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Responsible Business

A Brief Perspective

Joanne T. Lawrence

Hult International Business School

> *"Successful companies are those that focus on responsibility rather than power, on long-term success and societal reputation rather than piling short-term results one on top of the other."*
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> —Peter Drucker (1909–2005)

What is the purpose of business? Are companies discrete economic entities whose primary role is to produce goods, generate profits, and pay taxes, or are they corporate citizens with the same responsibilities overall to society that individuals have? To whom are they responsible and why?

The Evolution of Business as Socially Responsible

While debates over corporate responsibility and globalization may be front and center today, they have been evolving over centuries. From the days of trading goods between villages to ships traveling the world in search of exotic goods and adventurers seeking new trading routes, individuals and governments have been seeking international commerce as a means of bettering themselves and their societies. As world trade grew and societies prospered, so did the opportunity for the exploitation of human and natural resources and the potential for conflict over rights and claims. Treaties, laws, boycotts, even wars, became part of the ongoing attempt to protect and govern burgeoning international commerce and growing nation-states.

With the advent of the industrial age in the late 19th and early 20th centuries, even as businesses entered foreign lands and prosperity spread, so did concern over corruption, pollution, and poor working conditions. While new inventions were being celebrated for their ingenuity and hailed for their labour-saving attributes, writers from Charles Dickens to Upton Sinclair were also telling tales of underpaid, overworked workers struggling in unsafe factories and unhealthy cities.

The onset of two world wars, as well as the Great Depression in the first half of the 20th century, revealed further the world's growing economic and political interdependence. In their aftermath, the desire for a universal body to help avoid such devastation led to the creation of the League of Nations (1919) and then to the formation of the United Nations (1946). In the years in between, a number of securities regulations were passed to help regulate what many felt had been the underregulation of U.S. financial markets that had been responsible for the Great Depression (1929).

The role of international business as a critical political, social, and economic force was being increasingly recognized, eventually leading to the creation of two important entities to help govern its growing global influence and guide the invisible hand of free markets.

The first was the creation of the International Labour Organization (ILO) following World War I. "The ILO was founded in 1919, in the wake of a destructive war, to pursue a vision based on the premise that universal, lasting peace can be established only if it is based on social justice" (International Labour Organization, n.d.).

And social justice, it was believed, could only be achieved through ensuring fair and safe working conditions. The ILO became the first specialized agency of the United Nations in 1946.

The second was the founding of the United Nations and the determination to prevent the atrocities of World War II from ever being repeated. One of the United Nations' earliest acts was to "guarantee the rights of every individual everywhere" (United Nations, 2011). The joint efforts of the international working party would eventually become the Universal Declaration of Human Rights, which was taken up at the first session of the UN General Assembly in 1946 and approved in December 1948. Within those articles were several relating to the fair and equitable treatment of workers.

As the world put itself back together, companies that had focused inward during the turbulent, war-torn years once again looked outside their borders in search of raw materials, low cost production, new markets, and innovative technologies.

As these seeds of globalization were being sown, so too were the controversies. Were multinationals an economic engine for growth, raising standards, and lifting those in both developed and developing countries or an exploitative machine that used up human and natural resources and only widened the gap between rich and poor nations? Were free markets fair and truly self-regulating, or was more government intervention and regulation needed?

The Environment as Protagonist

Fast forward to 1962, and the publication of *Silent Spring* by Rachel Carson that related the use of one of the wonder chemicals of the time, the pesticide DDT, to the indiscriminate killing of birds and contamination of the food chain. Carson's book is often cited as the wake-up call that started the modern environmental movement. Indeed, the following decade saw the first Earth Day and founding of the U.S. Environmental Protection Agency (1970), the establishment of Greenpeace in Canada (1971), the creation of the United Nations Environment Programme (1972), and the launch of green political parties in the United Kingdom (1973) and Europe. DDT itself was banned in 1977.

But even as developed countries established tougher environmental laws, there were few to no laws governing the same actions in emerging markets. Air pollution, water contamination, and uncontrolled waste seemed to go unchecked, with the poor bearing an inordinate amount of their harmful effects in the form of disease and hunger.

