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ARTICLES /CASES

1. HAPPINESS HYPOTHESIS

Prasanna Chandra

Jonathan Haidt's *Happiness Hypothesis* is a treasure of insights, scientific evidence, and eloquent reasoning. The book is organised into ten chapters: 1. The Divided Self. 2. Changing Your Mind. 3 Reciprocity with a Vengeance. 4. The Fault of Others. 5. The Pursuit of Happiness. 6. Love and Attachments. 7. The Uses of Adversity. 8. The Felicity of Virtue. 9. Divinity With or Without. 10. Happiness Comes from Between.

The key points of this masterpiece are as follows:

1. Ancient wisdom comes mostly from three great zones of classical thought: Indian (Upanishads, the Bhagwad Gita, and the teachings of Buddha); China (the Analects of Confucius and the Tao Te Ching) and Mediterranean cultures (the Old and New Testament, the Greek and Roman philosophers, and the Koran).
2. Our minds are divided in four ways: (a) Mind vs body, (b) Left vs right, (c) New vs old, (d) Controlled vs automatic.

We sometimes say that the body has a mind of its own. The French philosopher Michel de Montaigne went a step further and suggested that each part of the body has its own emotions and its agenda.

The left hemisphere of the brain is specialized for language, logic, and analytical tasks whereas the right hemisphere specializes in spatial reasoning.

The new part of the brain or the neocortex is the gray matter that distinguishes humans from other mammals who have only reptilian and limbic brains. The front portion of the neocortex, called the frontal cortex, is the seat of reason that is supposed to exercise control over the primitive limbic system, the seat of emotions. In reality, however, the frontal cortex has enabled the expansion of emotionality.

There are two processes at work in the mind: System 1 and System 2. System 1 operates automatically and rapidly. It requires little or no effort and is not amenable to voluntary control. System 2 is effortful, deliberate, and slow. It requires mental activities that may be demanding, including complex calculation.

The mind is divided into two parts: the conscious, reasoning part and the subconscious, intuitive part.

3. Buddha said, "Our life is the creation of our mind." Shakespeare put it as "thinking makes it so." John Milton in his work *Paradise Lost* expressed this idea in the following words: "The Mind is its own place, and in itself make a heaven of hell, a hell of heaven."
4. Most people's minds have a bias toward negative thinking and useless worry. There are techniques to change this bias, such as meditation, cognitive behavioural therapy, and Prozac.
5. In the words of Confucius: "Is there any single word that could guide one's entire life?" The master said: "Should it not be reciprocity? What you do not wish for yourself, do not do to others." In the same vein, Rabbi Hillel said: "That which is

hateful to you, do not do to your fellow; this, in a few words, is the entire Torah; all the rest is but an elaboration of this one central point.”

Reciprocity is the most important single principle that guides human life. As Jonathan Haidt said, “Gratitude and vengefulness are big steps on the road that led to human ultra-sociality, and it is important to realise that they are two sides of the same coin.”

6. We are all hypocrites. Though we see the defects of others, we don’t see our own defects. Our self- perceptions are distorted because we look at ourselves in a rose- coloured mirror. Over 500 years ago, Machiavelli said, “the great majority of mankind are satisfied with appearances, as though they were realities, and are often more influenced by the things that seem than by those that are.” In his insightful book the *Moral Animal* Robert Wright wrote: “Human beings are a species splendid in their array of moral equipment, tragic in their propensity to misuse it, and pathetic in their constitutional ignorance of the misuse.” It is difficult to cure hypocrisy because we don’t believe that there is a problem.
7. The elephant in the human mind is always evaluating or judging and saying “Like it” or “Don’t like it.” Judgmentalism, the normal condition of the human mind, causes anger, conflict, and torment. What is the way out? The Eastern solution is meditation as it quietens the mind and trains it to take things philosophically.
Cognitive therapy, developed in the U.S., too works. By knowing the mind’s structure and strategies, we can avoid the ancient game of manipulation and choose our game. As Haidt put it, “By seeing the log in our own eye you can become less biased, less moralistic, and therefore less inclined toward argument and conflict.”
8. Buddhism and Stoicism believe that happiness comes from within and the path of happiness lies in diminishing attachments to external things and cultivating an attitude of acceptance. As Buddha said “When pleasure and pain comes to them, the wise feel above pleasure and pain.” In a similar vein Epictetus said: “Do not seek to have events happen as you want them to, but instead want them to happen as they do happen, and your life will go well.”
9. Recent research in positive psychology suggests that Buddha and Epictetus may have taken things too far. Perhaps their insights were relevant in the ancient world where most of the things were beyond the control of individuals. As Haidt said, “Some things are worth striving for and happiness comes in part from outside of yourself, if you know where to look for.”
10. Whatever happens we are likely to adapt it. However, we don’t realise this upfront because we are bad at affective forecasting. As Haidt put it, “Adaptation is, in part, just a property of neurons. Nerve cells react vigorously to new stimuli, but gradually they ‘habituate,’ firing less to stimuli that they become used to. It is a *change* that contains vital information, not *steady* states.”

