

What's wrong with business?

Disconnection, reconnection and transformation

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With corporate giants tumbling like a house of cards, this essay examines the contradictions and moral dilemmas at the heart of business-as-usual and suggests that creating longterm value depends on connecting business objectives with real-world needs. That will require a transformation in the values and beliefs of those who lead.

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After a long period of strenuous denial in business and political circles, it is now broadly accepted that our planet home is showing signs of severe ecological stress, caused largely by the human population in the minority world who live in a culture organised around a central belief in the goal of continuous economic growth. Economic growth, fuelled by mass production, fuelled by mass consumption, and almost entirely dependent on burning fossil energy.

The destruction of the last fifty years since the current wave of global economic development got under way, is greater than all of the damage caused by humans since our tenancy on Earth began. Our linear, take-make-waste way of life is hoovering up the planet's resources faster than natural cycles can regenerate them, disturbing the balance of delicate ecologies, and creating levels of waste and toxicity throughout the web of life at levels far beyond the cleansing capacity of nature's sinks.

The consequences have been swift and devastating. Every part of our life support system - air, water, land, climate, habitats and whole species - is under strain or facing collapse. Day by day, silently and invisibly, life itself is decaying. The social consequences of this economic model have been just as ruinous. During a period of economic growth unprecedented in the history of humankind, the gap between the world's richest and poorest 20% has doubled from 30:1 to 60:1.

The economic model at the heart of this deterioration is of course, driven by business. The problem is, many business people are blissfully unaware of the process they're engaged in, and even those who are aware, are professionally obliged not to care - or at least, not to show it.

Business's worldview is amply illustrated in business publications everywhere. A selection of headlines gracing the most recent issues of Fortune Magazine for example, encapsulates the dilemma I want to explore as I reflect on the question: What's wrong with business?

Illustrated by dramatically-lit CEOs in decisive poses, the core ambition of business is defined for readers again and again, in large bold print: ... *'Bigger and Bigger - Martin Sorrell wants WPP to be the world's largest marketing machine'* ... *'BMW's Big Bet: CEO Helmut Panke wants to grow fast - even if he has to sell minivans.'* Page after page, the subtext is: These people know where they're going. And it's good.

And from the inside pages, a polite cough and some mitigating noises: ... *'Money and Morals at GE: Jeff Immelt wants to instill values in everything the company does - without compromising the profit principle.'* (Naturally).

But wait... what's this? Aghast, grown men gaze in open-mouthed astonishment at the unintended consequences of their ambitions: ... *"I never thought you had to say to people: We want to grow aggressively - and don't forget not to break the law" - Citigroup CEO Chuck Prince talks about scandals, profits and the company's stock.'*

Meanwhile, over on Wall Street, a 'shocked market' runs for cover: ... *'Will Merck survive Vioxx?: Looming lawsuits, angry investors, declining profits - the Vioxx debacle is just the latest setback for the proud pharmaceutical giant.'*

Finally, the hammer drops, and business in general stands convicted in the dock: ... *'The Verdict on Business: Presumed Guilty.'*

This narrative may read like a one-way graph, the kind that can be easily dismissed as a self-serving selection. But is it? Just twenty-four short months ago, in the wake of Enron, Tyco, Global Crossings, Arthur Andersen et al, the week-after-week tone of Fortune's front cover was far more stark, with headlines like: *"It's time to stop coddling white-collar crooks - send them to jail."*

Going deeper

Particular individuals, organisations and whole industries deservedly find themselves in the spotlight from time to time, but the heat-and-dust response of the mainstream business

media never treads even close to what in my view is the heart of the overarching dilemma, and that is the nature and quality of business's relationship with the wider social and ecological systems it depends on.

Rather than examining this relationship, the critical moral and ethical questions which should define it are left hanging in midair, unasked and unanswered. Questions like: "Beyond profit, what's the purpose of business?" or "What would an appropriate relationship between business and its social and ecological context look like?" or "What values and behaviours should inspire our public and professional admiration and define business excellence?" or "What's not for sale - not just in business generally, but here in *this* organisation?"

The conscious and unconscious institutional sidestepping of questions like these has engendered a kind of Jekyll and Hyde behavioural pattern and disorienting logic that typifies the way business engages with the ongoing stream of ethical dilemmas in which it finds itself entangled. And the problem goes far beyond occasional, high-profile malfeasance. It's pervasive, woven into practices and responses that are now part of the everyday 'common sense' of business.