After four years of study, the World Commission on Environment and Development, also known as the Brundtland Commission, reported its findings and addressed the link between accelerating environmental degradation and its disproportionately negative impact on the poor. Entitled "Our Common Future," the 1987 report contained what is today the most widely accepted definition of *sustainability* in the context of preserving the Earth's ecosystems:

> Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:
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> - the concept of "needs," in particular the essential needs of the world's poor, to which overriding priority should be given; and
> - the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs. (World Commission on Environment and Development, 1987)

In its Resolution of December 11, 1987, the UN General Assembly agreed that

> Sustainable development . . . should become a central guiding principle of the United Nations, Governments and private institutions, organizations and enterprises . . . in view of the global character of major environmental problems, recognizing the common interest of all countries to pursue policies aimed at sustainable and environmentally sound development.

The last decade of the 20th century saw concerns over greenhouse gas emissions, waste, and climate change enter the mainstream along with growing awareness of sweatshops, unfair wages, and poor working conditions. The United Nations—as the world's only globally accepted convening body—accelerated its efforts to help instill a sense of global responsibility toward the environment and society in businesses and nations. The UN Conference on Environment and Development held in Rio de Janeiro in 1992 called for further cooperation between nations and commitment to the effort "to protect the integrity of the global environmental and developmental system, recognizing the integral and interdependent nature of Earth, our home" (United Nations Environment Programme, 1992). The growing problem of bribery and corruption was also capturing the United Nations' attention, and it adopted a declaration against both in 1996 (United Nations, 1996).

The 20th century ended with unprecedented riots against the gathering of the influential World Trade Organization (WTO) in Seattle, Washington. People from diverse groups came together as they condemned what they felt to be the negative effects of globalization on the poor. The riots marked a milestone in the WTO's history and a rise in the visibility and worldwide backlash against globalization.

What had been a widely accepted view—that unfettered, free-market capitalism was for the most part always beneficial—was increasingly being challenged.

Shareholders Versus Stakeholders

The same year that *Silent Spring* garnered world attention, *Capitalism and Freedom* was published wherein famed economist Milton Friedman put forward his view about the role of business in society. The book sparked today's more contemporary debate, captured in this well-known quote:

> There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud. (As cited in Friedman, 1970)

For Friedman, the free-market model meant the shareholder assumed primacy: by serving the shareholder best and focusing on ever-increasing profits, business served society—consumers, employees, communities—best. But was this always the case? The public seemed to be growing disillusioned with big business. When companies were perceived to be more focused on sales and profits than on the consequences of their actions, they found society's response to be swift and damaging.

Nestle, for example, after promoting its infant formula over breast-feeding in emerging markets, found consumers horrified when they learned of the negative health impact on children and called for a worldwide boycott of all Nestle products. Investors concerned about apartheid in South Africa demanded major corporations withdraw from the country or risk a sell-off of their shares, and when news about bribery and corruption among major corporations and foreign government officials hit the headlines ("Lockheed's Defiance," 1975), a scandalized United States passed the stringent Foreign Corrupt Practices Act (1977).

At the same time, small, socially conscious companies, like Ben and Jerry's Ice Cream (1978) with its founders' mantra of "linked prosperity," started to thrive, raising the consciousness of a new generation that business needed to serve multiple constituents equally well.

In seeking to identify these constituents, the term *stakeholder*—defined as "any group or individual who can affect or be affected by the achievement of an organization's objectives" (Freeman, 1984)—emerged. With this expanded view of the firm came more questions about the consequences of business's actions—intended or not—on each constituency.

Business was increasingly being viewed not simply as a profit-generating machine for investors but as an institution that pervades every part of society—from the products it makes to the jobs it creates and to the standard of living it provides. As such, it is responsible to multiple constituents, including employees, customers, communities, suppliers, and investors. Stakeholders were not discrete, but interconnected, with each often playing multiple roles.

The debate over whether companies were accountable to shareholders versus stakeholders began in earnest. Legal compliance, which often set minimum standards for corporate behavior, was no longer enough. Despite Friedman's comments to position corporate responsibility as subversive, as a concept, it was gaining momentum.

Defining Corporate Responsibility

What is corporate responsibility? Is it a management function that is centrally located, like finance and accounting; a business process related to operations, like the supply chain or quality manufacturing; or is it a corporate resource, like research and development?

Or is it none of these, but more a behavior, a state of mind to be instilled and a body of knowledge to be disseminated and integrated into an organizational culture rather than a discrete function or process to be managed?

