ETHICS MEGATREND:

The Bigger Ethics Story of Our Time

I struggle to tell people what I have been doing for the past 50+ years of my professional life. I typically say I have studied, taught and advocated for **business and social ethics**. But "ethics" doesn't capture so much of what has been going on. There is the task of determining what is ethical in an increasingly complex world. There is the complex policy work of **creating guardrails** for business and personal behavior and **establishing penalties** for straying beyond them. There is the evolution of the capitalist system itself—which has led some colleagues to say the big story is how we are **redefining capitalism itself**.

All of this has become important lately as I work with David Grayson, a long-time British guru on ethics, sustainability and responsibility in business. David and I have committed ourselves to writing a succinct (i.e. short) history of what we have generally called "the responsible business movement."

But to write a short and succinct history, we must first decide what the big story is. We have just completed 20 expert interviews with major actors in this 50+ years "movement." Each participant sees the "elephant" differently. Some think the story is how business evolves to faithfully serve the world. Others think the story is about how activists and the law control business's inevitable anti-social behavior. And others do think the system of capitalism itself is in transition. Our "experts" were drawn equally from Europe and the U.S.; that alone gives them different perspectives on this history.

I have been thinking of at least six interpretations of the "big story" of ethics over the past 50 years. I would value your views on which one is **the real story**. Here are **six short descriptions** of how the story might be told. Please "reply" and tell me which one you think is the real story. I will share your responses with David.

1. **Business Ethics.** Businesses' attention to ethical values and behavior was rare before World War II. But with economic expansion after the war and greater prosperity in the West, new questions were asked, particularly by the relatively affluent baby boomer generation: What more should businesses be doing to act ethically? In addition, new problems such as climate change, global corporate tax strategies and technological advances raised a series of new ethical dilemmas which needed to be resolved at the same time. New values emerged which changed the expectations of companies and their executives.

2. **Capitalism Redefined.** Capitalism and communism engaged in an ideological struggle for the better part of the 20th century. With capitalism's triumph in the post-World War II period, and particularly after the fall of the Soviet Union, deeper questions could be asked about how capitalism might better serve society. An exclusive focus on self-interest and shareholder value and a built-in bias for short-term thinking were seen as flaws of capitalism, as was its tendency to produce periodic scandals. New problems such as environmental degradation and the impacts of new technologies encouraged a rethinking of capitalism as it was practiced in the developed and developing world; and a greater emphasis on a "stakeholder" view of the firm. This, in turn, has led to more recent ideas of sustainable business and even regenerative businesses i.e. businesses that have "net positive" impact on people and the planet.

3. **Corporate Scandal and Government Regulation**. With the growing scale and geographic spread of business in the post-war period, incidents of corporate misconduct took a heavier and heavier toll on employees, consumers and society. Some argued that the ethics of business itself declined significantly. A new era of government activism and the emergence of citizen activists, led, for example, by Ralph Nader and later Greenpeace and others, set new guardrails for corporate behavior and increasing penalties for misbehavior. The continuing struggle to establish guardrails had to contend with corporate creativity in evading constraints and what seemed to be an unending series of prominent scandals.

4. **Corporate Responsibility and the License to Operate**. Business has always had an unwritten social contract with society, giving it a license to operate with relative freedom. Business has responded to new social demands in order to maintain its reputation, trust and legitimacy. Beginning in the 1960s, society's expectations of business began to change more rapidly, focused initially on human rights, including the treatment of minorities and women, and on regional economic development. As new problems emerged, such as climate change and the dangers of some technologies, businesses pioneered new policies and practices to respond to those expectations. Reputation and trust in business became the primary indicator of whether companies have fulfilled the social contract.

5. **A New Definition of Enlightened Leadership**. In the post-World War II period, industrial enterprises and other businesses grew in size and influence. An increasing number of global businesses rivaled and even exceeded the power of communities and national governments. Leading thinkers recognized that only by training and promoting a new generation of business leaders, who embraced a shared responsibility for the health of the societies and economies in which they operated, would business continue to prosper. A steady flow of books touting new dimensions of leadership, with such titles as servant leadership, heroic leadership, and compassionate leadership, plus prominent educational programs at leading business schools promoted these ideas. Business leadership organizations such as the Business Roundtable, Business in the Community and the World Economic Forum came to promote the concept as well.

6. **The Global Diffusion of Innovation**. Beginning in about 1960, issues such as urban blight, the persistence of unemployment in certain regions and among certain segments of the workforce and damage to the environment from advanced industrialization led a range of institutions in the U.S. to study, teach, advocate and innovate new business practices. These were typically called "corporate responsibility" or "ethical practices." With the growth of global enterprises and the global spread of business education, discussion of these ideas soon spread beyond the U.S. to Europe, and eventually to Asia and Latin America. In each region and national setting, this debate took on a different form and addressed different priorities. With the growing globalization in the 1990s, and especially after the beginning of the 21st century, dialogue on these issues became truly global. Innovations and legal developments in one region quickly influenced other regions. (I need to note that my coauthor, as a pioneer in the U.K., **bristles at this version of the "big story"** insofar as it suggests any one country or region dominating the debate over time).

Which of these narratives best represents what we have experienced over the past 50 years? Do you see another more compelling "big story?" Which story do you think should form the basic structure of our book? You can help us by picking one or more of these stories. I would be glad to publish short excerpts from any comments you offer, with or without attribution, as you prefer!

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