Try this for common sense: it's "cheaper" for me to get two new pairs of spectacles (for the price of one, of course) than to replace the lenses in my current pair. This is a 'normal' business model. And it's everywhere. My as-new, rarely used mobile phone (four years old, and perfect) is considered a technical dinosaur by the company that pesters me with regular junk-mail enticements to part company with it and "upgrade". *What for?*

Apart from the casual waste of embodied energy (a critical issue now that we're reaching the end of the Oil Age with potentially devastating repercussions) the sourcing of coltan used in mobile phones has distant and real geopolitical consequences in countries like the Congo. Furthermore, a business model that actively promotes throwaway, faddish consumerism is considered viable and

appropriate at a time when the overdeveloped world is reeling from the cultural and spiritual consequences of over-consumption, while more than two billion people on Earth have never made a phonecall, ever. On any kind of phone.

The same phone company proudly struts its high profile Corporate Social Responsibility (CSR) programme as its contribution to society, and would be considered a leader in this regard. But not long ago, this good corporate citizen was a leading participant in a European conference convened to figure out how to get pornography onto the phone network and *remain* a good corporate citizen. Around the same time, a leading Irish bank was accepting the resignation of its CEO who admitted to breaching company policy by browsing dodgy sites on the internet.... while down the corridor, the bank was busy sewing up a deal to invest millions in a pornography distribution company.

Here's another example of business common sense: The developed world is facing an obesity epidemic. Half of Europe now registers as 'overweight' on the scales. 39% of Irish adults are overweight, 20% of us are obese and at risk of diabetes, heart disease, stroke and cancer, all of which is building an enormous future burden on the public purse, which will be asked to pick up the tab for diseases already incubating in today's children as a result of their eating habits.

One of the responses of the food industry is to agree to attach a health warning on the tv advertising of salty, sugary, fatty foods aimed at children. As a society, we've banned cigarette advertising, but banning adverts for food that can harm our kids is not yet an acceptable option, despite the known consequences. And from within current business logic, it makes more sense to produce food that needs a health warning than to produce food that needs no defence.

The litany of questionable practices, false promises and empty claims that have become part of the nature of much of modern business would fill volumes, and every one of us

experiences it every day: Companies that claim to care about you, the customer... but assign responsibility for the customer relationship to an outsourced call-centre which has no relationship with you, and little concern for your concerns. Companies that claim their employees are their greatest asset... yet show them as liabilities on the balance sheet, and show them the door when the bottom line feels a chill.

Companies that fend off legitimate concerns about what they produce by waving in the direction of the general public, saying: "We wouldn't provide it if people weren't willing to buy it." Companies that drool at the prospect of the Chinese market doubling the world's car population, while we teeter on the edge of a climactic precipice. Companies that joined forces during Ireland's EU presidency to caution European legislators including our Minister for Enterprise, Trade and Employment to "legislate for the floor, not the ceiling" rather than deal meaningfully and decisively with pressing issues such as our climate which, as a minimum, calls for a radical cultural, technological and economic shift.

In very real ways, the business of business has become a process of ignoring reality, downplaying consequences, slowing down its responses to urgent issues and legally and openly subordinating the flesh-and-blood needs of the real world to the abstract needs of the balance sheet.

And people in business can and do routinely justify this process, to themselves and to others. While personally some may care deeply about their communities and wider societal and environmental concerns, most find it very difficult to acknowledge or make tangible the real connections between these global outcomes and the work they're engaged in, the decisions they make, and the behaviours and contribution of their organisations and industries.

Why is that? Why is there so frequently a disconnect between what business people feel and believe in private, and their professional choices, decisions and behaviours? What is

wrong with business?

Flight from reality

If the institution of business was a person, we might diagnose its flight from the real world, in all of its manifestations, as schizophrenic.

Schizophrenia is a split of the mind, a disconnection between thoughts, feelings and actions. Those who suffer from this disorder have a faulty perception of reality. A distorted worldview. Because they delude themselves with fantasy their actions are inappropriate, and it seems they're unable to care about the consequences of what they do.

Businesses and business people act on the basis of a certain perception of reality: a set of assumptions and beliefs that shape their purpose, and a set of values that guide their attitudes and behaviours. Read *Fortune Magazine* or a host of others on the shelf, scan the business pages of the press, look at the agenda of business conferences and business books, take part in the typical conversations that shape organisational life day in, day out, and it's abundantly clear that the perception business has of its relationship with the rest of the world is one of separateness.

It sees itself as separate *from*... separate from the community, separate from the wider society, separate from nature and the ecosystems that sustain life. In fact, business sees itself as more or less self-contained, having at best a tangential relationship with, for example, the lives of employees and their families, the wider community, the environment and so on. Business happens over here. The rest of life happens over there. Sometimes the boundaries of these other domains touch and impinge upon it, but it has well-developed processes to manage and contain the impacts of the 'real world'.