Known at various times as *corporate citizenship*, *corporate social responsibility*, *corporate responsibility*, *social responsibility*, and *sustainability*, the definitions from around the world sound very similar, captured in the following examples. According to the World Council on Sustainable Business Development (1999),

> Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. (p. 3)

The European Commission (2011) defines it as

> The responsibility of enterprises for their impacts on society . . . To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders. (p. 6)

In addition, ISO 26000 (2010) defines sustainable development as

> Responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that
>
> - contributes to sustainable development, including health and the welfare of society
> - takes into account the expectations of stakeholders
> - is in compliance with applicable law and consistent with international norms of behavior
> - is integrated throughout the organization and practiced in its relationships (as cited in Lowellyne, 2011)

In summary, corporate responsibility is an attitude, a value system, a holistic approach to managing a company that recognizes the integration of business, society, and the environment and takes into account the needs and motivations of an ever-widening array of stakeholders. It is a culture that advocates that we share a collective responsibility as managers, investors, consumers, employees, and members of a worldwide community.

This question of what a business should be and to whom it is responsible continues to be redefined: from Bill Gates calling for a new definition of capitalism to

CEO-supported movements such as Conscious Capitalism (Sacks, 2009) and Long-Term Capitalism (Barton, 2011) and to still others seeking a fundamental redesign of the corporation (e.g., B Corporations, with B representing *benefit*) to reflect a fiduciary responsibility to multiple stakeholders (Steiman, 2007).

It seems it is no longer enough to create jobs and generate profits; it is becoming more about creating "shared value" (Porter & Kramer, 2011), or what this author prefers to think of as "enduring value"—value that meets the needs of multiple constituents for the long term and doing it in a way that respects all resources: human, natural, and financial. (Note: This concept is consistent with the concept of sustainable value as defined in Chapter 7.) Business is viewed as a force that can do enormous good or enormous harm.

Corporate Responsibility in the 21st Century

In this new century, not only are the global issues growing more intense; they are being joined by what some feel has been business's egregious behavior of pursuing greed at the expense of basic values such as integrity, honesty, and fairness. No industry or country seems exempt: from Enron to Parmalat, from Barings to Lehman Brothers, the list of companies that have imploded and disappeared, along with the economic value they once created, has grown exponentially. Simmering anger against big business and the growing gap between the haves and have-nots some feel it has helped to create erupted further in September 2011. Frustrated by a stubborn global recession, continuing high unemployment, and unstable financial markets, what started as "Occupy Wall Street" in a single park in New York City soon led to protests in cities around the world. But aside from the crisis of confidence created recently by the errant behavior of the few, history shows that this movement toward asking multinational corporations to accept more responsibility has been ongoing for some time. It has accelerated due to some fundamental defining trends:

Increasing globalization has fueled the responsibility debate as more and more companies cross borders, often with incentives provided by local governments. As the more traditional government and philanthropic approaches to providing aid to developing nations have been seen to fail, many nations are seeking market-based approaches to development, feeling that business's expertise will be more effective at generating sustainable revenues and creating jobs for the billions of the world's poor who earn less than $2 a day. Many companies are picking up the challenge but finding that managing both large and small enterprises in environments characterized by poor infrastructure and cultural differences in labour practices and business customs is extremely complex.

Those in favor of globalization argue that it results in more efficient use of resources, provides greater consumer access and choice, and can be a rapid means to economic growth for those in developing countries. Those who are against say that globalization accelerates environmental degradation, increases unemployment, lowers wages, and adds to the vulnerability and inability of poor countries to adapt (Effland, Normile, Roberts, & Wainio, 2008). According to this view, free trade isn't really free, nor is it always fair.

In the words of Ehrenfeld (2005), "Globalization can be a great boon. It is not globalization per se, but the unfairness and damaging results from the way it is developing that is the moral and humanitarian problem."

What does all this mean for managers? Suddenly, they are faced with challenges posed by differing cultures, traditions, and laws in places many of them could hardly identify on a map a decade ago. Many have limited experience or training in these emerging markets yet are expected to deliver against financial targets often based on their expertise in, and the business practices of, an established and well-understood home market.

Examples of management miscues abound: Nike trying to distance itself from suppliers' sweatshops in Southeast Asia, Google seeking ways to address censorship in China, the tragic consequences of Shell's extracting oil in the Niger Delta, and Coca-Cola's unintended impact on water supplies in India.

