

# Leadership

**A Journey Toward World Peace**

Volume 1

How We Build Our Greatness and  
Leadership Impacting the Political Economy and  
Decision Making

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## **Introduction**

This book invites us on a journey to build greatness and leadership positively impacting the culture, political economy, and decision-making.

This volume 1 summarizes the following three volumes discussing how to build greatness and leadership (volume 2), to transform the political economy by promoting economic growth and social justice (volume 3), and to transform decision-making, strategic management, business ethics, and corporate social responsibility, by promoting organizational success and social well-being, toward world peace (volume 4).

This first volume is oriented to the general public. After reading this volume, you may continue with the other volumes, which go deeper into each topic.



# I. How We Build Greatness and Leadership

Everyone wants to be a leader; however, how do we build our leadership? How can we build leadership with greatness to positively impact our lives and society? How can we build leadership with a practical orientation to make us happy, to transform the political economy and the world of organizations?

## 1. Building knowledge and wisdom

When we are silent, reflect, meditate, and contemplate, we strengthen our consciousness, connectedness, and capacity to listen to words, perceive phenomena and organize them, enlighten our knowledge, and inspire our wisdom.

- **Silence, reflection, meditation, and contemplation help us to build and enrich our knowledge.**

They connect internally and with others. It is like having big eyes, big ears, a sensitive skin, and great antennae, all of which help us to know ourselves and others, enrich our communication through personal and community knowledge, understand symbols and universal truths, and build shared knowledge and ideals among diversity and complexity.

People perceive phenomena differently and process them differently; as Howard Gardner states, we all have different types of intelligence.

We tend to rely on our IQ, our rational intelligence, and on logic, with which we solve problems.

But IQ is not enough: Daniel Goleman says that a leader needs emotional intelligence, EQ, which helps us to read the environment, understand people, and develop empathy.

Tony Buzan adds a third type of intelligence, SQ, spiritual intelligence, which helps us to understand meanings and values, go to the roots, question the boundaries, transform, and create.

Leaders need IQ, EQ, and SQ, and they must promote all three through the entire organization and among all stakeholders.

We need mechanisms, such as intuition, symbols, metaphors, hermeneutics, and analogies, to share our diverse knowledge with diverse people.

Companies use a variety of mechanisms to share knowledge, communicate, and build organizational knowledge.

- **It helps to build relationships.**

In addition to knowledge, these antennae help us build relationships by perceiving and connecting with others, understanding them, and generating feelings, emotions, and empathy. This promotes humanism, social integration, and social harmony.

These intuitions introduce us to the world of epistemology. Epistemology refers to the philosophical study of human knowledge's nature, origin, and limits (*Encyclopedia Britannica*).

We rely on three epistemologies in our daily lives: empiricism, subjective idealism, and realism.

Empiricism is the view that knowledge begins in the senses; all concepts originate in experience, through the five senses; there are no "a priori truths"; all concepts are about or applicable to things that can be experienced; all rationally acceptable beliefs or propositions are justifiable or knowable only through experience (*Encyclopedia Britannica*).

Empiricism allowed the creation of knowledge that produced extraordinary scientific and technological progress. Theories supplied by reason, verified by sensory data, aided by instruments, and corroborated by reliable witnesses became modern scientific method pillars. However, empiricism is a fragile epistemology that generates relativism, subjectivism, skepticism, individualism, psychologism, and associationism.

Subjective idealism, also called rationalism, is the point of view that considers reason to be the main source and proof of knowledge. Holding that reality has an intrinsically logical structure, rationalists claim that there is a class of truths that the intellect can grasp directly. There are, according to rationalists, certain rational principles—especially in logic and mathematics, and even in ethics and metaphysics—that are so fundamental that to deny them is to fall into contradiction (*Encyclopedia Britannica*). Some ideas are universal and unquestionable: mathematics, freedom, equality, rights, justice, non-discrimination, the rule of law, prosperity for all, security, and religious pluralism. Subjective idealism strives to construct a perfect ideal world: it promotes dialogue and understanding, positive evolution and growth of ideas, learning from mistakes, creativity beyond empirical knowledge, and optimism. However, it is a fragile and unscientific epistemology that can ignore reality, promote radicalism, allow free-riding, enable abuse of rights, and sacrifice the individual.

Realism is the view that grants known or perceived things an existence or nature that is independent of anyone thinking or perceiving them (*Encyclopedia Britannica*). A realist epistemology has three main foundations: Aristotle's realism with an empiricist orientation (the sensitive faculties perceive an object, a person; the intellect grasps the universal, the idea, the form, and the essence), Plato's realism with an idealist orientation (knowledge comes from meditation, contemplation, and spirituality), and 20th-century phenomenology (reality manifests

itself through multiple phenomena, and each person can perceive some of these phenomena better than others).

Consciousness, reflection, meditation, and contemplation, the relationships mentioned above, are critical components of a realist epistemology that builds greatness and leadership from its capacity to promote:

- Consciousness, perceptions, judgments, feelings, language, words, and symbols (Husserl).
- Wisdom, based on meditation, contemplation, mindfulness, and unified consciousness (Fabro).
- Transcendence, connecting the person internally, with others, and with the world (Bouyer).
- Values, greatness, transcendence, morality based on higher values such as justice, right, beauty, knowledge and truth, and religious beliefs (Scheler).
- Empathy as a social, ethical, and aesthetic phenomenon that leads people to live the experiences and feelings of others. Awareness fosters empathy, builds community; suffering fosters compassion and feeling the pain of vulnerable others (Stein).
- Relationships, a community based on the heart as the voice of the personal soul, the root of all affectivity, empathy; values build communities, the desire to give oneself to the other, to seek the happiness of the other, to participate in the goodness of the other (Von Hildebrand).
- The other, dialogue, communication, encounter, and human relationships manifest a spiritual life, dialogue, and connection (Buber).
- Consciousness leads to social integration, human relationships, a return to the world, and a world at peace (Arendt).

- Discovering the meaning of human existence, based on consciousness, hermeneutics, time, history, people as members of a human community, sharing experiences, and accepting differences as we all walk toward truth (Heidegger).
- Discovering the meaning of human existence, based on consciousness, hermeneutic, language, intuition, shared existential understanding, and a fusion of horizons (Gadamer).
- Ethics based on relationships: the human face, expression, human encounter, integration, and sensitivity are the pillars of the ethics of the other, goodness, responsibility, justice of the subject who knows, language expression of personal identity (Levinas).
- The value of the person, community participation, social engagement, social action, and transcendence (Wojtyla).

This is the foundation of our greatness: our wisdom enlightens and promotes our capacity to transcend; create goodness, beauty and truth; discover values; build relationships; make discerning decisions; find meaning in our lives; transform; heal; and execute social actions.

These are the pillars of our leadership: our capacity to have a vision of the future with a mission based on values; the capacity to build relationships, make decisions based on discernment, and promote action and social change.

This chapter plays a central role in the success of the political economy and strategic management: organizational knowledge is the core of human capital; relationships are the core of social capital; its transformative power is the core of the structural process and of renewal capital. These capitals are the resources necessary for the success of nations and business organizations.

A realist epistemology reduces the social division and fragmentation generated by opposing cultural values, ideologies, and political economy views. Individualism and collectivism, the right and left, have

fragile epistemological foundations that lead many politicians to defend radical views, providing fragmented knowledge and incomplete information, sacrificing the truth, promoting divisions, and creating a chasm that divides society and leads to continuous conflicts.

## **2. Leading our lives in a journey to enjoy and create transcendence (goodness, beauty, truth) and love**

Our consciousness enlightens and inspires our appreciation of transcendence; it leads us on a journey toward transcendence and energizes our will to create transcendence.

When we contemplate a beautiful forest, listen to beautiful music, or see a beautiful person, we discover that there is beauty. In the same way, we can discover that there is goodness, there is truth. We are discovering that there is transcendence: beauty, goodness, and truth.

The philosopher Plato said that our life is a journey to transcendence, making us happy and passionate: we want to enjoy and create transcendence.

As Neoplatonics express, our journey to transcendence leads us toward the creator, the source of transcendence: it leads us to discover the creator's participation in reality, discover his love for creation, and lead our journey toward his love; it leads us to see our lives as a journey from a God who created us out of love toward God, transcendence, and love.

This chapter has a great impact on our lives: as persons, as organizations, and as nations. This journey to transcendence is what the science of leadership calls a vision, an ideal, where we are going to, what future we imagine, providing meanings and purpose to persons and organizations.

Having a vision of our future is an ideal; our vocation is important for us as persons: to be happy and successful, to be focused, to manage

our lives, to have a meaning to our lives, to transform and overcome suffering, to transform ourselves, to promote social action.

Organizations also need visions, as Collins and Porras state: for 3M, the future vision is to solve problems, for Nike, it is to experience the thrill of competing, and for Merck, it is to preserve and empower human life.<sup>1</sup> And these ideals last forever.

Nations also need a vision, as Ahmed Bounfour and Leif Edvinsson state concerning what makes successful nations: “Foremost, there has been the capability to gather energies and resources at a national level with a vision of the future based on a knowledge/information society, clearly articulated by an enlightened leadership”.<sup>2</sup>

### **3. Connecting us internally and with others, we discover that we have transcendence, we are valuable, we have values**

Our ability to connect leads us to discover transcendence in ourselves and others: we discover that we all have transcendence (beauty, goodness, and truth), we all have value, we all have the ability to create beauty, goodness, and truth, and to build higher values as defined by Scheler: justice, rights, aesthetics, and values of beauty, goodness, and truth.

For Luis María Etcheverry Boneo,<sup>3</sup> values are transformational: values create in us a desire to act, arouse in us a specific emotion, a particular affection, an attitude, transforming us and our behaviors;

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<sup>1</sup> Collins, Jim, and Jerry Porras. *Built to Last: Successful Habits of Visionary Companies*. Harper Business Essentials, 2002.

<sup>2</sup> Bounfour, Ahmed, and Leif Edvinsson, eds. *Intellectual Capital for Communities Nations, Regions, and Cities*. Butterworth-Heinemann, 2005.

<sup>3</sup> Luis María Etcheverry Boneo, *Christianity and today's worldview. Knowledge, judgment, assessment and action*. Conference. Buenos Aires, Argentina, 1969.

values transform cultures and build communities; values transform relationships and reality. Values transform our affections, attitudes, behaviors, ways we relate to others, and the world, transforming reality and impacting persons and communities. Values become part of ourselves and transform us as persons, communities, worldviews, and psycho-ethical structures.

Values are engines of leadership; they are the core of a person's or an organization's mission.

Leadership requires that today we have a mission that helps us to walk toward our future vision. A mission means that today, in our backpack, we have values, a role in society, commitment, and energy.

Values are drivers of knowledge and health (human capital), relationships and social behavior (social capital), and creation and transformation (structural, renewal, and process capital).

This chapter has a significant impact on volume 3. Volume 3 presents a statistical analysis that evidences that individualist and collectivist cultural values have controversial correlations with social outcomes; whereas, leadership cultural values have mostly positive correlations with social outcomes.

According to Geert and Gert Jan Hofstede<sup>4</sup>, the most prestigious experts in cultures and organizations, we all carry a “software of the mind,” what we call “culture,” which is formed on values.

As the Hofstedes explain, values deal with pairings such as individualism versus collectivism, high versus low power distance, masculinity versus femininity, high versus low uncertainty avoidance, evil versus good, dirty versus clean, dangerous versus safe, forbidden versus permitted, decent versus indecent, moral versus immoral, ugly versus beautiful, unnatural versus natural, abnormal versus normal, paradoxical versus logical, and irrational versus rational.<sup>5</sup>

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<sup>4</sup> Hofstede, Geert, and Gert Jan Hofstede. *Cultures and Organizations: Software of the Mind*. (New York: McGraw-Hill Education, 2010), p. 4.

<sup>5</sup> *Ibid.*, p. 9.

According to the Hofstedes, “Every person carries within him or herself patterns of thinking, feeling, and potential acting that were learned throughout the person’s lifetime.”<sup>6</sup>

Hofstede calls these patterns “software of the mind”:

The programming starts within the family; it continues within the neighborhood, at school, in youth groups, at the workplace, and in the living community. A customary term for such mental software is ‘culture’<sup>7</sup>.

The core of culture is formed by values. Values are broad tendencies to prefer certain states of affairs over others. Values are feelings with an added arrow indicating a plus and a minus side<sup>8</sup>.

The Hofstedes developed several pairs of cultural values, among them, individualism versus collectivism. It refers to the relationship between the individual and the group. The fundamental question that individualism addresses is the degree of interdependence that society maintains among its members. It has to do with whether people’s self-image is defined in terms of ‘I’ or ‘we’.

Individualism pertains to societies where the ties between individuals are loose: everyone is expected to look after themselves and their immediate family.<sup>9</sup>

Collectivism pertains to societies in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty.<sup>10</sup>

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<sup>6</sup> Ibid., p. 4.

<sup>7</sup> Ibid., p. 5.

<sup>8</sup> Ibid., p. 9.

<sup>9</sup> Ibid. p. 92.

<sup>10</sup> Hofstede Insights. (2002). Online <https://www.hofstede-insights.com/country-comparison/the-usa/>

Table 2 (next page)<sup>11</sup> summarizes the results of the linear correlation statistical analysis presented in volume 3 across 60 countries, associating the cultural values of individualism, collectivism, and leadership with six social outcomes: wealth, human development, economic freedom, corruption, knowledge, and happiness.

<b>Cultural values</b>	<b>Individualism</b>
<b>Positive correlation factors (greater than 0.3)</b>	<b>26</b>
<b>Negative correlation factors (lower than -0.3)</b>	<b>94</b>
<b>Average of all correlation factors</b>	<b>-0.12</b>
<b>Cultural values</b>	<b>Collectivism</b>
<b>Positive correlation factors (greater than 0.3)</b>	<b>16</b>
<b>Negative correlation factors (lower than -0.3)</b>	<b>54</b>
<b>Average of all correlation factors</b>	<b>-0.18</b>

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<sup>11</sup> **Source.** Stegmann, Juan Pablo. Doctoral dissertation. Ph.D. Humanities for the contemporary world. Specialization in Philosophy. *Epistemological Analysis of Strategic Management and Related Sciences. How Realism Promotes Leadership*. Universitat Abat Oliba. Barcelona, Spain.

<b>Cultural values</b>	<b>Leadership</b>
<b>Positive correlation factors (greater than 0.3)</b>	<b>73</b>
<b>Negative correlation factors (lower than -0.3)</b>	<b>9</b>
<b>Average of all correlation factors</b>	<b>0.11</b>

**Table 2** Results of the linear correlation statistical analysis

This table shows that individualist cultural values correlate positively and negatively with social outcomes. Negatively correlated factors (94) outnumber positively correlated factors (26).