We tend to carry adaptation to cognitive extremes. After achieving success we aim higher and after a serious setback we aim lower. As Haidt put it, “Instead of following Buddhist and Stoic advice to surrender attachments and let events

happens, we surround ourselves with goals, hopes, and expectations, and then feel pleasure and pain in relation to our progress.”

11. Combining the adaptation principle with the psychological finding that people’s average level of happiness is highly heritable means that in the long run it doesn’t much matter what happens. As Haidt put it, “Good or bad, you will always return to your happiness set point – your brain’s default level of happiness- which was determined largely by your genes.” Long before anyone knew about genes, Adam Smith wrote in 1759. “In every permanent situation, where there is no expectation of change, the mind of every man, in a longer or shorter time, returns to its natural and usual state of tranquility. In prosperity, after a certain time, it falls back to that state; in adversity, after a certain time, it rises up to it.”
12. The influence of environmental and demographic factors on happiness is much less than that of genes.
13. A good marriage is an important contributor to happiness because dependable companionship is a basic need: we never fully adapt either to it or to its absence. Religious people tend to be happier on average, compared to non-religious people. The benefit stems from social ties that come from participating in a religious community as well as from a feeling of connection to something beyond the self.
14. One of the most important ideas of positive psychology is what Lyubomirsky, Sheldon, Schkade, and Seligman call the “happiness formula.”
$$H = S + C + V$$

Where H = happiness, S= set point, C = conditions, and V = Voluntary activities.
15. Certain external conditions (C) matter. The important ones are noise, commuting, lack of control, shame, and relationships. We cannot fully adapt to noise, commuting, lack of control, shame, and interpersonal conflicts. The condition that seems to trump all others is the strength and number of a person’s relationships. As Haidt said, “Good relationships make people happy and happy people enjoy better relationships than unhappy people. You never adapt to interpersonal conflicts.”
16. As far as voluntary activities are concerned, Buddha prescribed the 8 – fold noble path (which includes meditation and mindfulness) and Epictetus recommended methods to cultivate indifference to externals. Essentially, the suggestions of Buddha and Epictetus are to cultivate acceptance and weaken emotional attachments.
17. In the modern world, it is hard to follow Buddha’s path of nondoing and nonstriving. Some of poets and writers urge us to embrace action wholeheartedly. As Charlotte Bronte wrote, “IT is vain to say that human beings ought to be satisfied with tranquility: they must have action; and they will make it, if they cannot find it.”
18. What is the right kind of voluntary activity? According to C. Mihalyi, a co-founder of positive psychology and inventor of a tool called ‘experience sampling method,’ activities which lead to “flow” or “being in the zone” matter more. Flow

occurs when a person is fully immersed in the task such as skiing, playing music, singing, dancing, cooking, teaching, painting, writing, conversing, and so on. According to Haidt here are the keys to flow: “There’s a clear challenge that fully engages your attention; you have the skills to meet the challenge; and you get immediate feedback about how you are doing at each step (the progress principle).” He added, “In the flow experience, elephant and rider are in perfect harmony. The elephant (automatic processes) is doing most of the work, running smoothly through the forest, while the rider (conscious thought) is completely absorbed in looking out for problems and opportunities, helping wherever he can.”

