Business, Values & Law: Forging a New Dialogue

2010 – 2011 UNDERGRADUATE FELLOWS REPORT

A PROJECT OF THE DOYLE ENGAGING DIFFERENCE INITIATIVE
About the Berkley Center for Religion, Peace & World Affairs

The Berkley Center for Religion, Peace, and World Affairs at Georgetown University, created within the Office of the President in 2006, is dedicated to the interdisciplinary study of religion, ethics, and public life. Through research, teaching, and service, the Center explores global challenges of democracy and human rights; economic and social development; international diplomacy; and interreligious understanding. Two premises guide the Center’s work: that a deep examination of faith and values is critical to address these challenges, and that the open engagement of religious and cultural traditions with one another can promote peace.

About the Doyle Initiative

The Doyle Engaging Difference Initiative serves the entire Georgetown University community and is a campus-wide collaboration between the Berkley Center for Religion, Peace, and World Affairs, the Center for New Designs in Learning and Scholarship (CNDLS) and Georgetown College, designed to deepen the university’s own commitment to tolerance and diversity and enhance global awareness of the challenges and opportunities of an era of increasing interconnectedness. The Doyle Initiative is made possible by a generous gift from alumnus and Board of Directors member, William J. Doyle (C’72).

About the Undergraduate Fellows Program

The Undergraduate Fellows Program combines a four-credit seminar with a collaborative research project that addresses issues at the intersection of religion, culture, society, and politics. Along with the in-depth reading, writing, and dialogue typical of an upper-level seminar, student fellows conduct original research culminating in a written report. As part of the class experience, they work together to refine core research questions, conduct interviews and gather data, and incorporate their findings into a report for publication. As of 2009/10, the program is part of the Doyle Engaging Difference Initiative.

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We gratefully acknowledge the participation in this project of over 45 interviewees who took time out of their very busy schedules to meet with students; their candor and generosity is greatly appreciated. All are in significant leadership positions in national and international companies. We maintained a blanket policy of confidentiality so that we could learn from them without any repercussions for their openness.

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About the Project

From January through April 2011, a group of Georgetown University students met weekly for a four-credit course titled, “Business, Values, and Law.”

We studied both theoretical and scholarly texts about business, ethics, politics, and law, and they spoke with business leaders to gain real world knowledge. We read works by a range of theorists from the theological, philosophical, and legal traditions, including the long-ranging work of economist Adam Smith and philosopher John Rawls, the contested ideas of Milton Friedman and Michael Sandel, and the theological writings of Pope Leo XIII. These texts and others gave us a strong foundation in the theories about justice, values, and the role of government in the market. Through other readings, we familiarized ourselves with current laws and regulations relating to corporate governance and business practice. We were encouraged to think about business values in broad terms, as the belief systems that guide the decision-making processes of business leaders, shareholders, investors, governmental bodies, and consumers.

Finally, we analyzed various models of corporate governance and social responsibility that came out of the 2008 financial crisis. While some scholarship supported increased government regulations, other theorists argued that new regulations were ineffective and that legal constraints could not create ethical behavior. We also investigated business models where corporate social responsibility is upheld and honored. Some large corporations have created entire images and corporate identities around social activism. Other companies may choose to incorporate social responsibility in a limited way or not at all.

Outside the classroom, we had the opportunity to discuss the theories and concepts from the course material with business professionals in various fields. These interviews and that dialogue further complicated our understandings of corporate social responsibility and the role of values and law in the business world. We also questioned the role of government in the business market. Do companies and corporations need governmental control and legal regulations in order to make ethical business decisions? Do companies gain any form of profit, either economic or social, by following safe environmental practices? To what extent do companies aim to appease shareholders and investors at the expense of the general consumer? Does profit maximization override other values and ethical concerns? These questions emerged as a result of our investigations into the theoretical frameworks that guide business practices, which were then discussed with business and legal professionals.

As we compared the theories and concepts, we discussed in the classroom to the realities of the business world, we tested and strengthened our growing understandings of the relation of business, values, and law. The wide range of class discussion about the class readings and our interviews also enabled the investigation to grow more complex and multi-layered. We questioned our own future roles as business professionals, investors, and shareholders and grappled with the complex questions of how to make a business profitable while upholding strong ethical values.