Communication technology/social media has increased awareness among multiple stakeholders of events unfolding around the world in real time. When Nike was accused of supporting sweatshop conditions in Southeast Asia, the story was bigger than the company realized. It was one of the first examples where the power of the Internet was used to gain the attention of Nike's target customers—young people—and call them to action. From its initial response implying that how suppliers ran their factories was not their problem and being a "poster child for irresponsibility" (Zadek, 2004), Nike has gone on to become a leader in responsible business practices.

When their companies become the subject of these viral campaigns, the dilemma for managers is that the stories quickly become the reality and are hard to refute or clarify. Issues are often not placed in any particular cultural or national context (e.g., wages in Southeast Asia being compared with those of a U.S. factory worker, rather than with a fair wage appropriate in that market). Actions are often judged based on an observer's own experiences in his or her home market and can be harsh and quick, resulting in lost trust and value seemingly overnight. It can take companies years to regain their often hard-earned reputation, if they ever can. What is the replacement cost of lost trust?

Societal expectations and empowerment are rising, in part enabled by the same communication technology. As people see more, they expect and want more. One only needs to look to the 2011 popular revolts in the Middle East to see how powerful the growth of social media has become in leveling the effectiveness of the players. Where corporations and governments once wielded unquestionable might and dominated channels of communication, the power now lies more and more in the hands of the people—consumers, employees, investors, and communities. Nongovernmental organizations (NGOs) have especially raised their profile and effectiveness, with many demanding and getting the changes they seek. Consider the number of unethical or ineffective CEOs brought down by shareholder activists, the increase in emission standards sought by environmentalists, or the food labeling requirements now being demanded by concerned health advocates. The practices of entire industries (e.g., tobacco) have been affected as a result of avid stakeholder movements, many of which draw their power from the trust the public places in them as opposed to corporations.

For managers, the choice becomes one of reacting to empowered stakeholders after the fact or trying to anticipate and manage the risk beforehand through collaboration and engagement of their constituents as part of a strategic and organizational decision-making process. Stakeholder management—being able to accurately identify and understand the motivations of various stakeholders, assess the gaps and vulnerabilities of the corporation, and then constructively engage and align the disparate groups around a common purpose—is rapidly becoming one of the required core competencies for managers of the 21st century (Post, Preston, & Sachs, 2002).

Add to this list the growing concern over diminishing natural resources and the increasing need for skilled and talented workers in an aging society and throughout emerging markets, and a very challenging picture is painted for today's managers.

What follows then is a dilemma: given a stakeholder view of the firm, what factors should managers consider when deciding what is economically, socially, and environmentally responsible?

Global Challenges Need Global Solutions

With their expansive geographical reach and immense resources, there are multinational companies today that generate more revenues than some countries and are able to accomplish more than some governments. As their influence has grown exponentially and communication technology linked us globally, it is no wonder that societal expectations as to what role business should play have also grown. This is becoming especially so where governments are seen to be unable to provide the basic needs of their electorate, such as food, water, or sanitation.

Whether the financial crisis, climate change, or poverty, the challenges today are extremely complex and global. And just as the problems cross boundaries, so must the solutions. To overcome these challenges will require more coordinated efforts than a less interconnected world permitted in the past, demand greater accountability and more collective responsibility, and require enlightened, ethical leaders who are capable of building and retaining both value *and* trust. Business managers will need to think more deeply and broadly before they act, mindful of the consequences that may fall both within and well beyond their particular spheres of influence, as well as be cognizant of the potential opportunities that behaving responsibly may present.

It is for all these reasons that corporate responsibility as a business imperative has risen within today's business agenda. At one time, companies focused exclusively on creating shareholder value, considering corporate responsibility a "nice to do" and simply about giving back to society or making a philanthropic donation. Today, for many companies, it has become a "need to do" and more about their day-to-day behavior, actions and performance against a triple bottom line (social, environmental, and financial). Yet what constitutes socially acceptable business practices and desired value often differs from continent to continent and from country to country within a continent, making the interpretation and consistent implementation of corporate responsibility on a global basis an elusive goal.

With varying legal frameworks, different traditions, and multiple social norms, even the most well-intentioned global managers often find themselves perplexed: What practices are appropriate? Whose standards or regulations do they adhere to? What may be totally acceptable in one culture may be completely intolerable in another. Yet what happens in Kansas or Kazakhstan no longer stays there. With 24/7, 'round the clock news coverage, there is simply no place to hide what may be perceived (rightly or wrongly) as bad business practice. Cultural relativism may indeed be the "single most important ethical issue for businesses operating in a global environment" today (Freeman & Gilbert, 1987).

