Sustainable strategy in a multipolar world

Sustainable development & CSR

A philosophical perspective

HEC Liège
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Laurent Ledoux

ledoux.laurent@gmail.com
Thank you!
What is your

N°1 question

for this seminar?

Sustainable strategy in a multi polar world
<table>
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<th>Reflecting on ethics in business today</th>
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<td>2</td>
<td>Reflecting on Sustainable development and CSR today</td>
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<td>3</td>
<td>Reflecting on the type of leadership we need today</td>
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</table>
What would you do if you were the CEO of the Car Company?

Would you retrieve the car from the markets or not?
What would you do if you were Kasongo Mwamba?

Would you go to the meeting or not?
Kasongo’s possible questions

“How do my feelings and intuition define, for me, the ethical dilemma?”
(To respect oneself or to be loyal – loyal to whom?)

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(To respect oneself or to be loyal – loyal to whom?)

“Which of the values that are in conflict are most deeply rooted in my life and in my community?”
(To consider the dilemma as his parents’ son)

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“Who am I?”

“Become who you are”
(Friedrich Nietzsche)

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“What combination of expediency and shrewdness, coupled with imagination & boldness, will move me closer to my personal goals?”
(To go to St Louis but to participate to the presentation)

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“Looking to the future, what is my way (not the way of others)?”
(To become partner in an investment bank)

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Source: Badaracco (1997); adapted by Ledoux
An ethos is the doctrine of a particular art of living the best possible life and the means to pursue this aim (i.e. to live happily or to search for truth) (Marcel Conche, philosopher)

A morality is a set of duties and imperatives (positive or negatives) that a society or a community gives to itself and which enjoins its members to conform their behaviour, freely & in an unselfish way, to certain values enabling to distinguish right & wrong.

« Ethos » in Greek: custom, habit, way of behaving in an environment

The primary meaning of «Ethos» or «Ethics» has therefore to do with: making your way, positioning yourself in an environment

Ethics is a human activity. The purpose of ethics is not to make people ethical; it is to help people make better decisions (Marvin Brown, author & ethics consultant)
Possible sources when facing an ethical dilemma

- Codes of conducts & Mission statements
- Legal duties
- Heuristics («sleep-test» rules)
- Moral or ethical principles
4 main categories of ethics

- **Individual processes**
  Adaptability & responsiveness

- **Virtue**
  Ethics
  (Aristotle, Gilligan,…)

- **Deontological**
  Ethics
  (Kant, Rawls,…)

- **Development**
  Ethics
  (Etzioni, Covey,…)

- **Principles**
  “Doing right”

- **Results**
  “Doing good”

- **Teleological**
  Ethics
  (Bentham, Mill,…)

**Source:** Fisher & Lovell (2003); adapted by LL
The Texas Instrument Ethics Quick Test (2001)

- Is the action legal?
- Does it comply with TI values?
- If you do it, will you feel bad?
- How will it look in the newspaper?

  If you know it’s wrong, don’t do it!
  If you’re not sure, ask.
  Keep asking until you get an answer.
Questions to ask yourself in front of an ethical dilemma

• Is it conform to the law ?
• Is it conform to the ethical code and values of my company ?
• Am I conscious that my decision can engage other people in the company ?
• Do I feel alright with my decision ?
• What would the colleagues think about my decision ?
• What if it would be published in a newspaper ?
• What would my family think about it ?
• What if everybody would do the same ?
• Should I question the person in charge of deontology ?
12 tests filter to validate or reject a decision