Key questions for our study included: What are the fundamental values underlying economic activity? How do modern conceptions of good governance and corporate social responsibility relate to actual business operations? Under what theories of justice can the government regulate business and finance, and when put into practice, will these regulations be successful? Do corporations and business people have a responsibility to promote the common good through business activity? Our dialogue in class about these issues together with the business leader interviews serve as the basis for this report.
## Table of Contents

Executive Summary ....................................................... 5  
Introduction .............................................................. 7  
Formal Regulations ...................................................... 10  
Informal Pressures ....................................................... 12  
Sources of Ethics ......................................................... 15  
New Theories in Practice .............................................. 22  
Concluding Reflections ............................................... 29  
Research Team Biographies ...................................... 31  
Select Bibliography ................................................... 34  
Endnotes ................................................................. 35
Executive Summary

The financial crisis of 2008 exacerbated an environment of mistrust for business practice in the global economy. Shareholders, investors, consumers and employees grew suspicious of big business, financial institutions, and perceived corporate greed. Economists agree that the financial crisis was caused by a combination of factors, including increased debt, easy credit, and sub-prime lending. Economists suggest that these factors contributed to the collapse of large financial institutions leading to government bailouts that sparked heated debates across the business world. Spiraling stock markets further increased anxiety and fear among investors leading to escalating levels of unemployment across sectors. In addition to the economic consequences, the business world also experienced a crisis of legitimacy. Much of the public and the political class questioned business leaders’ commitment to integrity, transparency, and ethical behavior. Many called for increased government regulation to check business practices that might be harmful to the common good culminating with the enactment of the Dodd-Frank reforms; some of the strictest legislation to date. At the same time, corporations have voluntarily embraced platforms of sound and honest governance, corporate social responsibility, and internal ethical practices.

Through this project, we researched various forms of CSR, government regulations, and legal reforms that affect the business world. We found that while government regulations are effective to a point, shareholders, investors, customers, and employees are also able to influence company decisions. When shareholders and customers are anxious about company policies and voice their opinions, companies are apt to respond to their critiques. We also found that there are other mechanisms through which business leaders make ethical decisions that do not always yield a profit for the company. For example, an American company may actively choose not to do business with an international company that uses child labor in their factories. Although this decision can negatively affect the American company in that it will incur higher labor costs, the company may decide to pursue this path simply because they consider it the right thing to do.

We discovered that personal values, education, religion, and work experience strongly influence business leaders and affect their decisions. For example, personal moral values that were instilled in a strong, nourishing home environment influence the way business leaders treat their employees as well as their sense of social and fiscal responsibility towards others. Education was cited as a strong method of training and influence for business leaders, especially with regard to business ethics in a culturally diverse world. Some business leaders suggested that universities should make an effort to incorporate stronger ethical training into their business curriculum. A few business leaders argued that ethical discussions in the classroom lacked the complexity and nuance of the real issues business leaders face, and that business ethics should be taught in a more realistic manner. However, most interviewees suggested that education had been a prominent factor in the evolution of their own worldview and value system.

Among the factors that influence business leaders, religion was the least cited. Many business leaders refrained from identifying
with a particular faith perspective or an organized religion. However, most suggested they were taught religious and spiritual values by their parents at a young age. As adults, they try to uphold these ideals in their everyday business and personal lives. Some noted that religion influences the business market in ways they did not realize. A few were surprised to see how religious faith and values can affect business relations throughout the world. Other interviewees claimed that religion was a major factor in their business life and that it influenced their decisions daily. Most interviewees had a strong sense of stewardship for other people and for the environment, which they connected to some kind of larger worldview.

The 2008 financial crisis renewed a push for a change of attitude towards big business, regulation, and society. Some leaders perceive that prior to the financial crisis, regulations were not always vigorously enforced and big business had more latitude to follow their own structures of “business ethics” without criticism or outside involvement. However, after the crisis, the financial context was seen to shift with less of a strict separation between companies, consumers, investors, shareholders, and regulatory powers. Rather, companies are under scrutiny, not just from government bodies, but also from the people they employ and the customers they rely on. As transparency increases, these actors are able to be more informed about business decisions and can apply pressure on companies to change the policies and activities that they find ethically questionable.

Whether business leaders are acting out of their own ethical convictions or are simply responding to external pressures, their companies have adapted to the current climate with the implementation of socially responsible policies and programs. New concepts such as shared value have grown more popular as a viable method to guide corporate behavior, and companies have found creative ways to incorporate these ideas into their operations. While socially conscious efforts can cut into a company’s profit margin, it is also possible to find mutually beneficial solutions which companies are developing and employing at an increased rate. Protecting the environment and investing in employees’ well being, for example, can be both the right ethical and economic decision to make.

It is impossible to predict whether this heightened attention towards corporate social responsibility will continue after the economy recovers from the 2008 financial crisis. At least for the near future, however, it seems that the crisis has caused all actors to reconsider their assumptions regarding the rights of regulators, consumers, shareholders, and investors and the responsibilities of businesses as active participants in society. Profit-maximization may still be the primary goal for most companies, but many are carving out space for other concerns, and even finding ways in which both goals are achievable. This report highlights several of these strategies and ensuing complexities in the new business market.
The financial crisis of 2008 sparked a new conversation about corporate social responsibility, government regulation, and the role of business in society. Many believe that corporate misbehavior and lax regulation caused the financial crisis and ensuing recession, which caused consumers and shareholders to lose confidence in the financial sector. Some asserted that the underlying problem is that businesses are motivated solely by profit maximization; hence, policies rooted in social benefit are only pursued if they happen to increase profits. As one interviewee noted, “Business got a huge black-eye, but deservedly so. The way the corporate sector had formed, ethics was left out of the equation.” In response to this backlash, many corporations unveiled value-based campaigns in efforts to repair their public images.