Leadership in today's interconnected, multicultural, and multicentric business environment is a demanding task, requiring greater collaboration and cooperation than ever before to balance what are often conflicting interests. As a global community, there needs to be a shared sense of purpose and a set of universal principles to which all agree and around which lasting solutions can be fashioned that ideally generate enduring value for multiple constituents. International business managers require a common, globally accepted, value-driven framework that helps to guide day-to-day operational actions and long-term strategic business decisions.

The Case for Globally Responsible Leadership and Transformative Innovation

In the end, the foundation and currency of an effective and functioning economy is trust. Consumers need to trust the products they buy. Employees need to trust that their employers will pay them fairly and provide safe working conditions. Investors need to be able to trust the integrity of the information they receive. Trust becomes even more crucial as companies expand into emerging markets where collaboration with nontraditional partners and skeptical local communities—some of whom feel they have been exploited by corporations before—are fundamental to success.

In recent years, trust has eroded as business has been seen to have used human, natural, and financial resources recklessly in pursuit of ever higher profits and share prices—appeasing one stakeholder often at the expense of the many.

But the game is changing and with it the definition of winning. It is no longer about how much profit a company makes: today, it is also about *where* and *how* they make it. The means is becoming as important as the outcome.

As news headlines illustrate, business leadership today—more than ever—is about leading with purpose and a vision that extends beyond next quarter's financial results, seeking the solutions that are right for the business and the society within which it operates over the longer term. It is about acting with courage and integrity at multiple levels: as an individual manager, a multinational corporation, and a global society, acting consciously and with conscience to integrate responsible business practices throughout an organization and across all business disciplines, from strategic planning to finance, to sales and marketing, and to operations and human resources.

The arguments for corporate responsibility are moral (it is the right thing to do) but also rational (treating stakeholders well is good business). As Alan Greenspan (1966), former chairman of the U.S. Federal Reserve (1987–2006), once wrote, "It is in the self-interest of every businessman to have a reputation for honest dealings and a quality product. . . . Reputation or 'good will' is as much an asset as physical plant and equipment. . . . Reputation, in an unregulated economy, is thus a major competitive tool."

The more advanced, enlightened leaders go even further, embracing responsible management of resources not only as a moral imperative, but as extremely strategic, operational, and a source of true competitive advantage.

Bartlett and Beamish (2008), in their article on the future of the transnational corporation, noted that companies do seem to be gradually evolving, moving away from the more primitive stages of exploiting workers and resources in search of ever lower costs to, at a minimum, being compliant and seeking to "do no harm." Many now realize that obeying local laws in letter and in spirit makes more economic sense than ignoring or trying to work around them.

These actions may fall short for some NGOs, however, that argue that sometimes local laws (e.g., child labour) are not sufficient, and therefore, they hold companies to higher standards. Just because one *can* do it according to the law doesn't mean one *should* do it. These NGOs are challenging companies to use their enormous resources and skills to take a more proactive, transformational role, to look more widely at their constituent base, expanding it to be more inclusive and respectful of emerging markets and the environment. There are a growing number of companies who are taking up the challenge, seeing it as the next innovation frontier, such as Unilever empowering women as entrepreneurs in emerging markets, IKEA addressing the root cause of child labour in India, HP applying its technology to global health and education, Philips integrating the environment into its innovation strategy, Pepsi developing low impact, plant-based packaging, and Nestle and Starbucks seeking to help coffee farmers in Africa create sustainable livelihoods for themselves and their families. While these initiatives alone may not eradicate the many social inequalities that exist in the world, they are certainly steps in the right direction as they seek to improve lives and livelihoods, transforming society for the better.

Bartlett and Beamish (2008) have neatly summarized these evolving postures of the transnational corporation and their perceived levels of responsibility toward society as

Exploitative: Seek ever lower costs, regardless of the consequences

Transactional: Respect local laws and are nonoppressive; "do no harm"

Responsive: Incorporate a broader view of constituents and contribute to the communities wherein the company operates

Transformative: See their responsibility to use corporate resources to fundamentally improve society (pp. 730–740)

In the final analysis, the truly enlightened leaders, recognizing the enormity of their company's resources and ability to bring divergent groups together, have moved away from exploitative practices and doing the bare minimum toward being more transformational, in many cases working alongside their former antagonists to truly help change societies for the better.