<table>
<thead>
<tr>
<th>Ask yourself these questions concerning the decision you wish to take</th>
<th>+/-</th>
<th>Veto</th>
<th>Trigger</th>
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<tbody>
<tr>
<td><strong>Legal duties</strong></td>
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<tr>
<td>1. <strong>Legalist test.</strong> Is my decision in accordance with the law?</td>
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<td><strong>Corporate credos &amp; mission statements</strong></td>
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<td>2. <strong>Organisational test.</strong> Is my decision in accordance with my organisation’s rules of conduct or ethics</td>
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<td><strong>Heuristics</strong></td>
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<td>3. <strong>Hedonistic or intuitive test.</strong> Does my decision correspond with my gut feeling and my values? Does it make me feel good?</td>
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<td><strong>Respect of ethical principles</strong></td>
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<td><strong>Virtue ethics</strong></td>
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<td>4. <strong>Light-of-day test.</strong> Would I feel good or bad if others (friends, family, colleagues) were to know of my decision and action?</td>
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<td>5. <strong>Virtuous mean test.</strong> Does my decision add to, or detract from, the creation of a good life by finding a balance between justice, care and other virtues?</td>
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<td><strong>Deontological ethics</strong></td>
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<td>6. <strong>Veil of ignorance/Golden Rule.</strong> If I were to take the place of one of those affected by my decision and plan would I regard the act positively or negatively?</td>
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<td>7. <strong>Universality test.</strong> Would it be a good thing or a bad thing if my decision and plan were to become a universal principle applicable to all in similar situations, even to myself?</td>
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<td><strong>Development ethics</strong></td>
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<td>8. <strong>The communitarian test.</strong> Would my action and plan help or hinder individuals and communities to develop ethically?</td>
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<td>9. <strong>Self-interest test.</strong> Do the decision and plan meet or defeat my own best interests and values?</td>
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<td><strong>Teleological ethics</strong></td>
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<td>10. <strong>Consequential test.</strong> Are the anticipated consequences of my decision and plan positive or negative?</td>
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<td>11. <strong>Utilitarian test.</strong> Are the anticipated consequences of my decision and plan positive or negative for the greatest number?</td>
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<td>12. <strong>The discourse test.</strong> Have the debates about my decision and plan been well or badly conducted? Have the appropriate people been involved?</td>
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What would you do if you were Edouard Sakiz, the CEO of Roussel-Uclaf?
Edward Sakiz’s possible questions

“Have I done all I can to secure my position and the strength & stability of my organization?”
(To refrain to take decisions that could expose directly The organization or to confront the BoA’s president)

“Have I thought creatively & imaginatively about my organization’s role in society & its relationship to its stakeholders?”
(To orchestrate a public debate among the different stakeholders)

Who is the organisation?

“Ethics result from the inescapable tension between Virtue & Virtu”
(Aristote & Machiavel)

“Have you done all you can to strike a balance, both morally & practically?”
(To market the new drug without endangering the organization)

“Should I play the lion or the fox?”
(To organize and support a vote that will trigger a massive counter-reaction from other actors)

Source: Badaracco (1997); adapted by Ledoux
Moral imagination is the condition of free deeds.
1. Reflecting on ethics in business today
2. Reflecting on Sustainable development and CSR today
3. Reflecting on the type of leadership we need today
What are your questions about sustainable development & CSR
**Motivation**
In whose interest & why?
- For Share- or Stakeholders?
- Marketing opportunism or moral duty?

**Power locus**
Who drives CSR?
- Internally: managers or «corporates»?
- Externally: Govs, NGOs or corporates?

**Dynamic**
How did/does CSR evolve?
- Concept’s evolution so far?
- Today’s logic in a globalized economy?

**Method**
How to promote it?
- Regulation or self-regulation?
  - Soft or hard?
  - Global or Issue-related?
Economic ethics

“Part of ethics which deals with behaviours and institutions of this sphere, i.e., of the entirety of exchange activities of goods and services and of production related to this exchange.”

(French Penal Code – 1994)

Business ethics

Corporate ethics

“Presents itself as responsibility ethics (not only of conviction), organised as a doctrine which guides activities and behaviour at work”

(Fabienne Cardot)

3 levels of commitment

1. Governance ethics

2. Deontological ethics

3. Values ethics

Strategic manifestation: CSR
Corporate Social Responsibility
The entirety of obligations legally required or voluntarily assumed by an enterprise to pass as an imitable model of good citizenship within a given field (Jean Pasquero)

The three dimensions of CSR

- Social
- Economic
- Environmental

Fair
Sustainable
Viable
Livable
Yesterday’s representation…
Economique

Environnement

Social Equitable

Viable

Durable

Economic sphere

Social sphere

Biosphere

Today’s representation…
Meeting the needs of the present generation without compromising the ability of future generations to meet their needs