As companies tried to recover from the crashing stock market and high unemployment, they also had to contend with unflattering images in the news reports about Wall Street. Consumers and shareholders found much to criticize; high salaries and bonuses came under fire, and poor environmental practices were protested, especially after the BP oil spill in 2010. Companies attempted to curtail this anger and regain the public trust by shifting the focus to programs and policies that highlighted corporate social responsibility. Some companies increased their philanthropic efforts to gain back consumer confidence. As an example, in 2008, Starbucks Corporation announced that they would donate $2 million to CARE International and Project Concern to support water, sanitation, and hygiene education programs in multiple African countries. The donations were made possible in part because of the sale of Ethos, a Starbucks brand of bottled water. Howards Schultz, Starbucks president and CEO stated, “When our customers buy Ethos water, they are improving the lives of people who lack vital resources.” Peter Thum, the vice president of Starbucks who founded Ethos Water explained, “This is an opportunity to bring attention to the world water crisis and to connect with people who believe in driving change through action.” The program provides the unique opportunity for customers in one part of the world to feel connected to people in another part. Further, it enables consumers to feel personally involved with the socially responsible decisions of Starbucks Corporation.

A range of new marketing techniques emerged as a result of the financial crisis that focused on notions of honesty and trust. One pertinent example is Miller Light’s refusal to pay $3 million for a 30-second commercial during the 2009 Super Bowl. Instead of paying for the coveted advertising spot, the beer company opted to air a one-second commercial to advertise its Miller High Life brand. The High Life senior brand manager, Kevin Oglesby, told The Business Journal that “Miller High Life is all about high quality and great value, so it wouldn’t make sense for this brand to pay $3 million for a 30-second ad.” In addition, Oglesby noted, “Just like our consumers, High Life strives to make smart choices. One second should be plenty of time to remind viewers that Miller High Life is common sense in a bottle.” Ad campaigns such as this one underscore the need to convince consumers that the businesses they trust are making safe and socially-responsible decisions. Needless to say, in the midst of a recession, a company could elicit anger if it opted to spend $3 million for a commercial just as families across America were losing their homes to foreclosure.
Genuine Altruism or Brand Enhancement?

In the recent years following the financial crisis, corporations have implemented socially responsible policies and expanded their philanthropic operations, but some argue that if these changes are merely a part of a public relations strategy, they do not represent a significant departure from corporations’ perennial obsession with profit-maximization.

A former Wall Street employee whom we interviewed explained that many businesses become socially conscious and environmentally friendly only because they know that eventually it will help their bottom line. “There are people that see it is a new market opportunity; acting green can be really cost saving. Some are humanitarian; but some are businesses looking for growth and cost savings … a lot of it is really brand enhancement—it’s what the world is starting to expect them to do.”

Some companies even began to offer products designed to protect consumer interests and help them adjust totightened budgets. Today, it is common to see commercials about financial responsibility from companies who claim they want to help consumers save money. For example, Merrill Lynch is advertising financial products with a recession-based tagline, inviting viewers to “contact financial advisers today so we can help you rebuild your assets.” This slogan implies that their company can rebuild consumers’ assets as they also regain the public’s trust.

However, not everyone supports the efforts of corporations and companies to engage in social responsibility, especially when it may come in conjunction with increased government regulation. David Vogel, professor of business ethics and political science at the University of California at Berkeley, fears that if the government attempted to mandate social responsibility through legal requirements, ethical decisions and legal regulations could come into conflict, and regulations could actually inhibit ethical decision-making.4 One of our interviewees, a CEO of a major insurance company shares Vogel’s doubts about reform’s effectiveness. He argues, “One cannot regulate values. It is a function of society to regulate ethics and ethical decisions. If the society fosters a value-centered environment, the people who grow up in the society will bring these values into the work environment.”5 In essence, both Vogel and Brown suggest that values are important, but that legal regulations alone cannot cultivate ethical behavior.

It is difficult to create regulations that strike a balance between encouraging socially responsible behavior and infringing upon a business’s goals and operations. A professor of business we interviewed believes that we should leave major corporations alone. He states, “We should not be regulating companies so that they are forced into ‘doing good.’ We should regulate their financial performance and their process performance.” In contrast, a Congressman we interviewed believes that corporations need to be controlled and cannot be trusted to voluntarily check their own behavior. He said, “We’re trying to legislate to bring back some corporate social responsibility … we need to start deciding as a society what social responsibilities we want to have them meet, because they’re certainly not doing it without having some sort of societal standards set.”
Henry Ford, pioneer and innovator, once asserted, “A business that makes nothing but money is a poor business.” Although all of our interviewees told us that they had strong personal moral codes, capitalism is often thought to be value-neutral. The president and CEO of a non-profit organization said we live in a culture of “cognitive dissonance,” in that “we've constructed a society and economy that’s not congruent with the values and morals that most people hold.” While legally, we treat corporations like people, she said that this limits our ability to hold individual actors accountable for the decisions they make that affect actual people in practice.

