way we satisfy it, the need for information on the environment where the major threats and opportunities are likely to arise will become increasingly urgent" (p. 149). Tom Peters (1999), in his book *"The Brand You 50"*, advises to wade into unfamiliar territory, which can happen in simple ways, for instance, by asking someone to lunch whom one would normally not ask, by visiting the section of magazines in the bookstore that one would normally not visit and actually look into some of these magazines, or by surfing the web on issues one would normally not look into. This is the era of interdisciplinarity, and the sooner one gets the message, the quicker one can start growing in a multidimensional way. Bill George once stated that, increasingly, corporations of the future will show a preference for leaders and managers who have exposed themselves to multiple environments and cultures, because these individuals have a greater capacity to understand, accept, and perform in multiple settings.

## Effects of Outside Insight

Focusing on improving the quality of life for next generations based on lessons learned in recent history, the effects of the five above listed insights and actions from business leaders can easily be determined:

- At the organizational level, there will be greater responsibility in decision-making processes, leading to business ventures that are no longer created for short-term profit, but rather for long-term wellbeing of all life on earth. As a warning about short-term focuses and their consequences, the Dalai Lama reflects on today's political leaders and their shortsighted decisions. He asserts, "Many of today's world leaders have great courage: the courage to do harm. They are ill-advised, too clever, or too skillful. I think bad political systems, by which I mean systems that are not founded on a desire for justice, are mainly due to a type of shortsightedness. When politicians see things only in the short term, they inevitably only see the short-term gains. That is how they develop the type of courage that is necessary to harm others" (p. 129).

If we exchange the words "world leaders" for "business leaders," the same holds true: as stated in the beginning of this article, we have witnessed many problems at the start of this century, all caused by short-term foci from people who decided that they were separate entities from the rest, and thus failed to see their interconnectedness or interbeing with everything else. Fortunately, there are some great examples to illustrate the amazing successes of corporations who base their practices on the 5 above-listed insights, and focus on a sense of respect and interconnectedness rather than mere profits. Southwest Airlines, IKEA, Costco, Whole Foods, Starbucks, the SAS Institute, Google, and Atlassian are just a few of such corporations.

- At the personal level, there will be greater personal satisfaction and increased contentment, due to the fact that one engages in "right livelihood." Thich Nhat Hanh (1999) defines right livelihood as "earning a living without needing to transgress any of the Five



Mindfulness Trainings: not dealing in arms, in the slave trade, the meat trade, the sale of alcohol, drugs or poisons; or making prophesies or telling fortunes” (p. 113). Translated toward a more Western-based interpretation, we could explain right livelihood as engagement in a profession, which serves toward the betterment of all. The per-

sonal gratification that stems from the earlier mentioned 5 insights will be manifested in greater peace of mind, less mental and emotional stress, and a general sense of fulfillment.

Figure 1 below represents the contents of this article in a synoptic format.