Collectivist cultural values correlate positively and negatively with social outcomes. Negatively correlated factors (54) outnumber positively correlated factors (16).

Cultural values related to leadership have a substantial prevalence of positive correlating factors (73) over negative ones (9).

These statistical correlation analyses provide interesting insights.

They provide evidence of the limitations of individualism and collectivism since their negative correlations far outweigh their positive ones.

They provide evidence of the strength of leadership, as most of the correlations with social outcomes are positive, and the few negative ones have small correlation factors.

These conclusions are important to understand how our values, which are part of our greatness and leadership, have a critical role in the political economy. Individualism and collectivism impact the political economies of the right and left, which have a limited capacity to promote greatness and leadership.

Instead, the values of great leaders maximize human, social, process and renewal capital, promoting economic growth and social justice.

#### **4. Connecting with a superior being, experiencing his loving presence, building our relationship with Him**

Our journey to transcendence, to the creator of transcendence, leads us to connect with the superior being, the creator, God, to experience his loving presence in our life's journeys.

For Luis Maria Etcheverry Boneo,<sup>12</sup> we build our relationship with God by discovering His perfections, beauty, goodness, truth, and love reflected on all creation. We build our relationship with God when we realize that we are his masterpieces, a reflection of his beauty, goodness, truth, and love. We build our relationship with God by collaborating with his creation, transforming reality, and making reality more beneficial to humankind. We build our relationship with God by acting on values that lead us to express his perfections, beauty, goodness, truth, and love. We build our relationship with God by acting on values that lead us to collaborate with God, making reality more perfect, beautiful, and valuable to humankind. We build our relationship with God by acting on values that lead us to develop and perfect social reality, as God is social, expressive, and helping of others to know and build relationships with Him. For Christians, we build our relationship with God by discovering his community life, the Christian Trinity, which leads us to know others, love them, create communities, and perform social actions. We build our relationship with God by meeting others, knowing others, loving them, helping them, performing social actions,

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<sup>12</sup> Etcheverry Boneo, Luis María. *Christianity and today's worldview. Knowledge, judgment, assessment and action*. Conference. Buenos Aires. Argentina. 1969.

and creating communities. We build our relationship with God by transforming reality to make it an expression of God's beauty, goodness, and truth through our daily work as engineers, physicians, artists, parents, educators, friends, and all other vocations. We build our relationship with God by exercising our vocation, our distinct role, within our communities, reflecting the perfections that exist in God, to perfect us individually and as communities, to help us to develop all our personal and community dimensions, and to perfect the world and to perfect nature.

This chapter is central in our lives: the loving presence of God and our building our relationship with Him drive our happiness, greatness, and leadership.

This chapter also has a strong impact on the political economy and organizations: when we build our relationship with God, we also build human, social, renewal, process and structural capital, which have a positive impact on economic growth and social justice, on organizational success and social well-being.

## **5. Building human relationships, communities**

Every act of consciousness we perform is “consciousness of” something or other: consciousness makes us relational; this generates feelings, values, empathy, and love, which lead us to build relationships and communities.

Spiritual traditions promote connectedness, social integration, and love. Eastern spiritualities promote the creation of communities based on meditation and consciousness. The Christian's Trinitarian God presents a model of society based on consciousness (the Father), understanding (the Son), and loving (the Holy Spirit).

Sharing our wisdom, our life journeys to transcendence and love, our vision, our values, our missions, our religiosity, and our experience

of the loving presence of God, we find these are all powerful engines of leadership that build relationships and communities.

This chapter has a great impact on our lives: building relationships is important for our happiness. Leaders need to build relationships, teams, communities, communicate visions and missions, promote leadership throughout the organization; relationships and community help to find meaning, reduce suffering, deepen discernment, promote transformation, healing, and social actions.

This chapter has a great impact on nations and organizations: relationships help us build human capital and shared organizational knowledge; they help us build social capital, behaviors, institutions, commitment, trust, and the rule of law; relationships motivate us to build teams to execute actions and to build structural, renewal and process capital.

## **6. Building discernment**

And all these dimensions lead us to build our discernment. Discernment relies on the dimensions discussed above.

Discernment relies on richer knowledge. We make decisions based not just on our rational intelligence but also on our emotional and spiritual intelligences. We need those antennae we discussed above, those connections, to listen to our customers, to other employees, to all stakeholders, to understand them, to know how they feel, to have empathy with them.

Our consciousness, our connectedness, enlighten our discernment, to ponder the value of an idea, the values of the persons who provide it, and their legitimacy.

We make decisions based on our desire to create transcendence, on our higher values and relationships.

Discernment confronts our knowledge with the knowledge of wise people, respected scriptures, and people with moral authority.

For religious people, discernment involves our relationship with God, which generates motions of the soul, consolation versus desolation. Discernment involves a spiritual exercise, knowing God, loving him, and following him by becoming part of his mission.

This chapter is important for our lives: making decisions based on discernment is a central dimension of leadership, building human capital, the best possible knowledge, and social capital, the best possible relationships by making decisions that involve our rational, emotional, and spiritual intelligences.

This chapter plays a central role in our decision making: modern strategic management is based on critical thinking, which has strengths and limitations that can lead to social and ethical dilemmas difficult to resolve; discernment provides a wider framework, better perspectives, involving wisdom, transcendence, values, relationships, which overcome the limitations of critical thinking, helping to resolve these dilemmas.

## **7. Providing meaning to our lives, transforming and overcoming suffering**

Our consciousness inspires our lives and helps us find the meaning of our existence as a journey to transcendence and love, overcoming and transforming suffering.

Our life journeys may require efforts, sacrifice, risks, and failures, which produce suffering for a higher purpose as the price we pay for journeying to a better reality. Suffering can be bearable if we appreciate its positive outcomes; it may enrich us, elevate our dignity, show our inner value, legitimate us and our journeys, and make us proud.

Suffering may enrich us: suffering may generate consciousness and wisdom; suffering can be the first step into a journey to transcendence; suffering may lead us to a more profound presence, values, and love;

suffering may lead us to build stronger relationships; suffering may inspire a richer discernment.

When suffering becomes meaningless, undesired, destructive, and unbearable, each dimension described above can be an extraordinary way to overcome it, find its meaning, and transform it as part of our life journey.

This chapter plays a central role in modern political economy and decision-making. Supply and demand curves, the pillars of all branches of modern economics, are derived from the indifference curves, linked to the utility curves, which are the product of utilitarianism, the moral philosophy that promotes the maximization of pleasure and the minimization of pain; Milton Friedman's corporate social responsibility of maximizing shareholder value, which is a utilitarian business ethics, is also the product of utilitarianism. The moment that suffering can find a meaning, or can be reduced, this whole intellectual edifice becomes questionable.

## **8. Transformation**

Consciousness, transcendence, connectedness, values, and relationships are transformational. They promote transformational journeys, making us passionate to create, recreate, perfect, reform, purify, and enlighten; they unite us internally and with others, building values, motivation, and love; they transform our ethics, build virtues and community-oriented behaviors, promoting social inclusion, cooperation, compassion, solidarity, and social action; they make us committed, concerned, engaged, leading us to action.

For people who believe in the Bible, religious spirituality may lead us to a transformational journey from and toward the love of God, participating in his communitarian mission, summarized in Isaiah 61:1-

3 and Luke 4:18-19: “Good news to the afflicted, bind up the broken-hearted, liberty to the captives, release to the prisoners, comfort all who mourn.”

This chapter is important for our lives, political economy, and decision making: becoming aware of our transformative power gives us confidence, faith, hope, energy that enlighten, inspire, and energize our lives, promoting transcendence, taking us on transformative journeys; promoting values, purpose, identity, commitment and role in society; building teams with people with transformative power and people in need; promoting cooperation, compassion, solidarity, and social action.

## 9. Healing

Consciousness, transcendence, connectedness, values, and relationships heal us by helping us discover our true selves, unload our unconscious, and accept reality actively, finding the meaning of life, reducing anxiety by living in the present, and providing peace, a shelter to survive the complexities of our existence.

They are part of most psychotherapies, clarifying ideas, inspiring us, giving us strength, helping us mature happy, peaceful, and stable, building relationships, finding meanings, and healing addictions.

They heal us by building values, integrating the person and community, lowering anxiety and depression, and promoting better behavior, lifestyle, and general well-being.

They heal us by building a meaningful connection with a higher reality, leading to inner peace, freedom, and harmony.

They heal us by providing energy, life, and the will to heal, let go, eliminate addictions, and transform suffering.

There is scientific evidence of the positive emotional effects of spirituality: lower anxiety, addictions, diseases, personal control; less

stress, regulated emotions, lower ADHD, less HIV; less disease, better behavior, well-being, health, and lower depression.

There is scientific evidence of the positive emotional effects of religion on health: longer life, more social life, less depression, shorter hospital stays, better healthy behaviors, less drug abuse, well-being, life satisfaction, less hostility, less suicide, and better tolerance of pain.

## **10. Executing social actions, driving social change**

Consciousness, transcendence, connectedness, values, and relationships lead us to social action by connecting us internally and with others, building empathy and compassion, and alerting us to the need of others.

The loving presence of God (for religious people) leads to the love of neighbor, who deserves attention and justice and leads to building a relationship with Him by collaborating with the community, especially with the most vulnerable sectors.

Spirituality fortifies us, leads us to a fuller life, valuing and serving the community, and involves us in modern life's complexities. Social action nurtures our spirituality and completes us: the active life prepares us for the contemplative life.

Discernment promotes social action, a missionary lifestyle, and going out to people in the margins.

This chapter is important; our power to transform, heal, execute social actions, and drive social change can be manifested in multiple ways: social innovation, social entrepreneurship, business for social impact, microfinance, sustainability, social policies, education for the underprivileged, social healthcare, stakeholder's social responsibility, corporate citizenship, three-domain corporate social performance, corporate social responsiveness, social venture capital, socially responsible investment, social work, community development, welfare for workers, non-profit organizations, and philanthropy.

## **Building greatness and resources**

How can we name these ten dimensions discussed above?

The first name can be “outcomes of our spirituality.”

If you ask yourself: what is spirituality? you’ll find that it is hard to respond because spirituality is invisible.

But we can discover our spirituality based on its outcomes: our spirituality is reflected in our consciousness, connectedness, knowledge, wisdom, transcendence, values, religiosity, relationships, meanings, discernment, and power to transform, heal, and execute social actions.

A second name can be “part of our greatness;” they make us great persons, great workers, great parents, and great friends.

Greatness refers to the dimensions, size, and degree of something. Greatness refers to the dimensions of a person in terms of our being, soul, spirit, nature, faculties, personality, emotions, resources, abilities, power, decisions, actions, behaviors, virtues, ethics, and outcomes.

A third name can be “resources.”

Strategic management defines resources as abilities to do something, capabilities, endowments, competencies, skills, knowledge, relationships, forces, power, behaviors, and procedures that impact the agent’s performance leading to specific outcomes. If you read the list of the ten dimensions above, you will see that they can be named resources.

The benefit of calling them resources is that it allows us to connect spirituality, greatness, and leadership with political economy and strategic management, as the following chapters will do.

Resources are a critical dimension of modern political economy: economic growth and social justice are based on resources in terms of Edvinsson’s National Intellectual Capital (human, social, process, and renewal capital).

Resources are a critical dimension of modern strategic management: organizational success and social well-being are based on resources in terms of Intellectual Capital (human, social, and structural capital).

There is a mutually enriching and empowering relationship between these resources. For example, knowledge leads to discovering transcendence. Transcendence leads to building values and hierarchies of values. These values lead to building relationships and communities. These relationships transform the person and the community, build health, and promote social action. And all this leads to creating better knowledge, transcendence, and values.

## **Building leadership**

The conclusion is that our spirituality builds greatness and resources, which are drivers of leadership. Leadership is an ability, a capacity, a process that starts with cognitions that may be generated by a person or by the community, impacting each other and affecting interpersonal behaviors.

Our spirituality and greatness drive leadership:

1. The ability to create a **vision** of the future of society, promoting transcendence, beauty, goodness, and truth. Our spirituality and greatness drive our visions, raising the level: promoting transcendence, beauty, goodness, truth, and “participating” in God’s reality toward perfection.
2. The ability to build **missions**, values, purpose, identity, commitment, and role in society. Our spirituality and greatness drive our missions, values, purpose in life, role in society, vocation, will, commitment, identity, energy, and motivation to positively impact society.

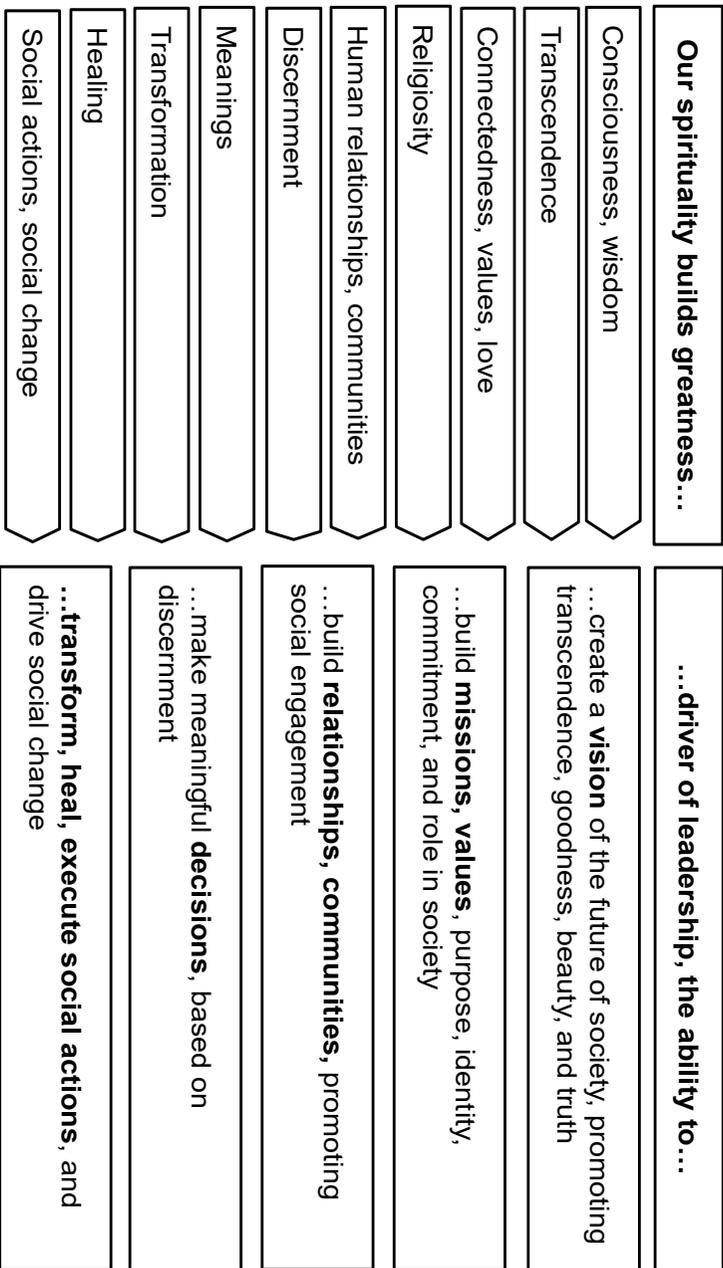


Figure 1 Our spirituality and greatness are drivers of leadership

3. The ability to build **communities**, and relationships, promoting social engagement. Our spirituality and greatness drive our relationships and communities with God (for religious persons) and others, promoting social engagement: the power to communicate, build emotional intelligence, reach the hearts of others, inspire, and to build community, teams, and relationships.
4. The ability to make meaningful decisions based on **discernment**. Our spirituality and greatness drive our ability to find meaning, make meaningful decisions, and discern.
5. The ability to **transform, heal, execute social actions**, and drive social change. Our spirituality and greatness drive our ability to transform persons and communities, heal, execute social actions, and drive social change.