Do businesspeople (and the corporations they work for) have responsibilities to society at large? Some interviewees argued that all individuals and institutions should be working towards everyone’s greater well-being, so this responsibility should be shared among them. One cited his personal religious beliefs, saying that “human beings have an obligation to look after each other … people should be treated fairly … and the fortunate should take of the less fortunate.” Others were wary to make a judgment call, but hoped that businesses would choose to adhere to a higher ethical code. One consultant said, “Profits for profits’ sake? I can't blame anyone who has this position, but at the same time it feels like a waste … there’s a lot of good that can be done with excess profits. There's a tremendous need in the world. To not utilize that profit in a way is a waste. I can't quite get to the unethical, but it just feels like a waste.”

There are also experts, however, who believe businesses should primarily or exclusively concern themselves with profit maximization. The executive vice-president of human resources at a South American bank told us that profit making is an ethical duty a business has to its shareholders and clients, and so other interests can be pursued only if they will not interfere with this aim. Economist Milton Friedman takes this position to the extreme, arguing that corporations have no obligation to society beyond profit creation and should not engage in corporate social responsibility efforts if they will not maximize shareholder value. He asserts that “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.”

One’s theoretical understanding of business certainly shapes the rules and regulations that person will accept; however, the “wretch” test one interviewee shared with us seems to be a good rule of thumb for everyone. This lawyer told us that his mentor in law school gave him this tip to judge the ethics of his actions—“You must be able to look at yourself at the mirror and not feel like you need to throw up. If you have that feeling, then you're probably doing something wrong.”

As these divergent opinions reveal, corporate social responsibility and government regulations are a complex and controversial discussion. In the following sections of this report, we will examine the most recent government regulations and their impact on business practices as well as their effects on consumer confidence and profit maximization.
A Brief History

From The New Deal to the Sarbanes-Oxley Act to the most recent reform effort, known as Dodd-Frank, the United States financial system has been subject to wide-ranging and ever increasing regulation in the eight decades following the first major collapse of the national economy and the subsequent Great Depression. By the time it was clear that this most recent financial crisis was unavoidable; there was a great deal of mistrust and blame. Some argued that the fault lay with inadequate government regulations. If the government had had more oversight, perhaps companies would not have been able to engage in high-risk financial decisions that were harmful in the long run. However, other theorists and economists argued that the banking and home industries created the perfect environment for the financial crisis by overinflating home prices and approving high-risk mortgages. Several years after the crisis first struck, government agencies, banks, investors, and consumers are still negotiating the effects of the economic meltdown and hoping that things do not get any worse.

Because of the widespread nature of the financial crisis, ranging from the housing market to the stock market, many outraged consumers and business professionals have felt its effects in a very personal manner. In addition to high unemployment rates, people have lost their homes, their equity, and their retirements. Anger seems to be a natural response to this shifting environment, as is the call for more stringent regulation. The Financial Crisis Inquiry Commission has accused several institutions of greed and the government of ineffectiveness for having lost control of the economy. The Commission held 19 days of hearings with more than 700 witnesses and found, “The crisis was the result of human action and inaction, not of Mother Nature or computer models gone haywire.” In addition, their report noted, “The captains of finance and the public stewards of our financial system ignored warnings and failed to question, understand and manage evolving risks within a system essential to the well-being of the American public. Theirs was a big miss, not a stumble.”

As part of its aggressive campaign to introduce more stringent regulations, the Federal Government passed the Dodd-Frank reform laws. The Dodd-Frank reforms were intended to make businesses more accountable for their behavior; however, there are also other methods for regulating the business market, ranging from additional legal constraints to other types of social regulation, such as pressure from consumers, shareholders, and investors.