19. Drawing on Mihalyi’s work Martin Seligman, widely regarded as the principal founder of positive psychology, makes a fundamental distinction between *pleasures* and *gratification*. Pleasures are delights that are mainly sensory and emotional and are derived from things like food, sex, baths, and entertainment.

Gratification is derived from activities that draw on your strengths, engage you fully, and allow you to lose self-consciousness. As Haidt put it “Gratification often comes from accomplishing something, learning something, or improving something. When we enter a state of flow, hard work becomes effortless. We want to keep exerting ourselves, honing our skills, using our strengths.”

20. In his recent book *Luxury Fever*, Frank analysed the vigour with which people pursue goals that are incongruent with their happiness. Frank referred to the pursuit of conspicuous consumption—consumption of things that are considered as markers of a person’s relative success. Conspicuous consumption tends to be a zero-sum game. Inconspicuous consumption, on the other hand, refers to goods and activities that are inherently valuable, that are not bought to show off or achieve status, and that are consumed more privately.

The message of Frank’s book is that happiness depends on inconspicuous consumption, not conspicuous consumption. Endorsing this view moral psychologist Jonathan Haidt wrote: “Stop trying to keep up with the Joneses. Stop wasting your money on conspicuous consumption. As a first step work less, earn less, accumulate less, and ‘consume’ more family time, vacations, and other enjoyable activities.” A Chinese sage advised people to make their own choices rather than pursue the material objects everyone was pursuing. As he put it, “Racing and hunting madden the mind. Precious things lead one astray. Therefore the sage is guided by what he feels and not what he sees. He lets go of that and chooses this.”

21. The pursuit of luxury goods diminishes happiness. Modern life has many other traps. Paradox of choices is one such trap. In modern society, people have a wide range of choices in almost all areas of life, such as consumer goods, education, career, friendship, parenting, healthcare, religious observance, entertainment, and so on. Undoubtedly, choice improves life. Without choice, life can be very suffocating. The autonomy and control that choice provides are very powerful, liberating, and positive.

However, as the number of choices multiplies, the efforts required for making a good decision increase. There is a cost to have an overload of choice. We are enamored of freedom, self-determination, and variety, and we want to cling tenaciously to the profusion of choices. This leads to bad decisions, stress, anxiety, and dissatisfaction.

As Barry Schwartz put it, "As the number of choices grows further, the negatives escalate until we become overloaded. At this point, choice no longer liberates, but debilitates. It might even be said to tyrannize."

22. Haidt suggests a ying yang formulation of happiness that draws on ancient wisdom and modern science. As he said, "Happiness comes from within and happiness comes from without. To live both the yin and yang, we need guidance. Buddha is history's most perceptive guide to the first half, .. But I believe that the Western ideal of action, striving, and passionate attachment is not as misguided as Buddhism suggests." He added, "We need some balance (from the East) and some specific guidance (from modern psychology) about what to strive for."
23. There are two kinds of love: passionate and companionate. Love researchers Ellen Berschied and Elaine Walter define passionate love as a "wildly emotional state in which tender and sexual feelings, elation and pain, anxiety and relief, altruism and jealousy coexist in a confusion of feelings." In contrast, they define companionate love as "the affection we feel for those with whom our lives are deeply intertwined."
24. In the ancient East love was condemned as attachment. The Western story is different. From Homer onwards love has been celebrated by the poets .
25. Emile Durkheim, one of the founders of sociology, argued that people need obligations and constraints to provide structure and meaning to their lives. Recent work on giving support shows that caring for others is often more beneficial than receiving it. Seneca was right when he said, "No one can live happily who has regards to himself alone and transforms everything into a question of our own utility." As Haidt put it, "We are an ultrasocial species, full of emotions finely tuned for loving, befriending, helping, sharing, and otherwise intertwining our lives with others."
26. Adversity hypothesis says that people need adversity and setbacks and even trauma to reach their fullest potential. As Paul said, "Suffering produces endurance, and endurance produces hope." According to Dalai Lama, "The person who has had more experience of hardships can stand more firmly in the face of problems than the person who has never experienced suffering." A second benefit of adversity concerns relationships. Adversity acts like a filter. A third benefit is that trauma changes a person's priorities and philosophies. A grand example of that is Emperor Asoka.
27. Psychologist Dan McAdams has suggested that personality has three levels. At the lowest level, personality is described in terms of basic traits such as the "big five": neuroticism, extroversion, openness to new experiences, agreeableness (warmth, niceness), and conscientiousness. These traits are facts about the elephant.