Greatness may have some commonalities with leadership, but it is not the same.

One person can be great in some of the dimensions shown at the left of Figure 1 but not excel in all of them: a person can be a great parent, a great musician, a great physician, or a great friend.

However, a leader must have all the abilities at the right in Figure 1. A person with only a vision can be a visionary or a dreamer, not a leader. A person with values and commitment, with no vision, can become a great follower, but not a leader. A person with vision and values but incapable of communicating and building teams cannot lead. A person with no discernment can make terrible decisions. A person incapable of executing actions is not a real leader.

But there is something else. We can be leaders with no greatness. What is essential for society is to have great leaders, leaders with greatness.

## **Toward world peace**

World peace results from involving spirituality, consciousness, meditation, and contemplation in our knowledge creation (volume 2, chapter I), creating a richer knowledge with a human orientation, connecting us internally and with others, enhancing our perceptions, helping to know the truth, enriching our communication, integrating persons and communities, building shared knowledge and ideals among diversity and complexity, generating emotional feelings, reducing personal and social fragmentation, promoting humanism, social integration, and social harmony, and producing personal inner peace and social peace and harmony.

World peace results from spirituality enlightening and inspiring our appreciation of transcendence (chapter II), leading us on a shared journey toward creating transcendence and love.

World peace results from our conscience, connecting us with our inner self and others, discovering that we all have transcendence, that we are valuable, building higher values (chapter III), reintegrating spirituality, psychology, and morality, building affections, building trust, reducing cultural opposites, and promoting social harmony.

World peace, for religious people, results from our capacity to connect with God and experience God's loving presence in our life's journeys (chapter IV), promoting inner peace, love, forgiveness, compassion, community building, social integration, and the golden rule, and eliminating disruptive emotions.

World peace is the result of building our relationship with God by discovering God's perfections, transcendence, and love, realizing that we are his masterpieces, made in his image, collaborating with his creation, transforming reality, and making reality more beneficial to humankind, building community life and perform social actions.

World peace results from our consciousness making us relational (chapter V), generating feelings, values, and love, which lead us to build

relationships and communities, promoting social integration, social commitment, and social harmony.

World peace results from our discernment (chapter VI), relying on our rational, emotional and spiritual intelligences, and the dimensions of spirituality discussed in this book, consciousness, better knowledge, life journey, higher values, religiosity, and our relationships and communities, leading to social transformation and social action.

World peace results from our spirituality providing meaning to our lives (chapter VI), considering our existence as a journey to transcendence and love, accepting suffering for a higher purpose, as part of our growing spiritually, as part of non-attachment, as part of our journey toward transcendence and love, of our journey toward God, as part of living a life with values, as part of our relationships, as part of our transformation, as part of social actions, accepting suffering to test our authenticity, overcoming and transforming suffering.

World peace results from our transformational journeys (chapter VIII), making us passionate to create, recreate, perfect, reform, purify, enlighten, uniting us internally and with others, building values, motivation, and love, transforming our ethics, promoting social inclusion, cooperation, compassion, solidarity, and social action.

World peace results from our physical, emotional, and spiritual healing (chapter IX) and our role in helping others in their healing.

World peace results from our social action and social change (chapter X), connecting us with our souls and others' souls, alerting us to the need for compassion, valuing and serving the community, and involving us in modern life's complexities, promoting social action, a missionary lifestyle, going out to people in the margins.

## **II. Our Leadership Transforms the Political Economy, Promoting Economic Growth and Social Justice, and Reducing Social Confrontation**

**A leadership culture transforms the political economy.**

A leadership culture provides resources in terms of human capital, social capital, renewal capital, and process capital, promoting economic growth and social justice.

A realist epistemology supports a leadership culture that promotes social harmony, reducing social fragmentation.

This presents a new agenda: the solution to the problems of the modern political economy must be based on reinforcing a culture of leadership that promotes economic growth, social justice, and social harmony toward world peace.

**A leadership culture provides resources that maximize National Intellectual Capital, promoting economic growth and social justice**

A leadership culture provides resources that promote Edvinsson's National Intellectual Capital, the human, market, renewal, and process capital that benefit the political economy, promoting economic growth and social justice.

## **The two pillars of modern political economy, economic growth, and social justice, are based on resources**

Modern political economy defends that economic growth and social justice require resources.

**Economic growth requires resources** in terms of **human capital**, defined as knowledge, information, ideas, skills, social and personality attributes, creativity, and health, according to Adam Smith, Robert Solow, Gregory Mankiw, David Romer, David Weil, Paul Romer, Paul Samuelson, Eli Heckscher, Bertil Ohlin, Robert Barro, Gary Becker, Jacob Mincer, and Theodore Schultz, among other authors.

**Economic growth requires resources** in terms of **social capital**, defined as relationships, social networks, bonding, values, institutions, a culture of trust, collaboration, norms of reciprocity, cooperation, goodwill, alliances, and reputation, according to Mancur Olson, Robert Putnam, Francis Fukuyama, John Rogers Commons, Douglass North, among other authors.

**Social justice** requires **solidarity which relies on resources** to promote social well-being. Jeffrey Sachs believes that extreme poverty can be eliminated if richer countries provide some primary capital to the poor to help them out of the poverty trap: human capital, business capital, infrastructure, natural capital, public institutional capital, and knowledge capital.

Amartya Sen defends that to achieve well-being a person needs to be able to function, **which requires resources** in terms of capabilities.

**Social justice** requires **subsidiarity which relies on resources** to promote social well-being. Luigino Bruni and Stefano Zamagni defend the Civil Economy view that the state's role in social welfare is that of initiator, planner, and regulator, but not necessarily that of executor, which depends on other factors such as its economic efficiency. Free markets can by themselves produce social welfare, but they fail to

do so in some cases. It is up to the free initiative of individuals and organizations to take an active role.

### **A leadership culture provides resources, maximizing National Intellectual Capital, promoting economic growth and social justice**

Carol Yeh-Yun Lin and Leif Edvinsson expand the definition of the resources required by a nation to have economic success. They introduce the “National Intellectual Capital” comprised of human, market capital (similar to social capital), process, renewal, and financial capital.

**Human capital** is defined as the competencies of individuals in realizing national goals (Bontis 2004). According to OECD (2000), human capital consists of knowledge about facts, laws, and principles in addition to knowledge relating to teamwork and other specialized and communication skills. Education is the foundation of human capital.

**Market capital** is similar to external relational networking and social capital in a micro setting in that it represents a country’s capabilities and successes in providing an attractive and competitive incentive in order to meet the needs of its international clients, while also sharing knowledge with the rest of world (Bontis 2004).

**Process capital** comprises the non-human sources of knowledge in a nation. Embedded in a country’s infrastructure, these sources facilitate the creation, accessibility, and dissemination of information.

**Renewal capital** is defined as a nation's future intellectual wealth and the capability for innovation to sustain a nation's competitive advantage.

**Financial capital** is represented by a single indicator: the logarithm of GDP per capita adjusted by purchasing power parity.<sup>13</sup>

As Carol Yeh-Yun Lin and Leif Edvinsson show,<sup>14</sup> some countries have different levels of National Intellectual Capital. The National Intellectual Capital index in Table 1 introduces market capital instead of social capital, although both intuitions have strong similarities.

**Table 1.** National Intellectual Capital score<sup>15</sup>

2000–2009	<b>Hu- man capital</b>	<b>Mar- ket capital</b>	<b>Process capital</b>	<b>Re- newal capital</b>	<b>Finan- cial capi- tal</b>	<b>Over all</b>
Argentina	5.11	3.35	2.7	1.43	8.64	21.24
Australia	7.34	6.22	11	4.63	9.69	34.95
Austria	7.11	6.31	6.99	5.01	9.71	35.14
Belgium	7.34	5.66	6	4.78	9.64	33.45
Brazil	4.52	4.64	3.11	1.72	8.44	22.45
Canada	8.06	6.24	4.6	5	9.72	35.62
Chile	5.23	6.63	5.16	1.72	8.74	27.49
China	4.35	5.22	3.72	2.03	7.71	23.1

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<sup>13</sup> Yeh-Yun Lin, Carol; Edvinsson, Leif. *National Intellectual Capital. A Comparison of 40 Countries*. Springer. New York, Dordrecht, Heidelberg, London. pp. 18-20.

<sup>14</sup> Yeh-Yun Lin, Carol; Edvinsson, Leif. National intellectual capital model and measurement. *Int. J. Knowledge-Based Development*, Vol. 3, No. 1, 2012.

<sup>15</sup> Source. Yeh-Yun Lin, Carol; Edvinsson, Leif. National intellectual capital model and measurement. *Int. J. Knowledge-Based Development*, Vol. 3, No. 1, 2012. pp. 72-73.

Czech Re- public	5.7	5.61	5.26	2.68	9.2	28.49
Denmark	8.61	6.6	7.61	6.2	9.68	38.69
Finland	7.76	6.52	7.73	7.79	9.59	39.38
France	6.79	4.4	5.73	4.67	9.6	31.21
Germany	6.52	5.51	6.37	5.75	9.62	33.8
Greece	5.78	4.48	4.56	2.11	9.4	26.37
Hungary	6.56	5.37	5.12	2.37	9.01	28.44
Iceland	8.09	6.56	7.03	5.91	9.7	37.31
India	3.93	5.25	3.38	1.88	7.12	21.56
Ireland	6.96	7.05	6.89	3.93	9.78	34.65
Israel	7.82	5.72	6.39	7.06	9.4	36.39
Italy	6.23	4.44	5.34	2.62	9.53	28.18
Japan	7.34	4.78	5.94	6.52	9.58	34.18
Korea	6.75	5.07	5.35	4.2	9.31	30.71
Malaysia	6.03	6.48	5.34	2.07	8.69	28.69
Mexico	4.87	4.72	3.18	1.21	8.76	22.79
Nether- lands	7.27	6.8	7	5.19	9.74	36.02
New Zea- land	6.93	5.98	6.23	3.63	9.38	32.2
Norway	7.96	5.87	6.93	4.76	10	35.52
Philip- pines	4.94	4.58	3.2	1.34	7.41	21.45
Poland	5.92	3.94	3.52	1.85	8.85	24.17
Portugal	6.36	4.89	5.36	2.08	9.25	27.97
Russia	5.46	4.06	3.21	2.59	8.69	24.01
Singapore	7.01	8.34	7.51	5.13	9.9	37.9
South Af- rica	4.85	4.96	4.33	1.73	8.41	24.28
Spain	6.3	5.05	5.37	2.6	9.49	28.83
Sweden	8.38	6.38	7.26	7.97	9.66	39.65
Switzer- land	7.58	6.39	7.38	8	9.76	39.1

Taiwan	6.87	5.9	6.28	5.04	9.45	33.59
Thailand	5.11	5.7	4.31	1.39	8.18	24.71
Turkey	4.53	4.93	3.86	1.54	8.6	23.48
UK	6.59	5.39	6.24	4.53	9.63	32.44
USA	7.84	5.65	6.85	7.11	9.9	37.34

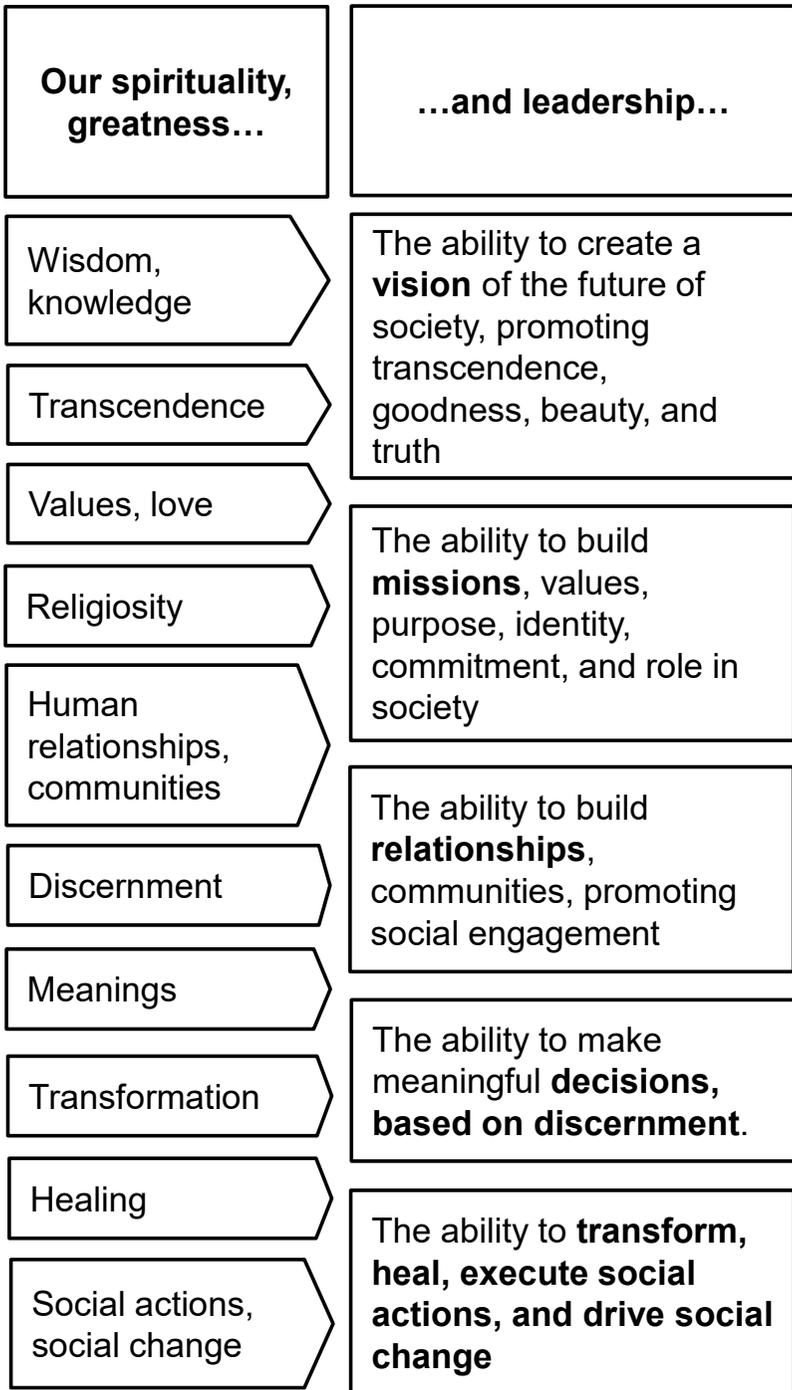
A leadership culture contributes resources, promoting National Intellectual Capital, an engine of economic growth and social justice.