The 2010 Dodd-Frank Reforms

On July 21, 2010, President Barack Obama signed the “Dodd-Frank Wall Street Reform and Consumer Protection Act,” which was the most profound overhaul of the American financial system since the reforms that followed the Great Depression. Through the implementation of strict financial regulations, this act aims to create a more stable financial environment. Each piece of the Dodd-Frank legislation enacts distinct regulatory reform, but the overarching goal is to restore confidence in the safety of the financial system by reducing systemic risk and strengthening existing regulatory mechanisms. This is partially
done through the creation of a consumer financial protection agency, management of systemic risk, increased regulation over counter derivatives and lastly, the Volcker rule, which limits the ability of banks to engage in improper investments and/or sponsor alternative investment vehicles such as hedge funds and private equity funds.\textsuperscript{10}

The Dodd-Frank Act created the Consumer Finance Protection Bureau (CFPB) within the Federal Reserve System. By establishing the CFPB, Dodd-Frank consolidated most federal consumer financial protection efforts into one agency, which was charged to “watch out for American consumers in the market for consumer financial products and services.”\textsuperscript{11} Among its many current programs, the CFPB is currently working to eliminate predatory lending practices and simplify credit card and debit card fees and penalties.\textsuperscript{12} With especial concern for those firms considered “too big to fail,” Dodd-Frank created the Financial Stability Oversight Council to identify and manage systemic risk. Before, individual financial entities were regulated individually, but this inter-agency regulator will look at both financial and non-bank financial companies that are thought to be important to the financial system as a whole. Weakened after the financial crisis, regulations within the United States and Europe have attempted to strengthen the global financial system with the hope that we will never again have to, as President Obama noted at the signing ceremony of Dodd-Frank, “foot the bill for Wall Street’s mistakes.”\textsuperscript{13}

However, not everyone supports increased regulations. Smaller businesses are often the most negatively affected by increased requirements. This is for many reasons; firstly, regulatory compliance exerts a disproportionately large burden on small companies. This is partially because the fixed costs incurred by operational changes are spread out over larger revenue, which smaller companies do not always have. Second, government regulations make small businesses less competitive against foreign competition, because production facilities overseas often have less regulations and therefore lower costs. Third, adding regulations creates a level of fiscal uncertainty, which can keep small business owners from hiring more employees. For example, the effort to increase health insurance coverage has resulted the imposition of heavy compliance costs on small business owners.

Bigger businesses are more able to shoulder increased costs, but they can still be negatively affected by increased regulation. A Managing Director of a large bank we interviewed is particularly critical of the effects of the Dodd-Frank Bill. He said that “somehow, reform took on a life of its own, instead of staying defined within the areas that actually caused the problem.” He further explained that these regulations could have unintended consequences. He used Dodd-Frank’s elimination of debit card transaction fees for corporate retailers as an example. “If we are now going have one source of revenue eliminated because of reform, we’re going to have to find a way to replace that source of revenue through other means,” he said. “And I think it makes banks less competitive and makes banking a utility for the average consumer more expensive, to the extent that we have to charge more for things like checking accounts, because Wal-Mart doesn’t want to pay debit card fees. You wonder how and why that has any relationship to the economic downturn.”

On a larger scale, he continued that many of the regulations hurt existing businesses and even hindered job creation. A December 2008 \textit{Wall Street Journal} article stated, “The new laws and regulations have neither prevented frauds nor instituted fairness. But they have managed to kill the creation of new public companies in the U.S., cripple the venture capital business, and damage entrepreneurship. According to the National Venture Capital Association, in all of 2008 there have been just six companies that have gone public. Compare that with 269 IPOs in 1999, 272 in 1996, and 365 in 1986.”\textsuperscript{14}

Undoubtedly, there are two sides of the argument on the appropriateness and effectiveness of the increased legal constraints. A senior leader of a software company had mixed feelings, stating, “It is always good for an industry to have clear definitions of how business is conducted. However, it can be tedious to track all the activities that are taking place, such as with Sarbanes-Oxley. It has provided more clarity, but it comes at a cost to hire regulators.” While corporate responsibility may have increased with the introduction of this new regulatory legislation, the competitiveness and profitability of many employees and the firms they work for have gone down. These added obstacles and time-consuming checks are especially frustrating at a time when this country is trying to pull itself out of a recession.

Clearly, business professionals have varying views about the effectiveness of government regulations. While most would agree that ethics and corporate social responsibility raise the integrity of the overall business market, there is disagreement over the most effective methods of reform. Smaller companies often face larger financial burdens from new legal regulations compared to large corporations better prepared to incur the costs of implementing new procedural changes. Further, most business professional interviewed for this report suggested that moral behavior and ethics decisions cannot be affected simply through new laws.
Although legislated financial regulation is the most visible kind of regulation for the financial industry, it is by no means the only or the most effective form. Many of the business professionals who participated in this investigative study told us that a company's shareholders, customers, and employees are often the most important interest group in terms of motivating the policies for conducting business. Shareholders, customers, and employees are three distinct groups that have a serious interest in the survival and profit margin of a company.

With their investment in the enterprise, shareholders form the linchpin of a corporation and consequently have the strongest voice. A business professor we interviewed said “[As a business professional] you are supposed to develop economic value for stockholders. That is what businesses do.” Their investment is a risk but it is also a vow of confidence and trust, and hence, part of shareholder entitlement is to have an active role in the decision-making process, which in turn increases the return on their investment. This dynamic binds the business to its shareholders with deep respect and trust. Many managers said that they constantly consider their relationships with the investors, their first and foremost obligation being to be completely honest about the company's performance and corporate developments.