The perception of being separate is a comfortable one because it accommodates the belief that the business of business really is just business, and while these other matters may be important, they're not core. Within this perception of separateness it is entirely logical, even clever, to externalise as much of the

costs of doing business as possible, passing on to society and the ecology the down-the-line cost of waste, pollution, resource depletion and so on - in the interest of maximising the return to owners and shareholders.

The fact that this perception of separateness is enshrined in business law makes it seem even more legitimate. Companies are legally obliged to largely forsake broader public, social and environmental interests in pursuit of shareholder value, and the everyday performance of business leaders and managers is measured and rewarded by their ability to manage assets for value - *economic value*. That's what they go to work to do. In the end, that's what work is *for*. Legally.

In his book *Small is Beautiful*, the economist E.F. Schumacher puts it succinctly: "The development of production and the acquisition of wealth have thus become the highest goals of the modern world in relation to which all other goals, no matter how much lip-service may still be paid to them, have come to take second place. The highest goals need no justification; all secondary goals have finally to justify themselves in terms of the service their attainment renders to the attainment of the highest."¹

So we define and legitimise a successful business as one which creates a pile of cash, and the most successful is the one which creates the biggest pile of cash, or grows to become the biggest. It may sound crude, but the fact is, that's all we measure. That's how we rank companies. That's what we celebrate. Money *is* the endgame, and all other activities and concerns are cast as the means (or inconvenient obstacles) to that end.

Of course, this endgame is legitimised by the wider culture in which the voice of business has an overwhelming shaping power, and which has intensified since the end of world war two. Today, market values that drive commerce have successfully colonised our public, social and political spheres, as economic growth has become the central organising 'project' not only of business, but of society itself.

As a society we seem to have reached a consensus that the ultimate purpose of business, work and life is to improve our storehouse of financial wealth. 'The economy' has become the lens through which we adjudicate all other human activity and the way we measure our success as a nation. And so, the common sense of business has become common sense, period.

It wasn't always this way. In the early days of the incorporated legal entity, the relationship was completely inverted. A company was formed to undertake specific social projects, such as building a bridge or a road or a hospital, and disbanded when the project was complete. In other words, business was firmly nested inside the social context which framed its activities.

Over time, the legal framework was progressively loosened to facilitate the expanding aspirations of commerce until we find ourselves where we are today, in a world where politicians of every hue co-operate to enable business and capital to be as mobile and free of obligation as possible, and in the process compromise their own power to set policy agendas that privilege the interests of people, society and the environment.

The problem for business and for all of us is that this worldview of separateness, which now appears sturdily rational, legally sound and utterly inevitable, is a systemic illusion. It's simply not true. And I believe this gap - between illusion and systemic truth - is the cornerstone of its Jekyll-and-Hyde approach to the world, and its deep dilemma.

The world is downstairs

Denying reality always stores up problems, not just for individuals but for organisations and institutions too. The world is downstairs asking questions about ethics and values and accountability, and calling for a radical change of mind - a change in the assumptions and beliefs that shape the purpose, values and behaviours of business, especially BigBusiness.

Crucially, business has all the financial and

technical resources, the human ingenuity and global networks required to make this shift and address the problems it helps create, yet despite their resources and capabilities, the real problems aren't being adequately addressed. Worse still, there's a yawning chasm between the pressing need for business to evolve beyond current dysfunctional patterns of thinking and behaving, and its willingness to do so.

In a wired-up world, people are increasingly aware that the response of business to the critical social, cultural and ecological issues in which it is implicated is slow and at best, superficial. This realisation has generated a huge loss of trust on the outside, and a crisis of meaning on the inside.

Study after study shows that trust in institutions generally and business in particular has literally evaporated. People don't trust business, especially big business, or its products. They don't trust banks or pension providers. They don't trust supermarkets. In fact, a recent UK study shows that trust in corporate institutions has plummeted from 2:1 *in favour* in 1970, to 2:1 *against* today.²

Look around, and it's not hard to see why. Try listing the companies who have chosen to make money by doing good, whose products and services inspire us to engage with them because of the story that underpins them, the ordinary lives they enrich, the noble values they express, the social and ecological intelligence they represent, the urgent needs they address... and you'll have a very short list. For the most part, modern business doesn't have a story truly worthy of Life, so it doesn't inspire. It can't.

By refusing to raise its sights beyond the financial bottom line or focus on the world beyond itself to find its purpose and direction, business cannot transcend and become what it's capable of becoming. Instead, organisations settle for what's practical. And because an organisation is in the people, not the other way around, this 'settling' has turned much of organisational life into a travesty of what it means to be human.