- **Leaders provide human capital.**

Leaders provide human capital by helping to build better knowledge, wisdom, information, ideas, research, creativity, innovation, entrepreneurship, competencies, skills, organizational knowledge, labor productivity, dialogue, social and personality attributes, values, motivation, interdisciplinary science, education, health, and life expectancy.

- **Leaders provide market and social capital.**

Leaders provide market and social capital by creating relationships and social networks with reciprocity and goodwill norms. The leadership of some individuals encourages others to change their behaviors and to act with leadership as well, generating new norms and cooperative behaviors, reducing transaction costs (costs generated by unpredictable economic interactions between agents) and minimizing the agency problem (agents act with self-interest against the interests of principals), promoting growth and prosperity.



**... contribute National Intellectual Capital, promoting economic growth, social justice, social integration and social harmony toward world peace**

**Human capital**, is defined as the competencies of individuals in realizing national goals. According to OECD, human capital consists of knowledge about facts, laws, and principles in addition to knowledge relating to teamwork, and other specialized and communication skills. Education is the foundation of human capital.

**Market capital**, is similar to external relational networking and social capital in a micro setting in that it represents a country's capabilities and successes in providing an attractive and competitive incentive in order to meet the needs of its international clients, while also sharing knowledge with the rest of world.

**Process capital**, comprises the non-human sources of knowledge in a nation. Embedded in a country's infrastructure, these sources facilitate the creation, accessibility, and dissemination of information.

**Renewal capital**, is defined as a nation's future intellectual wealth and the capability for innovation to sustain a nation's competitive advantage.

**Financial capital**, is represented by a single indicator: the logarithm of GDP per capita adjusted by purchasing power parity.

**Figure 2** Our spirituality, greatness, and leadership transform the political economy

Leaders provide market and social capital by supporting institutions, legal systems, constitutional provisions, rules and regulations, law enforcement, property rights, and political structures, reinforcing social behaviors and helping overcome institutional constraints.

Leaders provide market and social capital by supporting culture, generating collaboration and trust; leaders provide shared values and norms of social behavior expressed in personal relationships and vertical and horizontal partnerships; leaders provide a shared sense of civic responsibility, shared social norms, sense of community, reciprocity, mutually beneficial cooperation, altruism, and emotional support; leaders provide cultural values that influence decisions, promote entrepreneurship and frugality. Leadership promotes attitudes toward hard work, welfare, health care, education, the rule of law, responsibility, personal effort, ethics, reduction of free riding, and effectiveness of institutions.

If in the prisoner's dilemma game theory model, the first player believes that the second player would act with leadership, then they would act with leadership, too, and so would the rest of society. This is true in all dimensions of political economy: the leadership of some people would encourage others to change their behavior and act with leadership as well.

Leaders provide market and social capital by reducing transaction costs, minimizing the agency problem, reducing information asymmetry, lowering information costs, lowering law enforcement costs, lowering costs as a result of bribery and corruption, and lowering the costs of transformation, therefore raising the return on investment which leads to promoting investment, social entrepreneurship, social innovation, social change, business opportunities, growth, and prosperity.

Leaders provide market and social capital by promoting a culture that welcomes investors and promotes goodwill, civic and political freedoms, internationality, trade intensity, social and educational equality, knowledge sharing, and organizational resources.

- **Leaders provide renewal capital and process capital.**

Leaders provide renewal capital and process capital by providing resources regarding wisdom, transcendence, higher values, the meaning of life, and the power to perform personal and social transformations, social actions, and social change.

### **A leadership culture relies on a realist epistemology, which reduces the division generated by the confrontation between the right and the left**

A leadership culture relies on a realist epistemology that promotes social harmony and integration, reducing the social fragmentation provoked by the confrontation between the “right” and the “left,” which rely on individualist and collectivist cultural values based on empiricist and subjective idealist epistemologies.

### **The link between the “right,” individualist cultural values and an empiricist epistemology**

According to the *Encyclopedia Britannica*, individualism is “portion of the political spectrum associated with conservative political thought. The term derives from the seating arrangement of the French revolutionary parliament (c. 1790s) in which the conservative representatives sat to the presiding officer’s right. In the 19th century the term was

applied to conservatives who supported authority, tradition, and property. In the 20th century a divergent, radical form developed that was associated with fascism.”

Hofstede shows the strong connection between cultures and politics:

In individualist societies everyone is expected to have a private opinion, individual interests prevail over collective interests, state has restrained role in the economic system, high per capita GDP, joint-stock companies are owned by individual investors, everyone has a right to privacy, laws and rights are supposed to be the same for all, higher Human Rights rating, ideologies of individual freedom prevail over ideologies of equality, native economic theories are based on pursuit of individual self-interests, self-actualization by every individual is an ultimate goal, autonomy is the ideal, outcome of psychological experiments depends on ego-other distinction.<sup>16</sup>

Some modern thinkers laid the foundations of individualism as a political philosophy:

- Niccolo Machiavelli (1469-1527). Teleological ethics (oriented to results), the ends justify the means, politics based on power and fear, no need to be truthful.
- Thomas Hobbes (1588-1679). Humans desire power, a permanent state of war; the need for a contract, the authority of the sovereign derives from the contract signed by the individuals; one's freedom restricts others' freedoms; morality is based on

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<sup>16</sup> Hofstede, Geert; Hofstede, Gert Jan. *Cultures and Organizations: Software of the Mind*. McGraw-Hill Education. 2010. New York. p. 130.

restrictions; a powerful sovereign is required to ensure law enforcement and peace; selfishness is the rule.

- John Locke (1632-1704). Freedom and equality, minimalist government, the rule of law.
- Bernard Mandeville (1670-1733). The defense of self-interest and personal greed are the engine of economic prosperity and progress; virtues lead to apathy; without private vices, there would be no public benefit.
- Adam Smith (1723-1790). Moral sentiments. Pleasure and pain. An invisible hand regulates self-interest and competition; self-interest leads to public wealth; minimal government intervention; laissez-faire.
- David Ricardo (1771-1823). The social conflict between landlords and workers; free trade benefits all.
- Thomas Malthus (1766-1834). Food production tends to increase arithmetically, the population tends to increase geometrically, and prices of products and food would steadily move up while wages move down, leading to famine and civil unrest.
- John Stuart Mill (1806-1873). Thorough defense of freedom and liberalism; purposes of government: to prevent harm, to grant the constitution, to promote the development of individualities; persons must be accountable and responsible.
- Alfred Marshall (1842-1924). Free markets to determine prices and volumes.
- Ludwig von Mises (1881-1973). Division of labor leads to social cooperation; competition benefits consumers; capital grows faster than the population for the benefit of the population; the consumers decide what must be produced; free markets lead to a rational price-setting and economic balance.
- Milton Friedman (1912-2006). A free-market economy leads to social and economic cooperation; a price system leads to

peaceful cooperation; free markets produce efficiency, responsibility, and prosperity for all; businesses focus on maximizing economic value, which leads to positive social outcomes.

Some of those thinkers defended an empiricist epistemology: Thomas Hobbes (ideas are derived from sensations, experiences, and induction), John Locke (knowledge is based on experience, sensations, and associations), and John Stuart Mill (induction based on experience and observation).

### **The link between the “left,” collectivist cultural values, and a subjective idealist epistemology**

According to the *Encyclopedia Britannica*, collectivism in politics “is that part of the political spectrum generally associated with egalitarianism and popular or state control of the major institutions of political and economic life. Leftists tend to be hostile to the interests of traditional elites, including the wealthy and members of the aristocracy, and favor the interests of the working class. They tend to regard social welfare as the most important goal of government. Socialism is the standard leftist ideology in most countries of the world; communism is a more radical leftist ideology.”

Hofstede shows the strong connection between cultures and politics:

In collectivist societies: opinions are predetermined by group membership, collective interests prevail over individual interests, state has dominant role in the economic system, low per capita GDP, companies are owned by families or collectives, private life is invaded by group(s), laws and rights differ by group, lower Human Rights rating, ideologies of equality prevail over ideologies of individual freedom, imported economic theories are unable to deal

with collective and particularist interests, harmony and consensus in society are ultimate goals, patriotism is the ideal, outcome of psychological experiments depends on in-group–out-group distinction.<sup>17</sup>

Some modern thinkers laid the foundations of collectivism as a political philosophy:

- Immanuel Kant (1724-1804): Categorical imperative leads to human rights; an international order can reach perpetual peace; republican government, international organization, universal rights.
- Georg Wilhelm Friedrich Hegel (1770-1831): The consciousness of each person articulates with the consciousness of others through reason, on rights, laws, institutions, economics, politics, and family; the role of the state becomes central; it reflects the national spirits or minds, altogether, the spirit of the world; historicism involves a process of the spirit toward its complete freedom. Hegel defends that universal norms are developed historically by reason. The state controls all public activity with full sovereignty; people must follow government officials' laws and advice.
- Socialism (Mikhail Bakunin, Fabianism: George Bernard Shaw, H.G. Wells, Sidney and Beatrice Webb, Graham Wallas): Public ownership of resources and means of production, cooperation.
- Utopian socialism (Henri de Saint-Simon, Robert Owen, Charles Fourier, Pierre-Joseph Proudhon, Fernand Pelloutier and Georges Sorel).

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<sup>17</sup> Hofstede, Geert; Hofstede, Gert Jan. *Cultures and Organizations: Software of the Mind*. McGraw-Hill Education. 2010. New York. p. 130.

- Marxism: Historical evolution of the types of society; the society's economic structure is based on the material forces of production and the relations of production; societies live in constant conflict, dialectical materialism, and class struggles; capitalism leads to the exploitation and alienation of workers; capitalism is condemned to self-destruction; monopolization and financial speculation make the rich richer and the poor poorer; revolution is required to produce a communist society, a dictatorship of the proletariat, with no classes, alienation, exploitation, domination, eliminating private property.

Two of these thinkers defended a subjective idealist epistemology: Immanuel Kant (transcendental idealism, a priori knowledge, existing in mind, subjectivism is fully established as epistemology, the laws of nature are a mental construct), and Georg Wilhelm Friedrich Hegel (absolute idealism, from the subjective mind of the individual to the collective consciousness, in a historical progression toward absolute knowledge, enriched by the universal spirit, the Geist). Hegel had a strong influence on Marxism.

### **The confrontation between the right and the left, empowered by social media and populism, promotes a divide in society, social fragmentation**

A first phenomenon impacting the modern political economy is the confrontation, polarization, and radicalization of the right versus the left.

Chapter I shows the fragile epistemological foundations of individualism and collectivism: empiricism and subjective idealism. Chapter I presents a statistical analysis that evidences how individualist and collectivist cultural values have controversial correlations with social

outcomes while leadership cultural values have mostly positive correlations with social outcomes.

The different epistemological foundations between left and right and their controversial social outcomes condemn them to constant disagreement, fights, and conflicts. These disagreements lead many politicians to defend extreme points of view, radicalizing their views, sacrificing common sense, providing partial knowledge, fragmented, incomplete information, sacrificing the truth, promoting divisions, generating an abyss that divides society, leading to continuous conflicts.

This reduces human capital by impoverishing common knowledge. This reduces social capital by reducing confidence in the democratic system, generating lack of credibility, impacting negatively on democratic institutions; this reduces the process and renewal capitals, leading to the situation of countries like Cuba, Venezuela and Argentina where large parts of the population that depend financially from the state do not produce, which impoverishes the whole nation.

A second phenomenon impacting the modern political economy is populism, which impacts countries worldwide, leading to radical forms of individualism and collectivism and the weakening of democratic institutions. Cultural populism sees society as divided between the “people” and the “outsiders,”<sup>18</sup> a confrontation regarding cultural values, cultural identity, religion, and ethnicity. It confronts the people, the native members of a country, versus the outsiders, the evil and corrupt elites, political elites (parties, government), the economic elites (big business, banks), and the cultural elites (universities, writers, media). Economic populism reflects economic inequalities between the

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<sup>18</sup> Taggart, P. *Populism*. Buckingham: Open University Press. 2000

Rooduijn, Matthijs. *The core of populism: In search of the lowest common denominator*. Government and Opposition. 2014.

Akkerman, Agnes, Cas Mudde and Andrej Zaslove. How populist are people? Measuring populist attitudes in voters. *Comparative political studies*. 2014

people and the outsiders due to the people's limited economic development and employment.<sup>19</sup> Political populism implies a form of expression of the groups described above.<sup>20</sup> Different versions of populism prevail; in some countries, right-wing populism identifies the interior with the people; in other countries, left-wing populism identifies the lower class with the people; in both cases, they oppose dialogue and confront society, corroding institutions.

Kendall-Taylor and Nietzsche describe the negative impact of populism on democratic institutions.<sup>21</sup> According to them, republicanism relates to popular sovereignty, the people as the only source of legitimacy; the government's authority derives from the people. Democracy refers to the equality of all citizens, the majority rules. Constitutionalism refers to the structure of institutions, rules, and regulations to govern public life, establishing institutional limits, separation of powers, checks, and balances. Liberalism refers to how governments must protect civil liberties, equality, and individual rights to manage their cultural, social, economic, and religious life; everyone is free to live according to their values. Political populism distrusts constitutionalism, questioning government, rules, and regulations, and the elites manipulating them. Political populism rejects liberalism and pluralism, defends the rule of the majority, despising the rights of minorities. These views

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<sup>19</sup> Guillen, M. F. Business groups in emerging economies: A resource-based view. *Academy of Management Magazine*. 2000.

