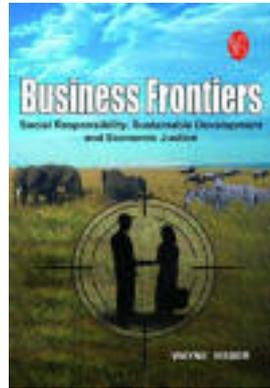


## **Business Frontiers:**

### **Social Responsibility, Sustainable Development and Economic Justice**

*By Wayne Visser (ICFAI Books, 2005)*



## **~ 1 TRANSFORMING BUSINESS ~**

### **The Power of Perception**

There is a growing body of literature on what could be loosely described as explorations in 'new paradigm' thinking.

Included in this is an implicit belief about the nature of transformation. It is that revolutionary change is more often the result of new ways of thinking about things (i.e. changes in perception) than new ways of doing things.

This article attempts to apply this thinking to business, i.e. to explore more deeply the emerging new paradigm in business. What are the new perspectives which are beginning to challenge the old way of thinking about and doing business? And is there a common thread or theme which runs through the heart of these new insights?

So what are these basic assumptions about business which have come on trial of late? There are many but this article will focus on only three of the most important, namely profit, competition and rationality. Discussion of each will be prefaced by a belief statement from the old paradigm and concluded with a suggested new paradigm belief statement.

#### ***Profit***

The old paradigm belief statement is: *The ultimate and sole function, goal and responsibility of business is to make a financial profit.*

Although this belief has been tempered by a growing awareness of social responsibility since the 1960s, the mindset of the vast majority of business leaders still places exclusive profit making firmly at the apex of the business pyramid. Everything else is regarded as peripheral to this core process.

This emphasis on short-term individual gain all too often results in the long-term wellbeing of employees, the community, society and the environment being sacrificed as pawns in a ruthless game of corporate chess.

This approach – with its tacit assumption that people are primarily motivated by conquest and material acquisition – has been a major limiting factor in managers' ability to tap the human potential of their organisations in any significant way.

The call now being sounded therefore is for what US futurist Willis Harman would call a new "central project" in business. This transformed focus could include service to society as the key goal of business. Enhanced quality of life could be its guiding principle and a strong set of ethics and values its foundation. Further, the search for meaning and creativity in the work place as well as holistic personal and collective learning could become the key measures of performance within an organisation.

This image may not be as far-fetched as many would suppose. UK business commentator Francis Kinsman for example, cites evidence from an SRI International study which suggests that a growing proportion of British society (currently more than a third) is becoming 'inner directed' in nature.

These are people whose behaviour is typically driven by non-materialistic factors and whose emphasis is more on the esoteric and qualitative than the material and quantitative.

An outstanding example of an inner directed personality would be Anita Roddick, who also happens to be one of the most remarkable business leaders to have experimented with a new 'central project'. She is founder and director of The Body Shop, a global cosmetics business with more than 600 shops trading in 18 different languages in 37 countries around the world.

As Roddick talks about beliefs and business philosophy it becomes clear that a non-materialistic approach to business does not preclude success. "The status quo says that the business of business is to make profits. We have always challenged that. For us the business of business is to keep the company alive and breathlessly excited, to protect the work force, to be a force for good in our society and then, after all that, to think of the speculators (shareholders)."

So the heart of the message is not that profits be abandoned as a measure of business success, only that they cease to be the ultimate focus and assumed motive.

After all, we need to breathe to live but breathing is not the grand purpose of our existence. Just so, profits need to become the means rather than the end of commercial activity.

The new paradigm belief statement therefore is: *Service to society and the earth is the core purpose, goal and responsibility of business.*

### **Competition**

Old paradigm belief statement: *Competition is the law of the market and promotes effective and efficient business performance.*

This belief, commonly paraphrased as 'survival of the fittest', has long been upheld as the bastion of modern business. The assumption is that, not only does competition drive people and organisations to perform at their best, but that the collective effect of this competitive behaviour is one that is in the best interest of society at large. Mounting evidence, however, points to this assumption being partial on both counts.

Firstly, extensive work by Alfie Kohn suggests that, both in an educational and a business context, competitive behaviour undermines individual and group performance, whereas cooperation enhances it. Kohn also makes the point that competition in nature is extremely limited and always takes place within the larger context of cooperation.

Similarly, Rosabeth Moss Kanter, Professor of Business Administration at Harvard Business School and respected consultant and author, believes that cooperation, not competition, is becoming the survival imperative in the market place of tomorrow.

