

## A matter of faith

**The mission statements of large companies that are in the news for the wrong reasons today (like Barclays, HSBC and UBS) are all so sanctimonious. But their deeds show that they have clearly no respect for those statements. Shouldn't companies with a large set of stakeholders take their mission statements seriously? If not, why pretend to be holier-than-thou?**

Once, there were slaves who lived in the prosperous river-valley of Egypt. They had enough food but no freedom. One day, a prophet appeared amongst them and spoke of a Promised Land far away, a land of milk and honey. The slaves were so inspired by this vision that they left the familiar discomfort of Egypt, braved the wrath of the pharaoh, and the vagaries of the wilderness to find it. A corporate vision statement is essentially the Promised Land that is meant to inspire and give direction to the employees.

But once outside Egypt, the followers of the prophet expressed their freedom by worshipping a golden calf. The Promised Land was all but forgotten. So the prophet presented the commandments of God, carved in stone, on what was appropriate conduct. These commandments of the prophet are the principles of governance to ensure ethical conduct as one goes about realising the Promised Land.

The Bible is full of tales of tortured kings and prophets struggling with faith and the demands of upholding the Commandments and not losing the sight of the Promised Land. In the desert there is nothing to eat. Every day, God sends food from heaven (mannah), just enough for the day. Yet, every day, some doubting follower, grabs a fistful more — just in case! Thus there is a constant struggle with faith and with compliance. When there is faith, compliance is not an issue. When there is no faith, compliance is a huge issue.

We must never forget that modern business practice arose in North America and Europe. So the Christian influence is very strong in the ideas that have been proposed and universalised. The vision is the Promised Land, the rules are the commandments, the CEO is the king and the auditors are the prophets. The board of directors, or rather the shareholders, become de-facto God. The struggle between faith and compliance is therefore eternal.

Christian beliefs are joined with scientific principles as the modern business practice rose from industrialisation which was an outcome of the scientific revolution. Science holds matters of faith like 'God' in suspicion. The scientific revolution also had a general distrust of authority. Hence the great value given to teams — through democratic processes individual prejudice was sought to be removed and thus fairness created. Thus individual businesses gave way to institutional businesses. But since shareholders are humans, and cannot be trusted, regulators were placed above them and above them government.

Like Biblical kings and prophets we are trapped in the wilderness, because someone — tired of the rules — always doubts the vision, and steals manna. We must always ask ourselves, before we blame the CEO, what does the shareholder prefer: values or profit. Everyone one wants profits with values, but when one has to make a choice and pick one, profit wins over values, because without profit survival is at stake, of the individual, the institution and the investor. The question is: how much profit? In a performance-driven culture, failure is not an option, even if vision and values are at stake.

We always believe that we can get away, because God/regulator does not exist, can be manipulated, or is not watching. Sometimes we get away, but not always.



Devdutt Pattanaik