It also seems that more and more, doing the right thing for society is also the right thing for the business. According to Post, Preston, and Sachs (2002), as "a network of interrelated stakeholders that create, sustain, and enhance its value-creating capacity. . . . the capacity of the firm to generate sustainable wealth over time is determined by its relationship with critical stakeholders" (pp. 7–9).

Companies with strong values, clear practices, and committed, purposeful managers are finding themselves attracting the best talent, the most loyal customers, and the more astute investor who recognizes corporate responsibility as fundamental to building value over the long term. The growing number of indexes, such as the FTSE4Good and the Dow Jones Sustainability Index, and the increasing amounts being invested in socially responsible investment funds underscores this change in attitude about corporate responsibility from fringe to mainstream—from being outside the context of business to being integral to its very definition of success.

There is a growing body of evidence that shows companies can do well financially and do it responsibly. In an AT Kearney study, for example, share prices of companies truly committed to sustainable business practices significantly outperformed their competitors during the 2008 financial slowdown. One of the reasons cited by participants was that managers at these companies were perceived to be leading edge, winning investor confidence with their ability to withstand the market turbulence (Mahler, Barker, Besland, & Schulz, 2009).

"Doing" Corporate Responsibility

Corporate responsibility involves the ability to understand the often conflicting values and needs of an organization's multiple constituents, to weigh seemingly disparate options and sometimes make tough choices, and to somehow create a win-win goal that from the outset seems elusive. To be able to effectively manage human, natural, and financial resources in ways that are effective, responsible, and respectful of multiple constituents is today's global leadership challenge.

As more and more managers come to understand the breadth, depth, and complexity of this challenge, the questions that arise continuously are both "What?" and "How?"

- What do managers need to know to act responsibly? What are the knowledge areas of corporate responsibility?

- How does a company act responsibly? What are the roles, processes, and practices it needs to have in place? How do I, as a manager, gain support for these and implement them?

This is where the UN Global Compact and its ten principles come in.

A Framework for Responsible Leadership: The UN Global Compact

In the end, the subject of what constitutes truly global responsible leadership must begin with a globally accepted value system and common framework—a set of philosophical underpinnings and operational guideposts for making decisions.

In 2000, the United Nations established the UN Global Compact that sets forth ten principles to help guide business behavior and to advance the United Nations' goal of reducing poverty. The premise is that these principles establish a fundamental set of values and behaviors for companies operating globally. They cross countries, continents, and cultures and establish a level playing field. While not legally binding, they are perhaps similar to what the Golden Rule or Ten Commandments are to a just and civil society: they set minimum yet absolute standards for creating a just and civil global workplace.

With these principles in place and the challenge out to every corporation to abide by them, it seems right that those studying business today understand what these universal principles are and recognize the complexity of implementing them in businesses that are increasingly located in both developed and developing countries. (For an illustration of this integration, see the Blueprint for Corporate Sustainability Leadership in Appendix C.)

The pages that follow strive to do exactly that. Parts I and II seek to provide the *what*—the *core content* of corporate responsibility by explaining the UN Global Compact and its four major areas: human rights, labour, environment, and anti-corruption, using it as a guiding framework that crosses all countries and all cultures as universally accepted behaviors. Parts III and IV explore the *how—the core competencies* needed to lead businesses with purpose and principles by placing those subject areas within some context through case studies and appendixes drawn from the UN Global Compact website. The cases have also been selected for the diversity of their locations, illustrating the different challenges posed by *where*.

Through understanding and embracing these ten principles as integral to leadership and fundamental to organizational behavior, the promise of business as a positive force for creating enduring value for all stakeholders can be realized, moving the global community that we have become ever forward.

Study/Discussion Questions

1. What do you think is the role of business in society? Do you agree with Milton Friedman? Why or why not?
2. What are the arguments for and against globalization?
3. What do you think: is free trade always free or fair? Why? Is more government intervention needed?
4. How would you define corporate responsibility? Why do you think it has become *the* defining issue for businesses today?
5. What is a stakeholder? What are some examples? How might you identify and prioritize them?
6. How might companies move from a posture of exploitation to transformation?
7. If you were going to redefine capitalism, how would you?
8. What might be the pros and cons of businesses operating according to a universal framework of values?
9. As a global manager, what are some of the challenges you face in order to lead responsibly?
10. What might be some core competencies you need to be an effective global leader?

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