The second level of personality represents characteristic adaptation. It includes values, beliefs, personal goals, defence and coping mechanisms, and life stage concerns (such as parenthood and retirement). Of course, basic traits influence these adaptations. A neurotic person will have more defence mechanism and an extroverted person will depend more heavily on social relationships.

The third level of personality reflects the "life story." Human beings have a penchant for stories and it is no different from our lives. We are compelled to create what McAdams describes as an "evolving story that integrates a reconstructed past, perceived present, and anticipated future into a coherent and vitalizing life myth." While the first level of personality is mostly about the elephant, the life story is written by the rider with all its distortions. As Haidt put it, "The life story is not the work of a historian- remember the rider has no access to the real causes of your behavior. It is more like a work of historical fiction that makes plenty of references to real events and connects them by dramatizations and interpretations."

28. According to psychologist Robert Emmons, the life goals people pursue at the level of "characteristic adaptation" fall into four categories. 1. Work and achievement. 2. Relationships and intimacy. 3. Religion and spirituality. 4. Generativity (leaving a legacy and contributing to society).
29. To deal with trauma, psychologist Jamie Penne Baker in his book *Opening Up* has asked people to write about "the most upsetting or traumatic experience of your life" to make sense. As Haidt put it. "You have to use words, and they have to help you create a meaningful story.. The crucial thing is to get your thoughts and feelings out without imposing any order on them."
30. Life's most important lessons cannot be taught directly. As Marcel Proust said: "We do not receive wisdom, we must discover it ourselves after a journey through the wilderness which no one else can make for us, which no one can spare us, for our wisdom is the point of view from which we come at last to regard life." Contemporary research on wisdom suggests that Proust is correct.
31. There are two forms of knowledge: explicit knowledge and tacit knowledge. Explicit knowledge is factual knowledge, independent of context. This is taught in schools and the rider gathers it for future use. Tacit knowledge is procedural: it is 'knowing how' rather than 'knowing that.' Acquired without direct help from others, tacit knowledge is related to goals that a person values. As Haidt said, "Tacit knowledge resides in the elephant. It is the skills the elephant acquires, gradually from life experience. It depends on context. There is no universal set of best practices for ending a romantic relationships, consoling a friend, or resolving a moral agreement."
32. Wise men balance three responses to situations: They change the self to a new environment (adaptation), change the environment (shaping), and choose to move to a new environment (selection). Their response roughly corresponds to the serenity prayer.
33. An important feature of many ancient texts is that they give importance to practice and habit rather than factual knowledge. As Aristotle said, "Men become

builders by building houses and harpists by playing the harp. Similarly, we grow just by the practice of just action, self- controlled by exercising our self- control, and courageous by performing acts of courage.” Similarly Buddha offered his followers the “Eightfold Noble Path,” a set of activities that will, with practice, make activities that will, with practice, make a person ethical and mentally disciplined

34. Science values parsimony and virtue theories had long lists of virtues.
35. Immanuel Kant argued that moral rules to be laws had to be universally acceptable. This simple test, which he called the *categorical imperative*, is extraordinarily powerful. This makes ethics a branch of applied logic.
36. Jeremy Bentham, proposed the doctrine of *utilitarianism* which says that in all decision making (legal and personal), the goal should be to maximize total benefit (utility), regardless of who gets the benefit.
37. The principles of *categorical imperative* and *utilitarianism* have made enormous contributions to legal and political theory and practice. Indeed they created societies that respect individual rights (Immanuel Kant) while concerned with promoting the welfare of the people (Jeremy Bentham).
38. Peterson and Seligman surveyed the list of virtues they could find in sources such as the holy books of major religions, philosophies, literature, and so on. They found that six broad virtues or families of related virtues appeared in nearly all lists. They are as follows: 1. Wisdom 2. Courage 3. Humanity 4. Justice 5. Temperance 6. Transcendence.
 1. Wisdom
 - Curiosity
 - Love of learning
 - Judgment
 - Ingenuity
 - Emotional
 - Intelligence
 - Perspective
 2. Courage
 - Valor
 - Perseverance
 - Integrity
 3. Humanity
 - Kindness
 - Loving
 4. Justice
 - Citizenship
 - Fairness
 - Leadership
 5. Temperance
 - Self- control