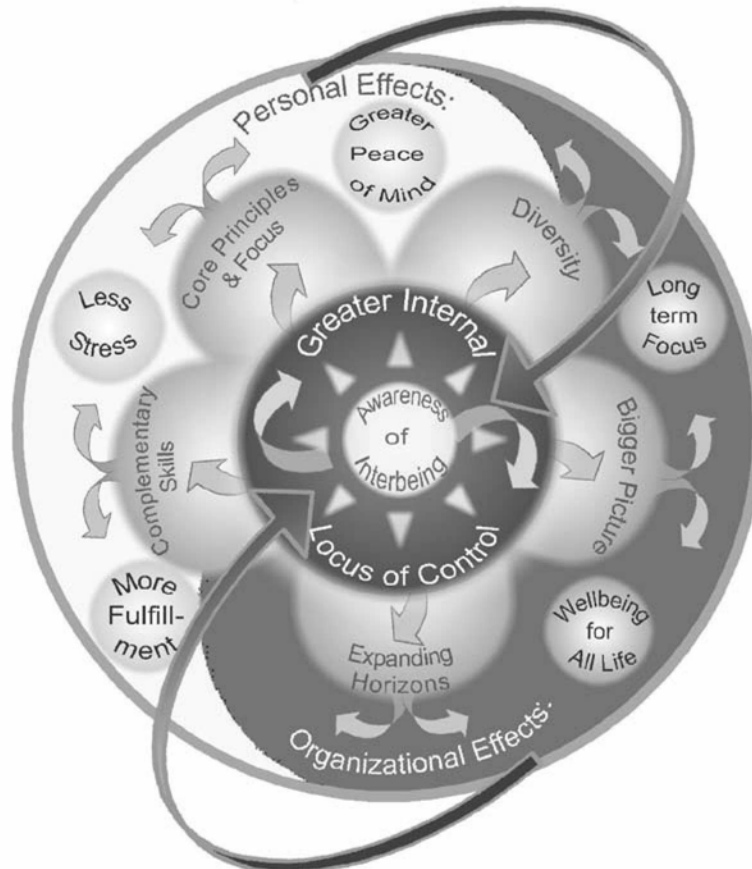


Figure 1: Inside-Out Insight

Brief explanation of figure 1:  
Picture 1 should be reviewed from the inside out. Once one becomes aware of one’s interbeing with all things – living and non-living, human and non-human – one starts acquiring internal insight, leading to a greater sense of responsibility, hence, a greater locus of control. This manifests itself through increased insight toward the world in which one lives and works: 1) one zooms out from a narrow view and starts considering the bigger picture; 2) one acknowledges diversity as the right thing to embrace, and realizes its importance for personal and professional development; 3) one ensures that one’s core

principles are intact and aligned with one’s professional activities; 4) one surrounds oneself with partners who complement one’s skills in a synergistic way; and 5) one expands one’s horizon by adapting to new and different people, processes and places. This interlinked fivefold set of awareness-based actions leads to personal and organizational advantages, as laid out in figure 1 and explained earlier in this article.

As a final note it needs to be emphasized that the dual outcomes of the 5 insights and actions presented in this article sort a reciprocal effect in return: due to the long-term focus on the wellbeing of all life (organizational), and the



ensuing greater peace of mind, less stress and greater overall fulfillment (personal), a leader will find his or her awareness of interbeing develop even further, thereby continuously ascending in awareness to a point of complete wakefulness.

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found a significant relationship while others did not.) This paper takes a longer term view of financial performance (three year change in stock price). Despite the longer horizon, we were surprised to find that environmental friendliness appears to be inversely related to financial performance. It is possible, however, that due to the recent emphasis and growing importance of environmental issues, companies may not have had sufficient time to reap the full benefits of their decisions.



## Short Papers:

### ***Towards a Decision Aid for External Audit Evaluation of the Internal Audit Function***

*Renu Desai, Florida International University  
Vikram Desai, Wilfrid Laurier University*

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*The purpose of this paper is to inform practitioners about leading research in the field of internal audit and corporate governance. There has been considerable progress in academic research towards the development of a decision aid for External Audit evaluation of the Internal Audit Function. Desai et al. (2009) developed a theoretical model of the decision process used by external auditors to determine the strength of their client's internal audit function. They further tested this model using computer simulations. The model is based on three factors identified by auditing standards and prior academic research: Competence, Work Performance, and Objectivity. The results of the analysis revealed that modelling the "And" relationship is essential for assessing the strength of the IA function. As far as interrelationships are concerned, the analysis revealed that when the three factors have a strong or a perfect relationship, the strength of the IA function remains high even if we have positive or negative evidence about one of the factors. The model developed by Desai et al. (2009) is an important step towards developing a decision aid for external auditors for evaluating the internal audit function. To advance the development of this model the next step will be to test the assumptions of the model empirically in the real audit world among real external auditors.*

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### ***Business Ethics Index: China Revisited***

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The systematic measurement of consumers' sentiments towards business ethical practices was conducted a second time in China. The Chinese are still very optimistic about the future ethical behavior of businesses but very concerned with product safety and integrity.



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