Readers who find this judgement harsh cannot have listened to personal stories, privately told, of the disappointment people frequently feel at having to leave their values at home because their work doesn't allow them to fully express their humanity. The hidden human and psychic cost is enormous. A 2004 UK study of a thousand employees between the ages of 25 and 35 has identified a 'quarter life crisis' as a reality for young people who thirst for meaning in their lives but don't find fulfilment through work, and often drop out of the fast track or job-hop in an attempt to satisfy their longing to make a difference.³

Of course, this crisis of meaning shouldn't surprise anyone. When an organisation's purpose or mission isn't inspiring, or even clear - beyond enriching a small cadre of senior executives and shareholders - or when its values are the values of self-interest alone, work *has* no meaning for people. And beyond a certain level, it makes little difference how generously employees are compensated financially, because long-lasting meaning doesn't come from money. It comes from being fulfilled at a much deeper level. It comes from work and workplaces that make a contribution to the wider system. Work that makes a genuine difference. Work that's connected to what is real.

Coming full circle back to 'the real world', it seems important that this reflection, which began with images from Fortune Magazine, is now completing itself in my mind's eye as I savour the stunning natural wilderness of West Kerry's Beara Peninsula, where I am writing these final paragraphs. Even the winter gloom cannot dilute its unspeakable beauty. Impenetrable mists that settle and linger, the power of its winds, its deep silence and vast expanses, its ever changing moods, its awesome presence, beyond fad and fashion, beyond time itself.... now, *this* is real.

But it's a reality that doesn't press upon everyday organisational consciousness, and its absence has tangible consequences. To see this, we need to remember that the language and ideas that shape our world don't pop into our heads from nowhere - they sprout from the

physical world in which we find ourselves. As kids we make sounds, we mimic our surroundings, we echo the accents in our locale. The living world *provokes* our speaking, and in turn, our spoken language provides the structure and direction for the way we think, and the way we act. In short, we move towards what we think and talk about.

So when we concrete over our physical world, we also concrete over our minds. It's a subtle process. The everyday language of business has become a language exclusively of numbers and abstractions because the deeper human, cultural and ecological needs have been systematically edited out of its critical equations.

Reconnecting

As the world wakes up to the consequences of the current economic model, a sea-change in the legislation governing business seems inevitable. Indeed this has already begun, particularly in the USA. However, given the power of the business lobby to slow down the political response, the question is, will change happen soon enough? And, is it enough?

While weak societies or weak organisations are held in place by laws and rules, strong organisations and societies are sustained by principles and values that lie at their core. I believe the real hope for a vibrant, enterprising culture pursuing honourable goals with healthy, generative practices lies with an emerging breed of visionary leaders and organisations who are demonstrating that it's possible to transform the DNA of business from within, by transforming the source from which it operates - the values and belief system that guide it.

Organisations like The Freeplay Group in South Africa, are reconnecting with the real world. Combining a quest for technological innovation with a commitment to social justice, and a desire to make enormous profits, its self-powered radios are transforming the lives of the world's poorest by changing the nature of education and political participation in remote regions where there is no electricity. And it does this with a workforce significantly comprised of people who are blind, deaf or

paraplegic, as well as battered women and ex-convicts for whom a job is the gateway to a better life. Rory Stear, Freeplay's co-chairman and co-CEO says: "Our values become a motivator...We're not just a business, we're a business with soul".⁴

Or take Interface, a billion dollar enterprise and one of the world's largest floor-covering manufacturers. When CEO Ray Andersen set his company the ambitious goal to be the first in the world to transform itself from being a hugely resource-hungry and polluting business to achieving environmental sustainability and ultimately to be restorative - to put back more than it takes from the environment - the spirit in the workplace changed so completely that the company took on a new and deeper meaning for staff, customers and stakeholders alike, resulting in a massive hike of 1000% in brand value.

This kind of transformation doesn't happen because of new rules designed to make business "less bad", or a tweaking of surface policies and practices. It's the result of a radical shift in the underlying culture. But of course, organisations don't change. People change. And they change by *learning* - learning about the context in which they work, about the impacts of what they do, and by exploring and experimenting with new ways of working. And slowly, over time, through new experiences, their values change and the values of the business change too.

Deep organisational learning is a journey in two directions - outwards, and inwards. The journey outwards is about reconnecting with the wider community of interest upon which a business depends, exploring the ecology of its relationships, listening to other voices and perspectives and including different needs in the development of its strategies. It's about rediscovering our place in the world and developing a broader sense of Self, not merely as an organisation but as a living system which helps create the wider system it's part of.

Of course, every profound evolution is based on an inner journey. For business, the journey inwards means reconnecting with a deeper

Story or vision founded on systemic truths - a sense of who we are, what kind of world we live in, what's important, and what we're supposed to become. This deeper Story then becomes the source from which the business operates, shaping the values that shape the decisions and behaviours, which ultimately shape our world.

By reconnecting with the natural and human ecology upon which it depends, business will discover the simple truth: that its own longterm self-interest and the common good are actually one and the same. ||| dya

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