- Prudence
 - Humility
6. Transcendence
- Appreciation of beauty and excellence
 - Gratitude
 - Hope
 - Spirituality
 - Humor
 - Zest

The above classification has generated exciting research and liberating ideas. A very important idea is this: Work on your strengths, not your weaknesses. Such work will engage you fully and allow you to lose self-consciousness and immerse you in what you are doing.

39. A survey of beliefs about the causes of illness across cultures suggests that the three most common explanations are biomedical, interpersonal (witchcraft, animosity), and moral (results of past actions).
40. The notion that God or fate rewards good behavior and punishes bad behavior seems to be a cosmic extension of our childhood belief in immanent justice which itself stems from the principle of reciprocity.
41. Before the Industrial Revolution, Americans honored the virtues of hard work, self-restraint, and sacrifice for the future and the common good. The 'producer' values dominated. During the 20th century, as people became wealthier, the 'producer society' gradually gave way to a mass consumption society. An alternative version of the self has emerged, a vision focused on the idea of individual preferences and fulfillment. As Haidt put it: "The intrinsically moral term 'character' fell out of favor and was replaced by the amoral term 'personality'."
42. In all human cultures there are two clear dimensions of the social world: a horizontal dimension of proximity or liking and a vertical dimension of hierarchy or status. On the horizontal dimension, we effortlessly distinguish between friends and strangers. Similarly, we have an innate mental structure that prepares us for hierarchical interactions.
43. In addition to the above two dimensions, the human mind perceives a third dimension where it experiences a feeling of being lifted up. It is a kind of elevation that we experience when we have an overwhelming experience of natural beauty. Haidt calls it as a divine movement and regards it as a moral dimension and labels it as "divinity." As he said, "Rather my research on the moral emotions has led me to conclude that the human mind *does* perceive divinity and sacredness, whether or not God exists."
44. According to Shweder, there are three groups of moral cluster. (1) The ethic of autonomy: the goal of this ethic is to grant the maximum degree of autonomy to individuals so that they can pursue their goals. (2) The ethic of groups: the goal

of this ethic is to protect the integrity of groups, families, companies or nations. This ethic emphasises virtues such as obedience, loyalty, and responsible leadership. (3) The ethic of divinity: the goal of this ethic is to preserve the divinity that resides in each person. This ethic emphasizes pure living which is not contaminated by pollutants such as lust, greed, and hatred.

45. According to the Indian theory of Karma, there is a link between virtue, purity and divinity: The American philosopher Ralph Waldo Emerson echoed this thought in the following words: "He who does a good deed is instantly ennobled. He who does a mean deed is by the action itself contracted. He who puts off impurity thereby puts on purity. If a man is at heart just, then in so far as he is God."

46. In his book *The Sacred and the Profane* Mircea Eliade argues that the perception of divinity or sacredness is a human universal. All religions have places (temples, shrines, holy trees), times (holy days, sunrise), and activities (prayer, ritualistic dancing) to promote contact or communication with something divine, pure, and otherworldly.

The modern West is the first culture in human history that has managed to produce a fully practical, efficient, and profane world, devoid of all sacredness. However, Eliade says that sacredness is so irrepressible that it appears in the modern profane world in the form of "crypto-religious" behavior. Even a person wedded to a profane existence has, as Eliade notes, "privileged places, qualitatively different from all others.. they are 'holy places' in his private universe." Even atheists have experience of sacredness when in love or in nature.

47. Virtue is not the only cause of movement on the vertical dimension. The vastness and beauty of nature similarly elevates the soul. As Immanuel Kant declared the two causes of genuine awe are "the starry sky above and the moral law within." While exploring South America, Charles Darwin was spiritually elevated. As he said, "it is not possible to give an adequate idea of the higher feelings of wonder, admiration, and devotion which fill and elevate the mind."

There are other ways of elevation. As Haidt put it, "People often refer to viewing great art, hearing a symphony, or listening to an inspiring speaker as (crypto) religious experiences."