Kendall-Taylor, Andrea; Nietzsche, Carisa. *Combating Populism. A Toolkit for Liberal Democratic Actors*. Center for a New American Security. Washington.

<sup>20</sup> Laclau, E. *On Populist Reason*. London: Verso. 2005

Mudde, Cas; Cristóbal, Rovira Kaltwasser. *Populism: A Very Short Introduction*. Oxford: Oxford University Press. 2017

Dzur, Albert W.; Hendriks, Carolyn M. Thick Populism: Democracy-enhancing Popular Participation. *Policy Studies*. 2018.

Kendall-Taylor, Andrea; Nietzsche, Carisa. *Combating Populism. A Toolkit for Liberal Democratic Actors*. Center for a New American Security. Washington.

<sup>21</sup> Kendall-Taylor, Andrea; Nietzsche, Carisa. *Combating Populism. A Toolkit for Liberal Democratic Actors*. Center for a New American Security. Washington.

exclude the “others” from democracy, destroying pluralism, the core of democracy. Polarization and fragmentation make it difficult for a democracy to function. Abuses of power and disregard for institutions become acceptable.

A third phenomenon that impacts the modern political economy is social media. The movie *The Social Dilemma* by Netflix describes internet-based social media that empowers individualism, collectivism, and populism.

The Artificial Intelligence of social media empowers individualism by isolating each person and group according to their preferences until they cannot understand others and connect.

The Artificial Intelligence of social media also empowers collectivism by encouraging massification, collectivization, and radicalization.

Both lead to a lack of trust, fragmentation, polarization, and radicalization of society.

### **A leadership culture relies on a realist epistemology, which reduces the division generated by the confrontation between the right and the left.**

A leadership culture relies on a realist epistemology which helps to reduce the social fragmentation and radicalization generated by the confrontation between left and right, empowered by social media and populism.

According to realism, people perceive diverse aspects of the same reality. Looking at an apple, an economist can see an economical product subject to supply and demand, a poet a piece of life, a philosopher a being with substance and accidents, a scientist a set of tissues and molecules, and a hungry person something delightful to eat and enjoy. So, what is an apple after considering so many different perceptions?

Empiricism does not have a way to articulate perspectives that are not practical, based on the senses. Subjective idealism cannot articulate

non-rational and chaotic information, and is incapable of capturing the richness of reality. Empiricists and idealists have a hard time understanding each other, which leads to social disintegration, relativism, fanaticism, conflicts.

A realist epistemology has three main foundations, enabling dialogue with everyone, no matter their epistemology. Aristotle's realism has an empiricist orientation, Plato's realism has an idealist orientation, and 20th-century phenomenology understands that reality is manifold, it manifests by different phenomena; each person can perceive different phenomena differently, perceiving some aspects of reality better than others.

We can build mechanisms to integrate and harmonize people's perceptions to understand each other and get closer to the truth. We can set communication channels among persons, reflection, contemplation, meditation, intuition, symbols, metaphors, hermeneutics, analogies, affections, emotions, and empathy; even though we all have different ways to perceive reality, we can find mechanisms to have a shared understanding of reality.

A realist epistemology promotes a rich humanism, with greatness and leadership, relying on consciousness, reflection, meditation, and contemplation, based on its capacity to promote richer perceptions, judgments, feelings, language, words, and symbols (Husserl), wisdom (Fabro), transcendence, connecting the person internally, with others, and with the world (Bouyer), values, morality based on higher values such as justice, right, beauty, knowledge and truth, and religious beliefs (Scheler), empathy that leads people to live the experiences and feelings of others (Stein), relationships, a community based on the heart, the desire to give oneself to the other, to seek the happiness of the other, to participate in the goodness of the other (Von Hildebrand), dialogue, communication, encounter (Buber), social integration, human relationships, a return to the world, and a world at peace (Arendt),

the meaning of human existence, people as members of a human community, sharing experiences, and accepting differences as we all walk toward truth (Heidegger), shared existential understanding, and a fusion of horizons (Gadamer), ethics based on relationships, human encounter (Levinas), the value of the person, community participation, social engagement, and social action (Wojtyla).

A realist epistemology reduces the social division and fragmentation generated by the opposition between cultural values, ideologies, individualism versus collectivism, and opposing political economy views, the right versus the left.

There is no room for the endless social fragmentation, radicalization and confrontations if each person and community has leadership, supported by a realist epistemology that helps us to connect internally and with others to share knowledge, to build shared wisdom, shared transcendence, to discover that we are valuable, to share higher values, to build relationships, shared discernment, social transformation, social healing, social action, social change.

We live in a multicultural world, a diverse society, in which we need to articulate everyone's knowledge in complex organizations and nations: diversity enriches organizational and national views, but it is a challenge, hence, we need a realist epistemology to solve it.

## **Toward world peace**

This chapter introduces a new agenda: the solution to the problems of modern political economy must be based on reinforcing a leadership culture that promotes economic growth and social justice, organizational success, and social well-being, reduces the confrontation between individualism versus collectivism, the right versus the left, and promotes world peace.

World peace results from leadership impacting the political economy and providing resources that promote National Intellectual Capital, an engine of economic growth and social justice.

World peace results from leadership impacting the political economy, providing social capital, promoting the law, order, and trust, strengthening democratic institutions, defending democratic principles of dignity, equality, and mutual respect for men, promoting education for all, employment for all, promoting a culture of justice, liberty, cooperation, solidarity, dialogue, and peace, reducing social fragmentation.

World peace results from social capital generated by economic interdependence (globalization, multinational corporations, economic integration), cultural interdependence (global culture, English as a common language, global citizenship with global music, global foods, clothes, cars, information and communication technology, knowledge sharing, global education, social media) and environmental interdependence (global sustainability).

World peace results from a leadership culture that promotes a realist epistemology, reducing the confrontations between the right and the left, the radicalism generated by internet-based social media, and the confrontation generated by populism.



### **III. Our Leadership Transforms Decision-Making, Promoting Organizational Success and Social Well-Being**

Our leadership impacts the world of organizations: our leadership provides the best resources that enrich Edvinsson's Intellectual Capital, transforming decision-making, strategic management, business ethics, and corporate social responsibility, promoting organizational success and social well-being.

Our leadership promotes social integration by relying on discernment to solve organizations' strategic, social, and ethical dilemmas.

#### **A leadership culture provides the best resources, Intellectual Capital, promoting organizational success and social well-being**

Leaders provide resources that enrich strategic management, ethics, and corporate social responsibility by providing resources that empower the organization's Intellectual Capital.

#### **The centrality of resources in modern strategic management**

In the last two decades, several economists, among them five Nobel Prize winners, proposed a new version of strategic management, incorporating economic modeling, metrics, systems analysis, and resources' central role as the strategies' backbone. This new strategic management approach is revolutionary, as it helps us connect strategic management with leadership.

A firm is a collection of productive resources (Penrose), assets, capabilities, organizational processes, firm attributes, information, knowledge that improve its efficiency and effectiveness (Barney), internal capabilities that create knowledge (Grant), promote innovation and growth (Teece, Pisano), core competencies (Prahalad and Hamel), that promote competitive advantage (Wernerfelt, Peteraf, Mahoney, Winter).

When we hear the word “resources” we automatically connect with the debate we had on political economy: the success of organizations requires resources in terms of Intellectual Capital, as Edvinsson summarized: human capital, social capital, and structural capital.

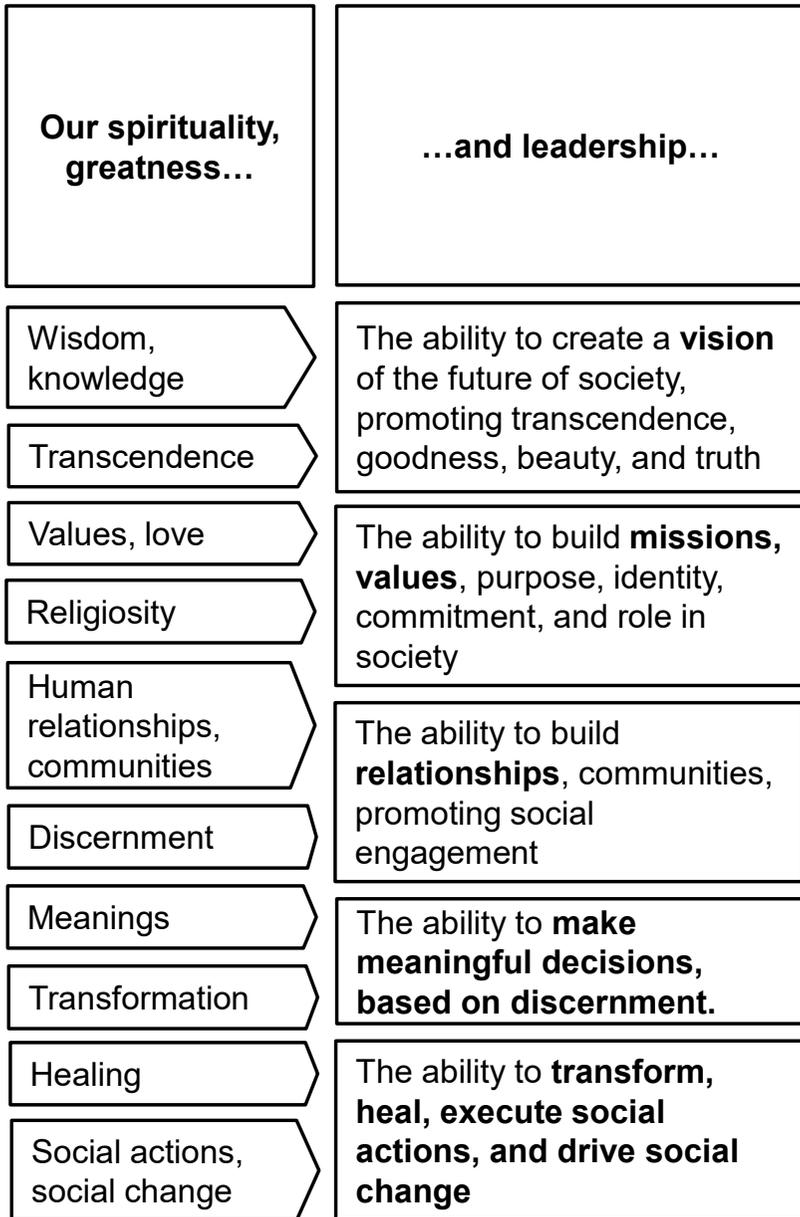
This chapter plays a central role in strategic management: “resources” help us connect decision-making with the topics discussed above: spirituality, greatness, leadership, and political economy.

## **Our leadership provides resources that enrich Intellectual Capital, promoting organizational success and social well-being**

To ensure our strategies are correct, we need to connect the strategies with the results. As Figure 3 below describes,<sup>22</sup> leadership provides resources that enrich the Intellectual Capital of the organization:

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<sup>22</sup> **Figure 3** Our spirituality, greatness, and leadership provide Intellectual Capital.



**...contribute Intellectual Capital, promoting organizational success and social wellbeing, and helping solve strategic, social and ethical dilemmas**

**Physical capital** (the operating capital of the EVA model), its book value

**Intellectual capital, MVA** (Market Value Added), its intangibles:

- **Human capital:**  
knowledge, experience, competencies, skills, attitudes, intellectual agility, vision, ideas
- **Social capital:**  
relationships, networks, alliances, attitudes, culture, values, reputation
- **Structural capital:**  
systems, databases, knowledge bases, processes, patents, trademarks, copyrights

Leaders enrich strategic management, ethics, and corporate social responsibility by providing resources that empower Edvinsson's Intellectual Capital (the following analysis refers to both Intellectual Capital and National Intellectual Capital as they impact each other).

- **Leaders provide human capital.**

Leaders provide human capital by helping to build better knowledge, wisdom, information, ideas, research, creativity, innovation, entrepreneurship, competencies, skills, organizational knowledge, labor productivity, dialogue, social and personality attributes, values, motivation, interdisciplinary science, education, health, life expectancy.

Leaders provide human capital based on the best organizational knowledge, organizational reflection, intelligence, experience, and experiential knowledge connecting and integrating all sources of knowledge, fostering creativity, discovering new ideas and new meanings, and knowing human and social realities.

Human capital is part of the Intellectual Capital, which is part of the economic value of a company expressed in the MVA (Market Value Added).

- **Leaders provide social capital.**

Leaders provide social capital and relationships: Stein's empathy, Katzenbach's team leadership, Morgan's organizations as organisms and networks, Reeve's strategic alliances, and Daniel Goleman's emotional intelligence.

Leaders provide social capital by promoting an institutionalist view: companies must be good citizens to succeed and promote personal and community values to be accepted and rewarded by all stakeholders.

Leaders provide social capital by creating relationships, social networks, norms of reciprocity, goodwill, supporting institutions, and supporting culture, generating collaboration and trust. Leaders promote a culture that welcomes investors, goodwill, civic and political freedoms, internationality, trade intensity, social and educational equality, knowledge sharing, and organizational resources.

Leaders reduce transaction costs and minimize the agency problem.

Social capital is part of the Intellectual Capital, the economic value of a company expressed in the MVA.

- **Leaders provide structural capital.**

Leaders promote wisdom, transcendence, the creation of beauty, goodness, truth, higher values, greatness, altruism, discernment, the meaning of life, the capacity to deal with suffering, and the power to transform, heal, and foster social action, which generates entrepreneurship.

Leaders promote discernment based on knowledge created and shared among stakeholders, promoting socially sensitive decision-making, valuing each member of society, seeking the best for all stakeholders, and maximizing Intellectual Capital, knowledge, and relationships. Discernment is superior to critical thinking because it involves resources beyond the intellect: personal and community knowledge, transcendence, values, relationships, and the meaning of life.

Leaders turn organizations into agents of transformation, transforming themselves, transforming the community, transforming the world, creating higher realities, innovation, entrepreneurship, growth, continuous improvement, and building a better society, a better world.

Leaders promote continuous improvement processes in organizations, considering the organization as part of a system: The Balanced Scorecard developed by Norton and Kaplan, the Baldrige National Quality Award, and Deming's Total Quality Management promote a systemic vision of the organization's continuous improvement processes in which the economic value increases along with the satisfaction of the interested parties.

Structural capital is part of the Intellectual Capital, of the economic value of a company expressed in the MVA. Our leadership promotes the execution of social actions, social change, and empowering Intellectual Capital.

- **Leaders transform business ethics.**

Our leadership empowers the cognitive, transcendence, axiological, relational, religious, discernment, social transformation, and action.

Leaders impact the cognitive dimension of ethics: prudence, wisdom, mental clarity, emotional awareness, judgment, ability to learn, richer personal and community knowledge, enlightened by meditation, contemplation, building personal authenticity, improving the consequentialism of utilitarianism, improving the criteria of idealistic normative ethics.