She talks about the old adversarial model and the ways in which she sees the new paradigm of cooperation beginning to manifest itself:

"Today the strategic challenge of doing more with less leads companies to look outward as well as inward for solutions to the competitiveness dilemma .... Lean, agile, post-entrepreneurial companies can stretch in three ways. They pool their resources with others, ally to exploit an opportunity or link systems in a partnership. In short, they can become better 'PAL's' with other organisations - from venture collaborators to suppliers, service contractors, customers and even unions. The adversarial mode with its paranoid world view centres on images of domination and fear of being dominated. It stands in start contrast to the cooperation mode better suited to the challenge of the global (corporate) Olympics."

This theme of interdependence and connectedness is actually the basis for a powerful alternative theory which can be applied not only to economics but to business as well. Pioneer in this field is MIT's Peter Senge who describes the emerging discipline of 'systems thinking' and its merits as follows:

"Systems thinking is a discipline for seeing wholes. It is a framework for seeing interrelatedness rather than things, for seeing patterns of change rather than static 'snapshots' ... And systems thinking is a sensibility - for the subtle interconnectedness that gives living systems their unique character. Today, systems thinking is needed more than ever because we are becoming overwhelmed by complexity .... All around us are examples of 'systemic breakdowns' - problems that have no simple local cause ... Systems thinking is a discipline for seeing the 'structures' that underlie complex situations and for discerning high from low leverage change. That is, by seeing wholes we learn how to foster health. To do so, systems thinking offers a language that begins by restructuring the way we think."

All of these insights, therefore, seem to point towards a new business paradigm involving greater cooperation. John Dalla Costa who, after first studying for the Catholic priesthood, later went on to become president and chief executive of one of Canada's most successful advertising agencies, describes this as "the model of reciprocity - giving back to nature, to our people and to our society as much as we in business extract from them."

New business paradigm belief: *Cooperation and reciprocity are the guiding principles by which business can create synergies within the greater living system.*

### ***Rationality***

Old paradigm belief statement: *Business is essentially a rational undertaking and should rely exclusively on the faculties of reason and analysis to support all of its processes.*

This belief is a direct 'hangover' from the mechanistic Newtonian era with its assumptions about objectivity and the rigid scientific method of proof.

After all, it was the reductionistic spirit of this period which led Frederick Taylor to his concept of 'scientific management' and Max Weber's to his of 'bureaucratic organisation'.

A critique of these managerial approaches was delivered by the now famed Peters and Waterman duo in *In Search of Excellence*:

"Professionalism in management is regularly equated with hard-headed rationality ... The problem with the rationalist view of organizing people (however) is that people are not very rational. To fit Taylor's old model, or today's organizational charts, man is simple designed wrong (or, of course, vice versa, according to our argument here). In fact, if our understanding of the current state of psychology is even close to correct, man is the ultimate study in conflict and paradox."

The successful performance of split-brain surgery in recent years seems to confirm this view as well as lend some insight. Doctors found that, not only can the two hemispheres

of our brain operate independent of one another, but that they also seem to control essentially opposite functions.

While the left-brain is associated with rational and intellectual engagements, the right-brain is oriented more towards intuitive and creative processes.

This theme of duality and balance is one which the ancient Chinese understood well as is represented by their Tai Chi symbol which depicts the opposites within a greater whole. Contained within the circular symbol, the one extreme (*yin*) represents the feminine, passive, cooperative and flexible while the other (*yang*) symbolises the masculine, active, competitive and rigid.

The possible implication of these ideas for business in the new paradigm is that, while in the past left-brain type thinking and actions have been emphasized and rewarded, there is great value to be gained from encouraging the counter balance of a more right-brain orientation.

This may include greater respect for the role of intuition in decision making, a restructuring of the work place to encourage creativity among employees, more emphasis on cooperation as opposed to the competitive attitudes of the past, more flexibility in organisational design and a review of existing patriarchal systems and practices within business.

New paradigm belief statement: *Business is a human institution and should strive to be more holistic, reflecting a balance between symbolically masculine and feminine qualities.*

### **Conclusion**

This article has described some of the assumptions being questioned and themes emerging on the journey towards a transformed view of business. They are by no means sacred truths cast in stone but rather evolving concepts of an ongoing experiment.

Anita Roddick captures the essence when she says: "What are we trying to do is to create a new business paradigm simply showing that business can have a human face and a social conscience."

What is most heartening about this exploration is that much of the 'African tradition' (if those in business could but understand and appreciate it more) is already grounded in these emerging 'new' ideas.

A respected South African author and Nampak director, Lovemore Mbigi, says: "This is the essence and spirit of an African village and its moral base of *ubuntu* ... (it is) the African communal spirit of grassroots democracy based on respect and human dignity."

*Ubuntu* therefore – also more generally referred to as ‘African humanism’ and encapsulated in the Xhosa proverb: “a person is a person through other people” – may well be Africa’s unique interpretation of and contribution to the search for a new paradigm in business. May we journey with pride and hope.

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**Source:**

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