Brundtland Report for the UN - 1987

Not only environmental issues…

La répartition des revenus au niveau mondial - 1989

82,7%

11,7%

2,3%

1,9%

1,4%

Revenu mondial distribué en centiles de la population, 2000

Les plus riches

Les plus pauvres

Revenu par habitant

Source : Ph. Defeyt based on PNUD

Source : Isabelle Cassiers, Conférence au Collège Belgique, d’après le PNUD
Sustainability

Towards Stagnation (Too little efficiency)

Towards Brittleness (Too little diversity)

Greater efficiency (streamlining)

Greater resilience

Optimum

Optimal balance

Diversity & Interconnectivity

Ulanowicz

27ledoux.laurent@gmail.com
4 basic principles of The Natural Step Framework
In a sustainable society, nature is not subject to systematically increasing...

...concentrations of substances extracted from the Earth’s crust,

...concentrations of substances produced by society,

...degradation by physical means,

and, in that society...

...people are not subject to conditions that systematically undermine their capacity to meet their needs.
Backcasting

1. Begin with the end in mind
   >2. Move backwards from the vision to the present
3. Move step by step towards the vision
Evolution of CSR so far?

8 components of CSR nowadays:
- Citizen participation: Proactive «engagement»
- Performance reporting: Triple balance sheet
- Ethical rectitude: Codes of conduct
- Social responsiveness: «Societal management» system
- Environmental nuisance limit: Priority given to the environment
- Sollicitude: Employees’ needs
- Philanthropy: Grants & corporate patronage
- Efficient management: (Technical skills)


Evolution of CSR:
- Classical eco. (18th century)
- Traditional eco. (19th c.)
- Beg. of 20th c.
- 1960’s
- 1970’s
- 1990’s
- Beg. of 21th c.

Source: Jean Pasquero (2005), adapted by Ledoux

ledoux.laurent@gmail.com
Co-regulation based on reputation rather than law

Frydman
Explaining the growing impact of “CSR” & co-regulation during the last 50 years?

- Transfer of States’ duties to corporates
- Empowerment of 3rd parties by States & Judges
- Growth of surveillance & social controls’ web
- Voluntary adoption of codes of conducts
- Corporates’ emancipation from states
- Politization of consumption
- Regulatory innovation process
- Proliferation through reputation & transparency

Highly stylised process*: in reality these trends overlap each other

Effectively

2003 Nike vs. Kasky
Consumers’ CSR concerns legally recognized

2001 Global Compact
corporates become world citizens

“Formally” but self-fulfilling prophecy

Time

* Source: “Responsabilité sociale des entreprises et co-régulation”, by Berns & al, 2007
What does teach us the Toyota brake scandal?
Evolution of the relations between capitalism & the dominant ethos

Protestant ethos

Birth of modern Capitalism

Progressist ethos

Expansion of industrial Capitalism

Post-capitalist Ethos

Rise of the post-capitalist economy

Consumerist Capitalism

Promotion of a childish ethos

Time

Evolution of the relations between capitalism & the dominant ethos
Optimize value for the whole society under the constraint of an adequate return for shareholders

Maximize (without limits) shareholder’s value under the constraint of the respect of the law
The infinite Nature, the universe? Or...
... the 320,000 light bulbs, equal to the number of kilowatt hours of electricity wasted in the United States every minute from inefficient residential electricity usage (inefficient wiring, computers in sleep mode, etc.), that is 230 million per day.

“Ce qu’une génération doit à l’autre, c’est la limite”

Pierre Legendre
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Leadership

Mobilize the group for the adaptative work

Heifetz
Modulating the stress

Source: “Leadership on the line”, by Ronald Heifetz & Marty Linsky
Treated as equals

Priority to personal growth

Capacity to self direct
On-the-job democracy & The Whyway

Breaking down Knowledge boundaries

Semler
Lao-Tseu, 630 bc.

The best leader is the one barely knows she exists.

Awa
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