Leaders impact the transcendental dimension of ethics, valuing and building transcendence, goodness, beauty, truth, love, and the "participation" of creatures in the perfections of the creator (for religious persons).

Leaders impact the axiological dimension of ethics, promoting value-based ethics, fostering awareness, knowledge, and intellectual virtues such as prudence and wisdom, which may find support in perceptions and feelings. Scheler's ranges of values prioritize right, aesthetics, and truth. Values lead people and organizations

to change behaviors, build virtues, maximizing happiness. Values foster personal and social transformation.

Leaders impact the relational dimension of ethics, promoting an ethical community and reciprocity. Scheler's value ranges prioritize justice, social inclusion, cooperation, solidarity, working for the common good, pacification, harmonization, the end of delinquency and abuses of power, and economic resources.

Leaders impact the execution of ethics: motivation and energy, emotional control, and the ability to communicate, understand and interact with people promoting a better reality.

Leaders promote social ethics by promoting human dignity, the value of the person, sanctity of human life, human rights, and property rights; by promoting the dignity of the family, community, and participation; by promoting the dignity of work and respect for the worker; by promoting solidarity, social justice, the pursuit of the common good, the role of the government to secure the common good; by promoting subsidiarity, intermediate organizations; by promoting care for the creation. Leaders promote social ethics based on community values, relational values, and affection, which help develop community-oriented virtues and behaviors.

- **Leaders transform corporate social responsibility.**

Leaders promote value-based corporate social responsibility such as social assistance to workers, profit sharing, and Trusteeship Management.

Leaders promote an institutionalist view of corporate social responsibility: the Stakeholder model contributes to the harmony of all stakeholders, Corporate Citizenship to the identity of the organization as part of the community, Employee Well-being and Paternalism reinforce employee loyalty to the organization. Corporate

Social Performance relies on mechanisms that integrate the entire organization, its resources, and processes behind social issues, the Corporate Social Responsiveness Model focuses on how organizations actively engage and interact with communities to improve the quality of life and the environment. Consumer-Based corporate social responsibility has beneficial effects on customers and the image and perception of companies. Philanthropy promotes social change.

Leaders promote an institutionalist view of corporate social responsibility: the Three Domains approach involves three institutional dimensions: economic (responsibility for the global economy), legal (responsibility for shareholders), and ethical (responsibility for stakeholders).

Leaders promote an institutionalist view of corporate social responsibility: corporate social performance involves three institutional dimensions: institutional (legitimacy), organizational (public accountability), and personal (managerial discretion).

Leaders promote an institutionalist view of corporate social responsibility, promoting processes oriented to the community: environmental assessment, organization adaptation to the environment, stakeholder and problem management, stakeholder participation and communication, and outcomes of corporate behaviors such as social impacts, social programs, and social policies.

Leaders promote an institutionalist view of corporate social responsibility through the promotion of Socially Responsible Investment and Corporate Citizenship and business as administrators of citizen rights, such as social, political, and civil rights, together with government and civic organizations.

This chapter shows how leadership impacts organizational success and social well-being.

## **A leadership culture relies on discernment to solve organizations' strategic, social, and ethical dilemmas**

Organizations need resources to operate. Resources must create economic value to justify investing in them. This can lead to strategic, ethical, and social dilemmas. Our discernment can help to solve those dilemmas.

### **Investments in resources need to create economic value**

In our personal lives, we manage resources: our capital, our money, our time, and our talent. Whenever we make a strategic decision, we want to ensure that the required resources produce the best results.

This is called economic value creation: we must make the best possible use of our capital by making strategic decisions and investing in resources that produce the best results.

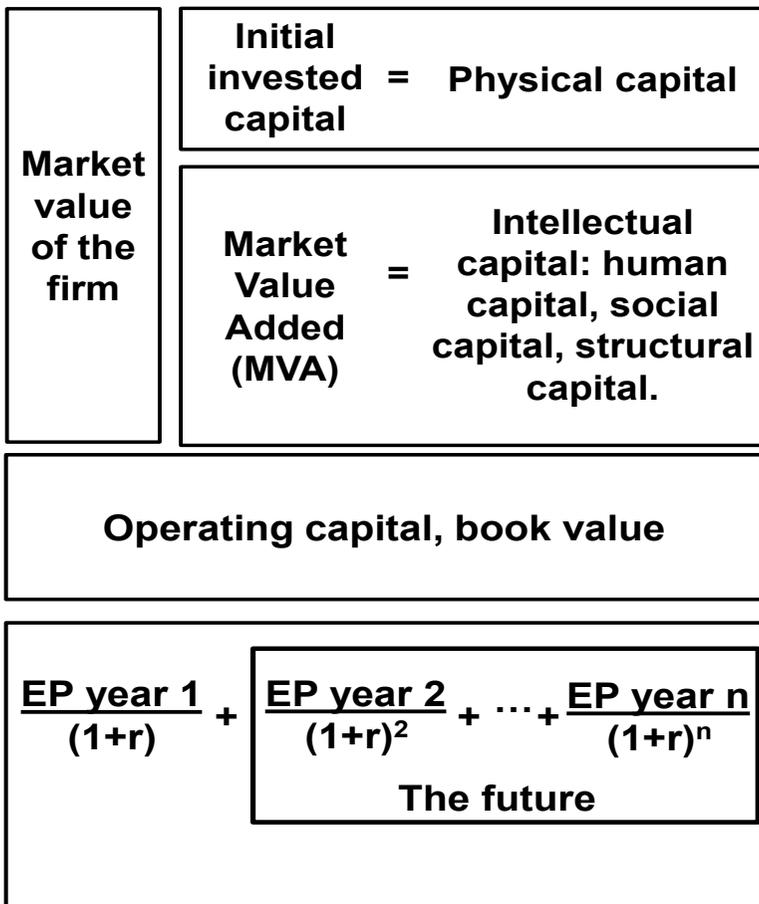
An investment in resources must create economic value, which means that to be justified, the investment must produce better results than alternative investments.

If our strategies are adequate, we will steadily create economic value, and our organization will have a high economic value.

The EVA<sup>TM</sup> Model<sup>23</sup> (Economic Value Added) presented by Tom Copeland from McKinsey & Company helps to analyze economic value creation, presenting these intuitions in financial terms, as Figure 4 summarizes.

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<sup>23</sup> Copeland, Tom, et al. *Valuation: Measuring and Managing the Value of Companies*. 3rd Edition. McKinsey & Company Inc. John Wiley & Sons, Inc. 2000.



**Figure 4** The phenomenon of economic value creation

### The equivalence of Intellectual Capital = MVA

As Figure 4 shows, the market value of a company is equal to the initial invested capital plus the market value added (MVA). The former measures the physical capital of the company, and the latter measures the Intellectual Capital.

Intellectual Capital is important: it means money. Intellectual Capital is the most significant part of the market value of modern organizations. For example, Microsoft's market value is 300 billion dollars; its physical capital is 30 billion dollars; its intellectual capital, its MVA, is 270 billion. Why is the MVA, the Intellectual Capital, so high? Because Microsoft is based on knowledge and relationships and not on physical capital.

### **Intellectual Capital supports economic value creation**

It is easy to measure the physical capital: the company's book value comes from accounting.

How do we measure Intellectual Capital?

As Figure 4 shows, the EVA model helps assess a company's value and provides the same value as the traditional discounted cash flow model.

Intellectual Capital is measured by the Market Value Added, MVA, which reflects how much investors are willing to pay for a company above its book value, based on the future cash generation of the company.

The future cash generation of the company is based on its resources, its Intellectual Capital: human capital (knowledge), social capital (relationships), and structural capital (systems and processes).

## The strong connection between economic value creation and strategic management

McKinsey<sup>24</sup> formulates the MVA with this equation that provides extremely interesting insights: **(Economic Profit<sub>T+1</sub> / WACC) + NOPLAT<sub>T+1</sub> \* (Growth/ROIC) \* (ROIC – WACC) / [WACC \* (WACC – Growth)]**

This equation introduces three terms that help to connect economic value creation with strategic management:

- **Economic Profits are based on competitive strategies.** Economic Profits = Return on Invested Capital – Opportunity Cost of Capital.

To have positive Economic Profits, an organization must be more profitable than similar organizations based on its competitive strategies, satisfying its customers better than the competition.

The Economic Profits measure the company's profitability compared to the profitability of similar companies. For example, if the profitability of company A is 15%, and the profitability of company B is 10%, company A has Economic Profits of 5% (15% minus 10%), so company A creates economic value. But company B has Economic Profits of minus 5% (10% minus 15%), destroying

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<sup>24</sup> According to Copeland, the MVA of a company using a Continuing Value approach = (Economic Profit<sub>T+1</sub> / WACC) + NOPLAT<sub>T+1</sub> \* (g/ROIC) \* (ROIC – WACC) / [WACC \* (WACC – g)] where:

Economic profit<sub>T+1</sub> = Invested Capital \* (Return on Invested Capital – Opportunity Cost of Capital).

NOPLAT<sub>T+1</sub> = The normalized NOPLAT (Net Operating Profits Less Adjusted Taxes) in the first year after the explicit forecast period.

g = The expected growth rate in NOPLAT in perpetuity.

ROIC = The expected rate of return on net new investment.

WACC = The weighted average cost of capital.

economic value. Economic Profits are based on a comparison: to succeed, we need to be better than others by having better resources.

- **Growth is based on innovation strategies.**

To grow, an organization must be more innovative than similar organizations based on innovation strategies (new products, new customers, new markets, new businesses, new channels).

- **MVA, Market Value Added, is based on resource strategies.**

To have a positive MVA (present value of future Economic Profits), an organization needs to have future positive Economic Profits and growth by having better resources than similar organizations, based on its resource strategies, which support their future competitive and innovation strategies.

The MVA reflects the future, what the investors are willing to pay for the firm above its book value based on the expectation that the firm can generate positive Economic Profits and growth in the future.

The MVA is the most significant part of the economic value of modern organizations. 90% of the market value of firms such as Microsoft or Apple is their MVA.

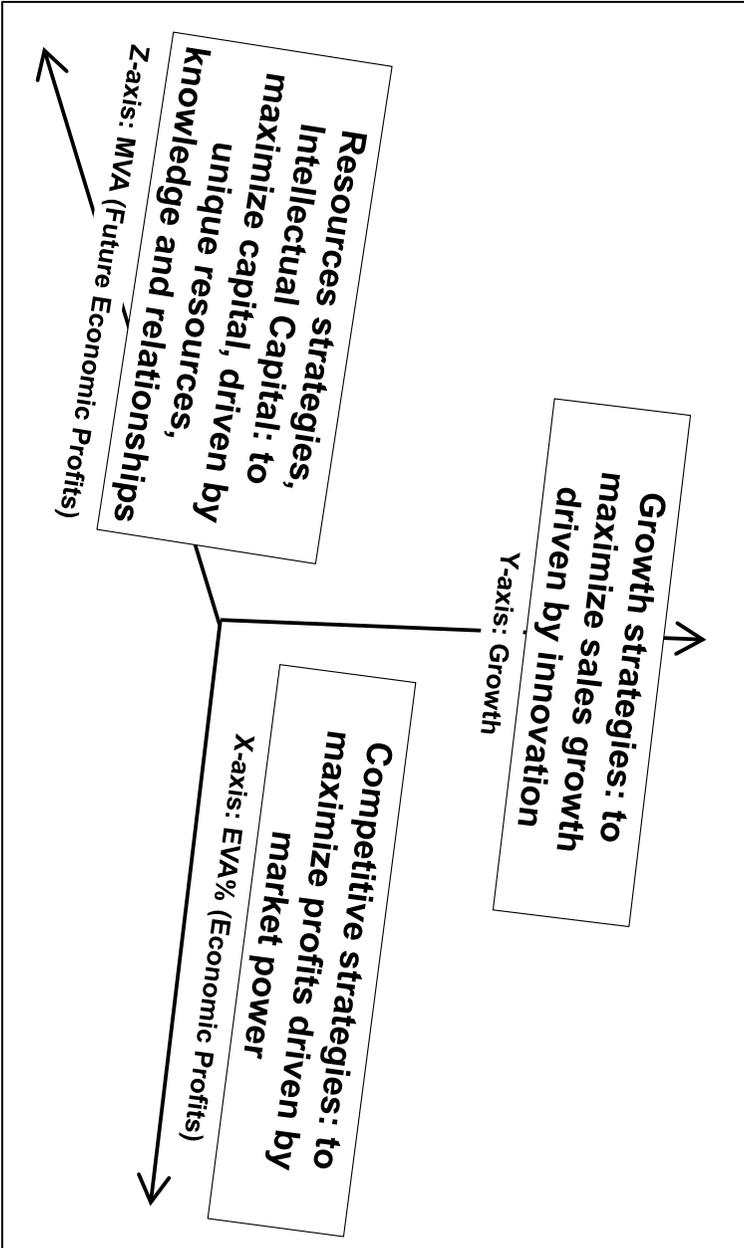


Figure 5 A three-dimensional view of economic value creation in strategic management

Figure 5 shows the connection between economic value creation and strategic management: the X-axis indicates the Economic Profits, which measure the success of the competitive strategies; the Y-axis indicates sales growth, which measures the success of the innovation strategies; the Z-axis reflects the MVA, the present value of future Economic Profits, which measures the success of the resource strategies.

### **Connecting economic value creation and strategic management. An example**

Figure 5 is tridimensional; however, for simplicity, the following pages will show two dimensions: Economic Profits and growth of operating capital. The third dimension, the future years, will be specified on the graph.