Although businesses must address current crises and are sometimes tempted to focus on short-term gain, our interviewees told us that the smartest strategy is to build trusting relationships that will benefit the company later on. One interview participant noted that “When I enter any negotiation or task, I always put myself into the situation in that am I doing something that I am able to live with afterward.” One business leader also suggested that honesty in business is a financially prudent decision which leads to economic gain. “It is also about reputation. The moment you screw over anyone in business, unless there is a very good reason to come back to you, they will never do business again.” Another interviewee, the CEO of an insurance company, explained that he was motivated to treat his employees well because of his obligation towards the company's shareholders: “If I decided to fire 25 percent of the people to cut my cost base, I can raise my earnings. I can fool the shareholders for a short period of time. However, the other 75 percent of my staff will be overworked and will not perform well.”

Openness and honesty are not only abstract moral obligations, but strategies that companies can employ to build up good reputations and to achieve increased success. As a former Wall Street banker noted, “Reputation generates trust and if you act unethically, people will stop doing business with you. Wall Street, as strange as it sounds, is a strong playing ground to identify ethical and unethical behavior … if you have no integrity, you won't last long.” Generally, our interviewees told us that to be sustainable, businesses have to form and maintain good relationships with both shareholders and clients. Abusing or disrespecting these groups will ultimately hurt the business itself, and thus the shareholders and clients create a de facto form of regulation for the business.

In addition to the financial regulatory goal of creating a just relationship between the corporation and its investors, legal regulations can aid a company’s employees. Recent regulations
have helped employees to have more access to the details of the companies that employ them. Prior to these regulations, many major firms, namely big investment banks and insurance companies, were making business decisions that very few people in the firms themselves knew about. A Professor of Finance we interviewed stated that “Arthur Anderson had ethics training, and they constantly reminded employees to take the ethical approach. They focused on a ‘think straight, talk straight’ model.” Unbeknownst to the employees attending these mandatory sessions, the company was acting highly hypocritically and not following its own stated policy. Further, he noted that “eventually, [Arthur Anderson] fell apart after the Enron collapse.”

By creating oversight councils, the Dodd-Frank Act increased the transparency of companies and businesses so that employees knew more about their employers. Where transparency was previously low, this significantly improved employees’ trust and respect for the big businesses. With the increasing importance of environment-friendly practices, the government has also introduced more laws and regulations to encourage businesses to operate in more ways.

Legal Regulations and Social Concerns

Unfortunately, government-imposed legal regulations—and environmental laws especially—are often unsuccessful. This is due to a combination of factors; firstly, regulations are often ineffectively enforced. David Vogel states in his book The Market for Virtue: The Potential and Limits of Corporate Social Responsibility (2005) that standards for environmental responsibility are especially vague, making them very difficult to impose upon companies with the financial and legal resources to evade them. Many of the regulations that were created for the oil industry after the Valdez-Exxon spill were not followed, but if they had been, the 2010 BP oil spill may not have occurred. We saw this also in the 2008 financial crisis; the regulations that were in existence before the crisis occurred were not followed closely, if at all, in many cases.

Secondly, politicians are hesitant to impose strict regulations that could simply create incentives for companies to move operations abroad, where laws are more relaxed and there are lower operating costs for the company. This is counter-productive for many causes but especially for environmental protection, because the consequences of relaxed environmental standards are ultimately borne by the entire world, not just the countries in which those businesses operate. It is well acknowledged by many that pollution from manufacturing factories pose severe threats to the environment. However, in many countries, environmental policies are still rarely in place and even more rarely enforced, and not likely to change without serious external pressure.

HOW SHOULD WE MOTIVATE Socially RESPONSIBLE BEHAVIOR?

Even among those who would like to see businesses behave in more responsible ways, it is often debated whether this change should be legally inspired or self-motivated. Some believe that legal restrictions add in the necessary incentive to push corporations to act ethically and properly, but others argue that companies could and often do regulate themselves on their own. The latter group argues that companies have learned that socially responsible policies can be used to market the company in a more favorable manner. If this branding is successfully executed and leveraged, the company will make money as consumers intentionally purchase their products over other, seemingly less ethical companies. If this is true, then it may be more effective to allow companies to initiate policies on their own rather than to enact new rules and regulations.

Cone Communications discovered in a 1999 study that “two-thirds of consumers would substitute a brand or retailer for one for one associated with a good cause.” Along the same lines, approximately 90 percent said that if all other characteristics were similar, they were more likely to buy from the company with the best reputation for social responsibility. TOMS Shoes is one of the many companies to take advantage of this fact. The shoes the company sells, known as TOMS, are simple and usually made of cord, tweed or canvas, but they start at $44 a pair and go up to $98. TOMS customers pay these prices for one pair of shoes in part because they know they are actually buying two—through the company’s “One for One” program, every purchase is matched by a donation of a pair to a child in need. TOMS is a for-profit corporation, so as its philanthropic efforts attract new customers, the company can both expand its charitable operations while also bringing in increasing profits. Similarly, Ben & Jerry’s markets its ice cream with information about the company’s preservation efforts in the Amazon rain forests and the Body Shop claims to sell more cosmetics because of its environmentally friendly packaging.