48. In his seminal work, *Varieties of Religious Experiences*, the great psychologist William James argued that religious experiences are real and common whether or not God exists and these experiences often make people whole and at peace. When people surrender their will to a higher power, they experience deeper truth, fear and worry greatly diminish, and the world seems new and bright.

49. Abraham Maslow, a founder of humanistic psychology, listed 25 common features of peak experiences in his book *Religions, Values, and Peak Experiences* – nearly all of them are found in William James. The more important ones have been described by Haidt as follows: "The universe is perceived as a unified whole where everything is accepted and nothing is judged or ranked; ego – centrism and goal – striving disappear as a person feels merged with the universe (and often with God); perceptions of time and space are altered; and a person is flooded with feelings of wonder, awe, joy, love, and gratitude."

50. One of the great paradoxes of human evolution is the self. Like the fire stolen by Prometheus, it gave us immense power but exacted a cost. In his book *The Curse of the Self*, the social psychologist Mark Leary says that only human beings, thanks to their language ability, have the mental apparatus to focus attention on the self and create a narrative about the self. This gave human beings useful skills such as conscious decision making, long-term planning, self-control, ability to see other people's perspective, ability to work cooperatively on large projects, and develop ultrasociality.

The self also is a source of agony. As Haidt put it: "But by giving each one of us an inner world, a world full of simulations, social comparisons, and reputational concerns, the self also gave each one of us a personal tormentor."

51. Even though the self emerges from conscious verbal thinking and storytelling by the rider, much of the self is unconscious and automatic.

52. The self is an impediment to spiritual advancement in three ways:

- The constant stream of mundane concerns and self-centered thoughts lock people in the material and profane world and prevents them from perceiving sacredness and divinity. That is the reason why Eastern religions emphasize meditation and solitude as effective means for silencing the chatter of the self.
- Spiritual transformation essentially means weakening or diminishing the self. No wonder the self-objects to this.
- The spiritual path is hard work. It requires years of meditation, prayer, self-control, and even self-denial.

53. Compared to modern philosophers, ancient philosophers were often good psychologists. By combining ancient wisdom with the findings of modern psychology and related sciences, we can say the following:

- Instead of asking the question, what is the purpose *of* life, we must search for factors which give rise to a sense of purpose *within* life.
- Happiness (H) = Set point (S) + Conditions (C) + Voluntary activities (V)
- The biggest part of C is love. The second most important part of C is having and pursuing the right goals so that states of flow and engagement are created. Leo Tolstoy said, "One can live magnificently in this world if one knows how to work and how to love, to work for the person one loves and to love one's work."
- People and other mammals have a basic drive to make things happen. White calls this as the "effectance motive," which is the drive to develop competence through interacting with and controlling one's environment. It explains the "progress" principles.
- Most people approach their work in one of three ways: as a job, a career, or a calling. If you see your work as a calling, your work is intrinsically fulfilling. It is not done at achieve something else.

54. Happiness comes not just from within (Buddha) or from external factors but happiness comes from *between*. C. Mihalyi defined vital engagement as "a

relationship to the world that is characterizes both by experiences of flow (enjoyed absorption) and by meaning (subjective significance). As Haidt put it, "Vital engagement does not reside in the person or the environment: it exists in the relationship *between* the two."

55. According to Haidt, "When doing *good* (doing high quality work that produces something of use to others) matches up with doing *well* (achieving wealth and professional advancement) a field is healthy."
56. People are multi level systems – physical, psychological, and sociocultural. They gain a sense of meaning when their lives cohere across the three levels of existence.
57. Geneticist Dean Hamer suggests that a particular gene may be associated with a stronger proclivity to have religious and self – transcendent experiences.
58. Human nature is a complex mix of extreme selfishness and extreme altruism.
59. When William James analysed mysticism, he focused on the psychological state of 'cosmic consciousness.' Using meditation and yoga, Hindus and Buddhist seek to attain *samadhi* a state in which "the subject – object distinction and one's sense of an individual self-disappear in a state usually described as one of supreme peace bliss, and illumination." The goal in Christianity and Muslim mysticism is much the same and is often achieved through repetitive prayer. According to Wilson, mystical experience is an "off" button for the self. Neuroscientist Andrew Newberg who has studied the brains of people undergoing mysticism (mostly during meditation) has found where the off-switch might be.
60. Haidt answers the question, 'What is meaning in life?' as follows: "Just as plants need sun, water, and good soil to thrive, people need love, work, and a connection to something larger. It is worth striving to get the right relationship between yourself and others, between yourself and something larger than yourself." When these relationships are right a sense of purpose and meaning will emerge.