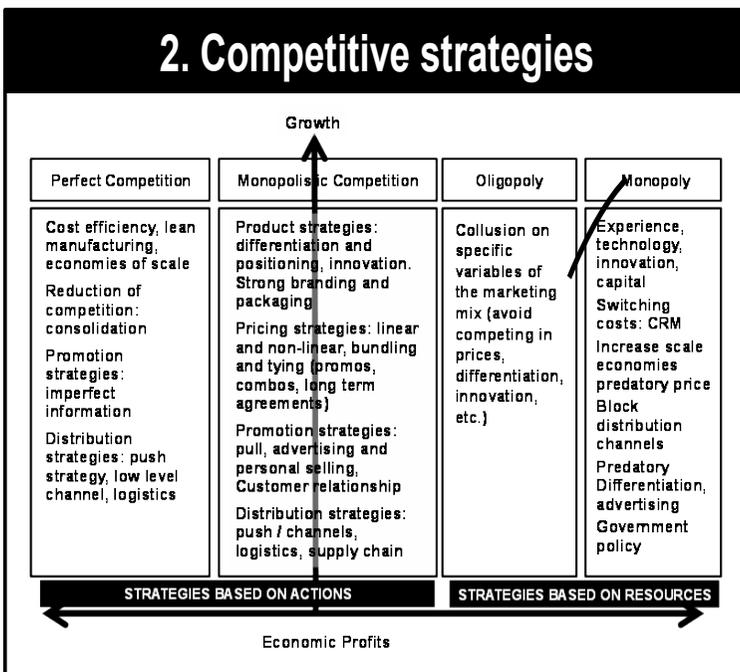
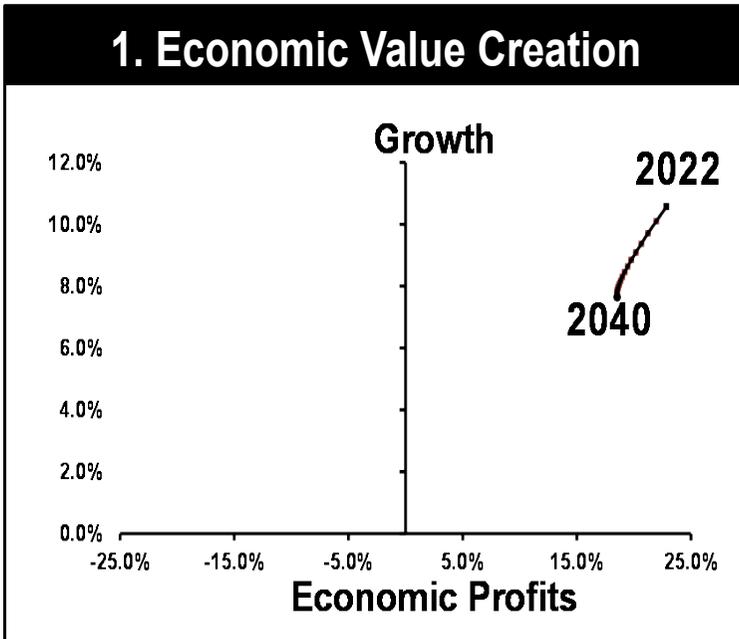
For academic purposes, I simulated the value creation of Starbucks in a financial model developed by Juan Carlos Torviso (MBA, Stanford University),<sup>25</sup> which relies on the EVA Model to analyze the economic value creation of an organization.

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<sup>25</sup> This link presents a video explaining how this financial simulation works: <https://www.juanpablostegmann.net/documents?lightbox=dataItem-k9kboses4>

This link provide the simulation with the Starbucks data that I incorporated: <https://www.juanpablostegmann.net/documents?lightbox=dataItem-k9kbew3m1>

This link presents a video to understand the EVA model: <https://www.juanpablostegmann.net/documents?lightbox=dataItem-k9kbxsul2>



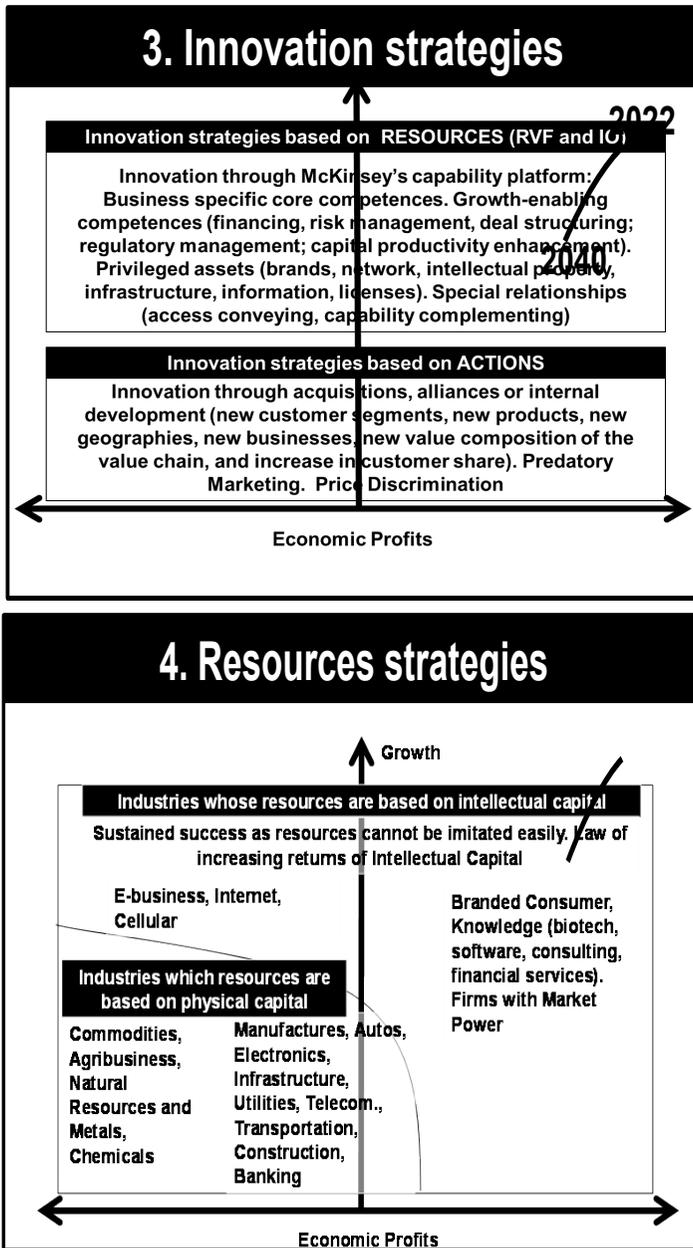


Figure 6 Example. Starbucks simulated future results (economic value creation) and recommended strategies

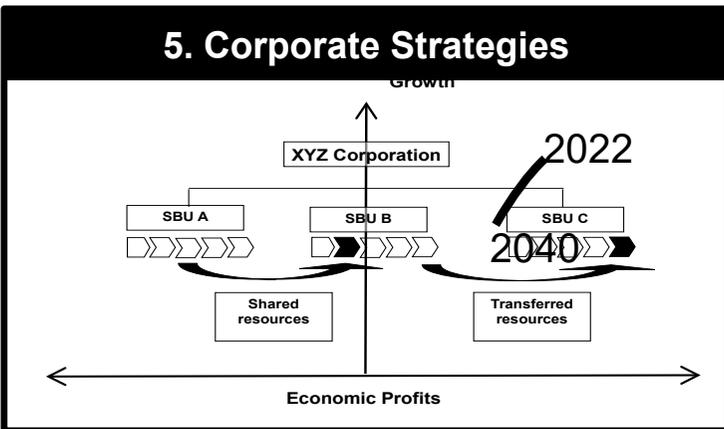
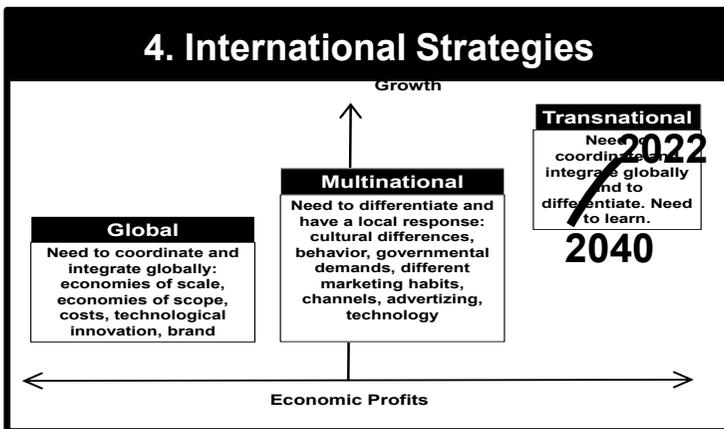
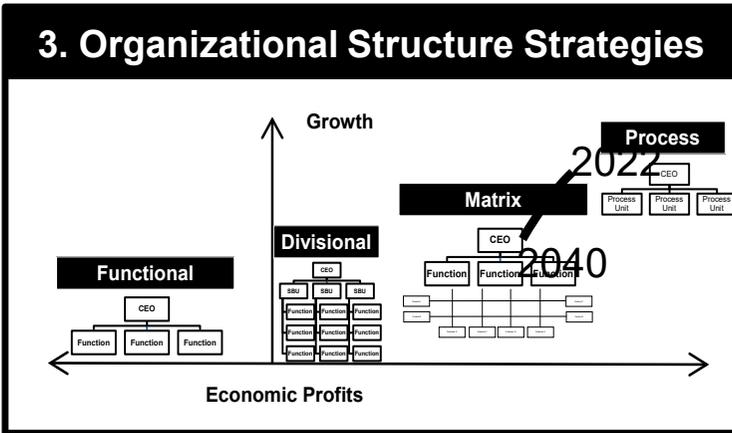
Figure 6.1 shows Starbucks' economic value creation for the future years: this evolution is based on my estimates, considering the current market value.

Between the first and last year, Starbucks is expected to have Economic Profits between 19% and 24%, which is remarkable: the average Economic Profits for all organizations are 0%.

During those years, its operating capital is expected to grow between 8% and 11%, which is also remarkable.

Figures 6.2, 6.3, and 6.4 show Starbucks recommended competitive, innovation, and resource strategies.





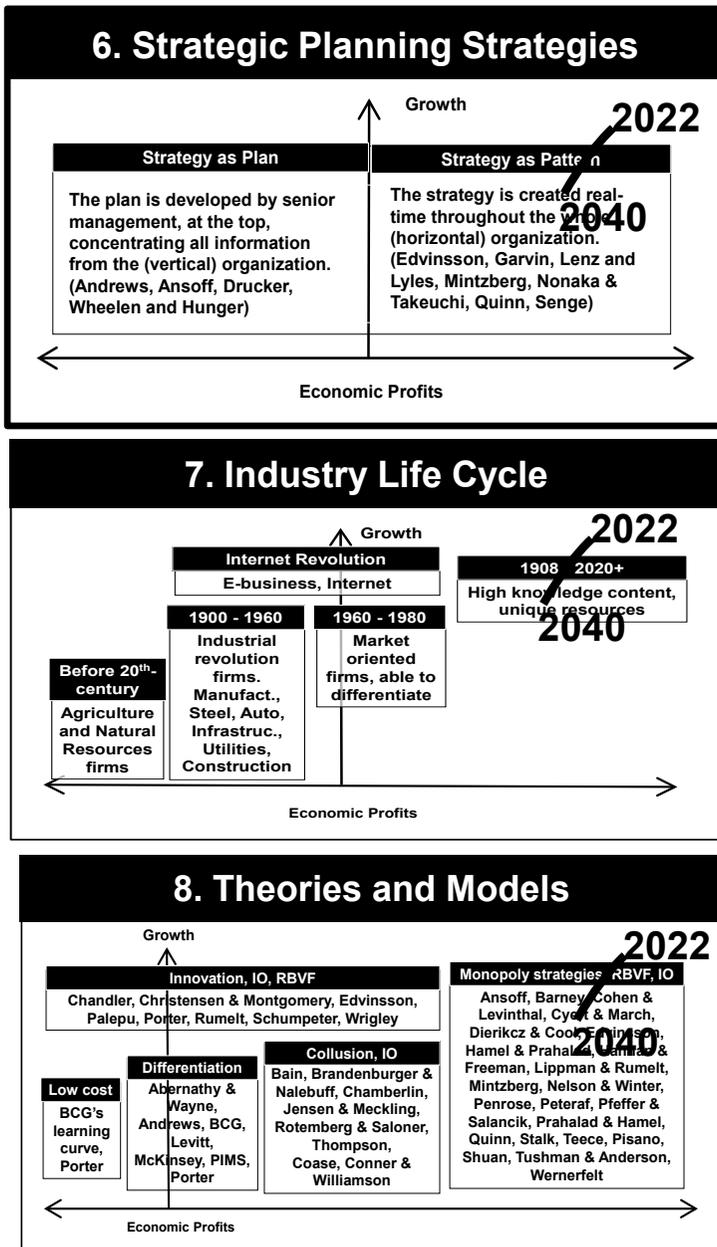


Figure 7 Example: strategic management and economic value creation.

Once the overall strategies are defined, Figure 7 shows the recommended functional strategies: 7.1. Operations strategies, 7.2. Human resources strategies, 7.3. Organizational structure strategies, 7.4. International strategies, 7.5. Corporate strategies, 7.6. Strategic planning strategies, 7.7. Industry life cycle, and 7.8. Main theories and models.

This has extraordinary conceptual and practical consequences: it is possible to visualize what strategies are recommended for the next years by knowing their economic value creation, which life cycle they reflect, and what theories support such strategies.

Knowing the economic value creation, we can navigate through all strategic management in one page: we can visualize the recommended strategies for the future years, their life cycle, and the theories that support them, knowing if our strategies help create economic value.

Probably all our managerial decisions are connected with economic value creation, whatever we do in business is connected with economic value creation, whether we are aware of it or not.

## **The creation of economic value promotes critical thinking**

Economic value creation is a source of critical thinking. An organization needs to have positive future Economic Profits, which compare an investment's profits versus those of alternative investments. To create economic value, an organization must be more profitable than similar organizations, placing competition and critical thinking at the core of an organization's survival and success.

Incorporating metrics is a source of critical thinking because the metrics help to predict the success of the strategies.

Framing strategic management based on its capacity to create economic value is a source of critical thinking. It questions the consistency between environments, strategies, and results.

Framing strategic management based on its capacity to create economic value is a source of critical thinking: all theories, models, and strategies are contingent on the environment, strategies, and results.

Connecting environment, strategies, and results is a source of critical thinking by relying on the consistency between environment, strategies, and results. For example, if the firm operates in an environment of perfect competition, the strategies should be perfect competition strategies, and the results must be negative Economic Profits.

Interdisciplinary thinking generates critical thinking, as it allows other disciplines such as finance, ethics, or social responsibility to question the benefits of the strategies.