A third problem is that regulations are often created only after major crises have had detrimental consequences. The most recent example of a crisis preceding regulatory reform is the 2010 BP oil spill. As a result of this disaster, new regulations
were enacted to tighten safety and prevention requirements for offshore oil and gas operations. In a recent interview, the Interior Secretary Ken Salazar stated, “These new rules and the aggressive reform agenda we have undertaken are raising the bar for the oil and gas industry’s safety and environmental practices on the Outer Continental Shelf.” However, critics argue that enacting regulations only after disasters have occurred is a dangerous course of action. In order to truly protect the environment, these critics would say, companies must attempt to anticipate potential environmental impacts of their operations and mitigate or prevent environmentally detrimental practices before laws are put in place.

In this vein, one interviewee who manages a European chemical company stated that his company goes beyond the legal environmental regulations to which they are held, and does not sell products that could have negative environmental consequences. Rather than waiting for scientific research or government-imposed regulations to force them to adhere to a high standard, the company conducts its own research and applies its own high standards for what is environmentally acceptable. This interviewee stated, “We don’t wait for scientific studies to show the results.” Additionally, he noted that, at least for his company, environmental stewardship necessarily preceded profitability—he said, “I don’t know if the products would sell if they were [lethal or devastating to the environment].”

There are also obstacles, however, that discourage companies from pursuing more ethical policies. For example, paying higher wages cuts into profit; environmentally friendly policies often require increased research and development. One interviewee in the jewelry business was personally committed to environmental stewardship, but she did find there was a trade-off between the difficulties of new company striving for fast growth and quick revenue and the often high cost associated with making environmentally-sound choices.

Although she is not legally required to use recycled materials, stay away from so-called blood diamonds, or avoid the goldsmithing process to clean and refine jewelry, she intentionally devotes time to “choosing suppliers and investing in procedures that are better for the environment.” She is concerned with the negative effects of many jewelry businesses and also aware that many environmental choices cross boundaries with ethical issues. By only purchasing diamonds and other precious stones that she knows are certified and vetted, for example, she ensures she is not supporting countries with corrupt systems of jewel acquisition.
Personal Values

Corporations are often conceptualized as colossal institutions with limited liability and an equally limited ethical framework. However, every large company is comprised of tens, hundreds, or even thousands of individuals whose values largely impact the way that they approach their personal job responsibilities. While the company’s mission and leadership has a large impact on the company as a whole, employees can also bring their own personal values into the workplace and contribute those convictions to a company’s practices and products.

One business professional explained that “while the board is very much in charge of the overall business conduct, the business culture and emphasis on certain behaviors is largely driven by the day-to-day senior managers.” Personal values guide many of the social mores and behavior that form the basis of corporate social responsibility. Many of the business professionals we interviewed said that their core values were fundamentally grounded in the ethical code they learned through their family.

One business professional noted that his father would routinely discuss business ethics during dinner. From these informal conversations, this manager learned to deal with people in an even-handed and fair manner with the intention of taking advantage of the market but never taking advantage of people. Another business professional agreed that his family played a strong role in his moral foundation, although he stressed that both the family he grew up with and then the family he formed as an adult were influential.

When he became a father, he told us, he began to truly hone his judgment and listening skills. His interactions with his children taught him how to exercise good judgment, which later aided him in the business world.

Many business leaders suggested that personal values “permeate everything you do” in life. One financial investor stated that business ethics cannot really be taught at the collegiate level because a person’s values are embedded into their character long before they enter college. Nevertheless, other interviewees indicated that their educational experiences and business interactions were more influential.

Sources of Ethics

Georgetown Student Survey

The importance of family to the development of personal values was reflected in a survey of students at Georgetown University. The survey asked, “Which of the following best describes your primary source of moral and ethical values?” Nearly 70 percent of the students answered “parents, family, and friends.”

Respondents said that their families taught them several key personal values, including trust and integrity; justice and fairness; commitment to community; and reverence for hard, honest work.
IMMIGRANT ENTREPRENEURSHIP AND ETHICS

One business professor we interviewed noted, “I think of [my personal values] as immigrant values. All four of my grandparents were immigrants to this country … the values are love of family, or I will say, strength of family, love of country—most of the time your adopted country—a reverence for education, and an appetite for hard work.”