B. SNIPPETS

1. FOUR FACES OF THE CFO

In addition to the two traditional roles of steward and operator, today's CFOs are expected to play the role of strategist and catalysts. A word about these roles follows:

Steward Protect the assets of the company, ensure compliance with financial regulations, prepare the books correctly, and communicate value and risk to investors and boards.

Operator Operate an efficient and effective finance organization that provides a variety of services to the business such as accounting, financial planning, treasury, tax, and other finance operations.

Strategist Participate in strategic planning, align business and finance strategy to grow the business, and shape the investment (organic and inorganic) strategy of the firm.

Catalyst Instill a financial approach and mindset throughout the organization so that operating divisions perform better.

2. FRUGAL ENGINEERING

In most of the villages in India, power supply is there for about 9 hours a day. Further, the timing is also erratic. So, the conventional refrigerator which has a compressor and a fan is not suitable for such an environment.

Confronted with this, the engineers of Godrej Industries, a refrigerator manufacturer, did a survey to find out what the villagers needed the refrigerator primarily for. They learnt that the villagers wanted the refrigerator primarily to prevent food from spoiling, that too mainly during the day, and not for making ice. To fulfill this need, Godrej engineers developed a fan-cooled refrigerator that could achieve a temperature of 6-7 degrees centigrade which was sufficient to prevent the food from spoiling. Such a refrigerator can be supported by a battery, when the power supply is not there, and which is charged when the power supply is there.

3. COPING WITH REVERSION TO THE MEAN

While coping with the phenomenon of reversion to the mean is not easy, the following three-step process is helpful:

1. First, assess the mix of skill and luck in an activity. In activities dominated by luck, reversion to the mean is greater.
2. Second, evaluate how much does the result deviate from the average. For example, period when stock market returns are substantially higher (or lower) than the long-term average return (adjusted for inflation) are likely to be followed by periods when returns would be closer to average.
3. Third, consider the expectations baked in asset prices. Avoid assets that have appreciated and their prices reflected optimistic expectations and embrace assets that have depreciated and their prices reflect low expectations.

4. CORRUPTION

Robert Klitgaard, a world renowned authority on corruption, famously said that:

Corruption = Monopoly + Discretion - Accountability

Hence, reducing corruption means reducing monopoly, reducing political discretion, and heightening accountability. All the three elements are integral to economic growth.

PART C: WIT AND WISDOM

1. HUMOUR

- An American tourist in London was desperate to ease himself. He could not find a public urinal to relieve himself. So he went into a side street to do the needful. As he was unzipping himself, a police officer appeared and said "You can't do it here." The tourist pleaded that he had to urgently relieve himself. The officer asked him to follow him. He took the tourist to a mansion with a beautiful garden and manicured hedges. "You can relieve yourself," said the officer. The tourist relieved himself. Turning to the officer, he said, "Thank you so much. Is this British courtesy." "No," the officer said, "This is the French embassy."
- The teacher asked the students "Tell the occupation of your father, spell it, and say one thing he would give us all if he was here today."
Mary: "My father is a banker.
B - A - N - K - E - R. If he was here he would give each one of us a shiny penny."
Kevin: "My father is a baker.
B - A - K - E - R. If he was here he would give each one of us a chocolate cookie."
John: "My father is an accountant. A - K, no wait, A - C - K, no..."
Teacher: "John, sit back and think for a while. Once you can, raise your hand."
Jeff: "My father is a bookie. B - O - O - K - I - E. If he was here, he would give us all 15:1 odds that John will never be able to spell "accountant."

2. WISE SAWS

- Meditation like medication is essential to human beings.
- Titles distinguish the mediocre, embarrass the superior, and are disgraced by the inferior.