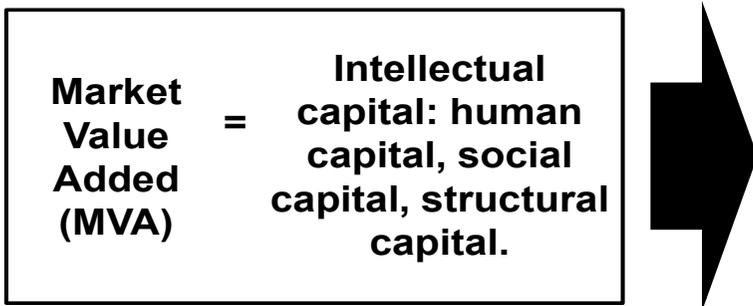
**Our leadership promotes discernment (IQ, EQ, SQ) to solve strategic, ethical and social dilemmas**

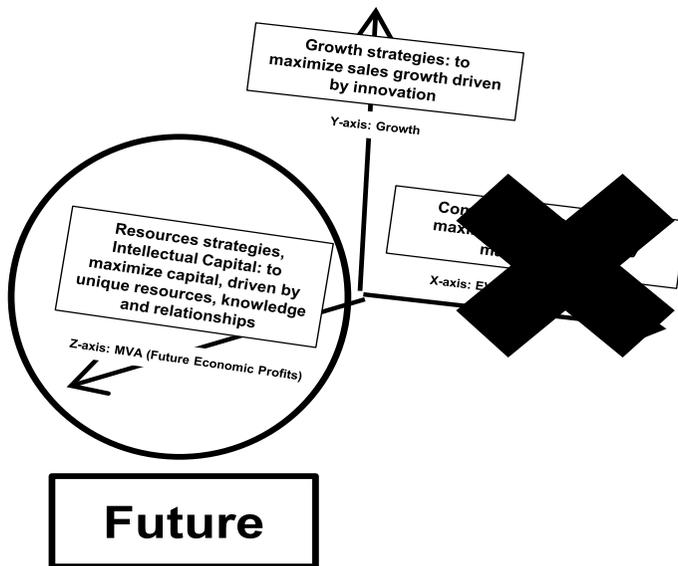
How can we manage strategic decisions that involve social and ethical dilemmas?

Our spirituality, greatness, and leadership promote discernment which helps to make complex managerial decisions.

Imagine we are the CEO of a global pharmaceutical firm and must decide the best strategy to sell drugs to treat HIV in Africa.

One strategy can be high prices today to maximize economic profits, with a negative social impact.





**Figure 8** Making decisions relying on discernment

Discernment may lead us to create economic value not based on current high prices but the future MVA:

- Discernment helps build **human capital** as stakeholders may be willing to contribute with more knowledge, based on mutual trust.
- Discernment helps build **social capital** by establishing more stable and robust relationships, trust, collaboration among stakeholders, and a good reputation.
- Discernment helps build **structural capital**, with committed stakeholders working harder, building efficiency and better processes.

The discernment of many organizations may impact the National Intellectual Capital, which may positively impact the economy, raising the aggregate demand and supply, involving more economic agents, and raising production and sales volumes.

This example summarizes this entire book:

- Great leaders make decisions based on discernment, built by our consciousness, IQ, EQ, and SQ, wisdom, transcendence, connectedness, values, relationships, discernment, and our capacity to transform and execute social actions.
- Great leaders promote resources that enrich the Intellectual Capital of the organization, building knowledge, relationships, systems, and processes.
- Those resources, Intellectual Capital, human, social and structural capital, positively impact the future, ensuring organizational success, creating economic value, MVA, and promoting social well-being.

This is an example of how discernment can help us solve strategic, ethical, and social dilemmas.

### **Toward world peace**

World peace results from leadership impacting decision-making by providing resources and promoting social well-being, nutrition, shelter, sanitation, healthcare, and education.

World peace results from leadership providing discernment to solve the adverse social outcomes that economic value creation and critical thinking in strategic management may generate.



## IV. How Our Spirituality, Greatness and Leadership Transform the Person and Society

For many of us, life is not easy. Most likely, many readers can feel identified with some of the groups described below. The most remarkable aspect of spirituality, greatness, and leadership is their power to transform our lives:

- People in a difficult economic situation, people who are homeless or jobless,<sup>26</sup> or who have difficulties with work and financial instability; people living in poverty;<sup>27</sup> people who suffer abuse in their jobs, and young people who cannot find their first job.

Our spirituality, greatness, and leadership positively impact the political economy by promoting economic growth and social justice; they impact decision-making, businesses, and organizations by promoting organizational success and social well-being; world peace enables and empowers economic prosperity.

- People who feel lost, disoriented, without a clear identity, without a purpose for their lives,<sup>28</sup> especially young people.

Our spirituality, greatness, and leadership help us build knowledge and wisdom, know ourselves and others, discover and build our identity and reality, enrich our understanding of humanity, and find our place in the world.

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<sup>26</sup> Between 0.1% and 95%, depending on the country. *Unemployment*. CIA World Factbook. January 1, 2018. <https://www.indexmundi.com/g/r.aspx>

<sup>27</sup> 10% of the world's population lives on less than \$2 a day. *Poverty*. World Bank. <https://www.worldbank.org/en/topic/poverty/overview>.

<sup>28</sup> 54% do not know or is not sure what the purpose of life is. *Survelum Public Data Bank Life Purpose Survey*. <http://www.survelum.com/survey-results/life>.

Our spirituality, greatness, and leadership build the power to appreciate and create transcendence, find our identity, giving meaning to our lives as creators or enjoyers of transcendence.

Our spirituality, greatness, and leadership build consciousness, connect with our interiority and that of others, help us to discover that we all have transcendence and value, build presence, values, relationships, and love, generate a positive appreciation of ourselves, others, and reality, discover our identity, and provide meaning to our lives.

Our spirituality, greatness, and leadership build the power to experience the loving presence of God, a fundamental source of peace; they lead to building our relationship with God, benefiting society, and building our identity and meaning in our lives.

Our spirituality, greatness, and leadership build human relationships, communities, and social organizations based on love and mercy, powerful sources of identity and meaning to our lives.

Our spirituality, greatness, and leadership build discernment, which helps us overcome complex situations and find our identity and the meaning of our existence.

Our spirituality, greatness, and leadership build the power to transform suffering, find the meaning of suffering, and find the meaning of our lives to solve suffering.

Our spirituality, greatness, and leadership build the power to transform persons and communities, building our identity and giving meaning to our lives as agents of transformation.

Our spirituality, greatness, and leadership build the power to provide physical, emotional, and spiritual health for us and others, building our identity and giving meaning to our lives as health agents.

Our spirituality, greatness, and leadership build the power to perform social actions and drive social change, a great source of

identity and meaning for promoters and beneficiaries of social actions.

- People born into broken families<sup>29-30</sup> or who see their own families fail,<sup>31</sup> lonely people,<sup>32</sup> people with autism,<sup>33</sup> and people who suffer

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<sup>29</sup> 40.5% Percent of all births to unmarried women. Hamilton, Brady E., et al. *Births: Final 2014 data. National Vital Statistics Reports*. Volume 64, Number 12 December 23, 2015. and *Unmarried Childbearing*. National Center for Health Statistics. <https://www.cdc.gov/nchs/fastats/unmarried-childbearing.htm> Accessed May 2019.

<sup>30</sup> 84% of Colombia's children are born out of wedlock. Gill, Stephen. *84% of Colombian children are born out of wedlock*. March 12, 2016. <https://colombiareports.com/84-colombias-children-born-wedlock/> Accessed May 2019.

<sup>31</sup> 50% chances of divorcing of US couples marrying for the first time. American Psychological Association. *Marriage and divorce*. <https://www.apa.org/topics/divorce/> . Accessed November 2018.

<sup>32</sup> 3 out of 4 Americans are lonely. Fikes, Bradley J. *The San Diego Union-Tribune* <https://phys.org/news/2018-12-americans-lonely.html> Accessed May 2019.

<sup>33</sup> About 1 in 44 children has been identified with autism spectrum disorder (ASD) according to estimates from CDC's Autism and Developmental Disabilities Monitoring (ADDM) Network. ASD is reported to occur in all racial, ethnic, and socioeconomic groups. ASD is more than 4 times more common among boys than among girls. About 1 in 6 (17%) children aged 3–17 years were diagnosed with a developmental disability, as reported by parents, during a study period of 2009-2017. These included autism, attention-deficit/hyperactivity disorder, blindness, and cerebral palsy, among others. <https://www.cdc.gov/ncbddd/autism/data.html>

One in 54 children had a diagnosis of ASD by age 8 in 2016, a nearly 10 percent increase over 2014 when the estimate was 1 in 59. <https://www.autismspeaks.org/press-release/cdc-estimate-autism-prevalence-increases-nearly-10-percent-1-54-children-us>

1 out of 37 boys and 1 in 151 girls are diagnosed with autism in the United States. Autism is the fastest-growing serious developmental disability in the U.S. <https://tacanow.org/autism-statistics/>

Autism prevalence has increased by 178% since 2000. <https://tacanow.org/autism-statistics/>

discrimination<sup>34</sup>.

Our spirituality, greatness, and leadership can help connect internally and with others and develop interpersonal values, relationships, communities, healing, and transformation.

- People with emotional struggles,<sup>35</sup> anxiety,<sup>36</sup> depression,<sup>37</sup> and suicidal.<sup>38</sup>

Our spirituality, greatness, and leadership can help heal emotions, transform us, and teach us to live, be happy, to process suffering.

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<sup>34</sup> Percent of each group saying that, generally speaking, they believe discrimination against their own group exists in America today: Black Americans 92%, Latinos 78%, Native Americans 75%, Asian Americans 61%, women 68%, LGBTQ 90%. *Discrimination in America: Final Summary*. Survey conducted for National Public Radio, the Robert Wood Johnson Foundation, and the Harvard T.H. Chan School of Public Health.

<sup>35</sup> 25% people are affected by mental disorders. *World Health Report*. World Health Organization. [https://www.who.int/whr/2001/media\\_centre/press\\_release/en/](https://www.who.int/whr/2001/media_centre/press_release/en/)

*Prevalence of any mental illness (AMI)*. National Institute of Mental Health. <https://www.nimh.nih.gov/health/statistics/mental-illness.shtml>.

<sup>36</sup> 19.1% of U.S. adults had any anxiety disorder in the past year, 31.1% of U.S. adults experience any anxiety disorder at some time in their lives. National Comorbidity Study. National Institute of Mental Health. <https://www.nimh.nih.gov/health/statistics/any-anxiety-disorder>

<sup>37</sup> People suffering with depression: average 7%, teenage females 20%. *National Institute of Mental Health*. [www.nimh.nih.gov/health/topics/depression/index.shtml](http://www.nimh.nih.gov/health/topics/depression/index.shtml)

<sup>38</sup> During 2020: 13.5 per 100,000 inhabitants in the USA. Garnett, Matthew F., M.P.H.; Curtin, Sally C., M.A.; Stone Deborah M., Sc.D. *Suicide Mortality in the United States, 2000–2020*. NCHS Data Brief No. 433. Centers for Disease Control. March 2022. <https://www.cdc.gov/nchs/products/data-briefs/db433.htm#Summary>

- People with addictions<sup>39</sup> who feel unable to overcome them.<sup>40</sup>

Our spirituality, greatness, and leadership can help heal and be free from addictions.

- People who suffer sexual abuse, physical violence, harassment,<sup>41</sup> and psychological aggression.<sup>42</sup>

Our spirituality, greatness, and leadership can help heal the wounds of sexual and emotional abuse and reconnect with the community.

- People who live surrounded by dishonesty, corruption, and lies.

Our spirituality, greatness, and leadership can help transform the person and community, developing values and virtues.

- People who suffer wars and genocides, who must emigrate because of violence, or are surrounded by violence and crime.

Our spirituality, greatness, and leadership can help integrate society, create community, and provide peace and happiness.

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<sup>39</sup> People with addictions: 6% of the population. *Addiction Statistics*. Addiction Center. <https://www.addictioncenter.com/addiction/addiction-statistics/>

<sup>40</sup> People unable to recover from alcoholism: 96%. *Addiction Statistics*. Addiction Center. <https://www.addictioncenter.com/addiction/addiction-statistics/> .

<sup>41</sup> On average, more than 1 in 3 women and 1 in 4 men in the US will experience rape, physical violence, and/or stalking by an intimate partner. *Facts and figures*. National Domestic Violence Hotline. <https://www.thehotline.org/resources/statistics/>

<sup>42</sup> 48%. Ibid.

- Societies and nations are confronted because of cultural opposites, traditions, history, ideologies, and opposite political economies.

Our spirituality, greatness, and leadership build a realist epistemology, helping to eliminate cultural opposites.

Spirituality, greatness, and leadership are crucial for our happiness and well-being, especially for vulnerable people who struggle and suffer.

### **Toward world peace**

To conclude this journey, spirituality, greatness, and leadership promote world peace.

Antony Adolf<sup>43</sup> considers that personal needs drive world peace. Spirituality, greatness, and leadership promote world peace:

- Corporeal peace (education, healthcare, sanitation, nutrition)
- Socio-economic peace (reduction of wealth disparities, discrimination, unemployment)
- Sanctuary peace (minimal harm against nature, state, structural, inter-personal),
- Inner peace (spiritual and intellectual attainment, recognition and respect, quietude and plenitude),
- World peace (ongoing investigation, critical dialogue, incentives deterrents, legitimacy, and law).

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<sup>43</sup> Adolf, Antony. *Peace. A World History*. Polity Press. 2009

Roy Weatherford<sup>44</sup> considers that world peace is promoted by interdependence. Our spirituality, greatness, and leadership build connectedness, values, and relationships, which generate:

- Economic interdependence, globalization, multinational corporations, economic integration.
- Cultural interdependence, by global culture, the internationalization of English as a world language, global citizenship with global music, global foods, clothes, cars, information and communication technology, knowledge sharing, global education, and social media.
- Environmental interdependence, global sustainability.

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<sup>44</sup> Weatherford, Roy. *World Peace and the Human Family*. Routledge. New York. 2002.



## FINAL REFLECTIONS

May this book help to raise awareness of what spirituality is so that everyone can incorporate it as a conscious part of our lives, making us happier and helping us to build our greatness and leadership. This may be a revolution for many, as we surely share many of the intuitions in the book but have never had the opportunity to put them all together in one work.

May this book help us discover something crucial to our lives: how our spirituality transforms us, makes us better, building our greatness and leadership.

May the chapter “How our spirituality, greatness, and leadership transform the person and society” help those of us who struggle with the complexities of life, the many challenges we all face every day.

May this book help raise awareness of how leadership is crucial for the political economy to promote economic growth and social justice. We can begin to imagine a different world, where economic and political agendas are no longer the battle between the right versus the left, and the real topic of discussion becomes how to educate society on the role of spirituality, greatness, and leadership so that we can all contribute our human, social, renewal, and process capital, promoting economic growth and social justice.

May this book help raise awareness of how leadership is crucial to organizations and the business world. This can help transform our view of business and organizations, incorporating how our spirituality, greatness, and leadership can contribute to human capital, social capital, and structural capital, promoting organizational success and social well-being. I hope this will help to incorporate discernment to make organizational decisions with a positive social impact.

May the society introduce a new agenda, promoting a different world in which spirituality, greatness, and leadership solve problems that today seem unsolvable.

May one day, more politicians, shareholders, managers, workers, and stakeholders incorporate these insights, building their spirituality, greatness, and leadership, building a better society toward world peace.

I hope this first volume will invite many readers to the following three volumes, which elaborate on these ideas.