This professor’s personal experience speaks to a larger, often overlooked trend: immigrants not only founded more than half of the high-tech companies in Silicon Valley but they are also almost twice as likely as native-born Americans to start a business. As Edward Roberts, founder of the MIT Entrepreneurship Center asserts, “To immigrate is an entrepreneurial act.” With the 20 largest venture-backed public companies, including the Intel Corporation, Google, eBay and Yahoo! Inc., founded or co-founded by immigrant-born entrepreneurs, a new culture of innovation and entrepreneurship seems to have been created by first-generation immigrants. In his new book, Richard T. Herman calls that phenomenon “Immigrant, Inc.”19

While scholarship on immigrant-driven entrepreneurship continues to emerge, the intersection between entrepreneurship and ethics is receiving increasing attention. A number of studies, including John McVea’s “A Field Study of Entrepreneurial Decision-Making and Moral Imagination,” suggest that while entrepreneurs are often perceived as rule-breakers who work at the edges of the legal regulation, both business entrepreneurs—as leaders of innovation in commerce—and social entrepreneurs—as drivers of social change—are more likely than non-entrepreneurs to frame economic problems in ethical terms.20 Forming a significant part of that group, immigrant entrepreneurs who come to America with a commitment to hard work and integrity may be best suited to channel these ethics into new venture creation. As the professor we interviewed explained, “On top of [these immigrant values] what we’ve all had is a deep sense of ethical values.”

Formal Education

After reflecting upon their personal experiences, multiple interviewees agreed that education, especially at the collegiate level, helped them to think critically about how moral values relate to business activity. The president and CEO of one non-profit organization told us, “Education helped me to learn to think critically and exposed me to different facets of myself.” As she studied nonviolent leaders such as Gandhi and Martin Luther King Jr. and liberation theology, she felt personally compelled to find a career in which she could alleviate some of the world’s poverty and inequality. One regional managing director of a major U.S. bank noted that her education helped her to think intellectually and empathetically about the importance of business ethics, which she had only understood as general, theoretical concepts. A business professor we interviewed argues that there are three things that affect your development of values—“family, a religious institution if you have one, and your school, whether it be your kindergarten or university.”

Not every interviewee agreed that the practical tools for business leadership were properly taught in college classrooms, but there was a widespread consensus on the importance of education. One business professional argued that as students spend four formative years in college, institutions of higher learning are an integral part in the overall process of forming a personal value system. When asked whether a university should engage with ethical issues, a strategic consultant said, “Definitely. I wouldn’t know where else it would come from, if not from university.”

One businessman who attended Georgetown University said that he valued his college education because it was so closely connected to strong ethical principles and values. This interviewee noted, “We need to remember the dignity to the human being so we are conscious of the dignity a human being can produce—that is one of the strengths of the Judeo-Christian system. People should be treated fairly and the fortunate should take care of the less fortunate—that much is expected.”

Other business leaders, however, were dissatisfied with their educational experiences and saw room for improvement. Some said that they were not adequately prepared at business schools they attended to make complex ethical decisions. Many wished that educational institutions would integrate social values into their core curriculum. One participant stated that moral education in business school was “from the aspect of not being a crook and not doing unethical things and not [about] thinking of ways to make the world a better place through business.” The limited nature of ethical education in business schools was a recurring theme in participant interviews.

Work Experience

Individuals bring their own moral values and judgments to the businesses in which they work, and those professional experiences then in turn further shape their personal value systems. Business
professionals cited their upbringing and education as significant experiences that shaped their ethical values, but also pointed to their professional interactions as important, influential factors.

A President and COO of a large business firm explained that his particular work experience strongly shaped his personal values. He started at a very low level job at a textile mill. His job consisted of manual labor and running heavy equipment. While in this low level position, he experienced both good and bad supervisors, which he notes influenced the way he manages his company today. He defines his management style along the lines of “servant-leadership,” meaning he aims to help his employees accomplish their goals from his position as the COO. He explained that he treats his employees with respect and integrity in order to set the tone for the proper atmosphere and a safe and comfortable work environment. His company has annual grassroots fund-raising events for the American Cancer Society, amongst other causes, as part of their CSR program. He argued that having a strong CSR program was a result of his personal values that were shaped through his work experience. His work experience enabled him to understand the perspective of every employee at each level in his company. This helped him run his company CSR program at the highest level possible.

In another interview, the CEO of an insurance company stated that his values were shaped by real world experience. This interviewee noted that he became more aware of the financial inequality in America because of his work experience. He states, “You have to think about the people at the bottom. We spend a lot of time at our company talking about the people who are in the bottom 10 percent. I’m not concerned with the people at the top making a lot of money. I’m concerned with the person at the front desk and the person cleaning.” Although his company is focused on making a profit, he does not want to forget its employees in the process.

One international business leader we interviewed explained how his work experience enabled him to understand the need for credibility and persistence in business. He explained that, through his past failures in other business start-ups, he found that the amount of credibility that a buyer and seller has is crucial to their success in the textile industry. In his interview, he explained that part of the reason

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**JOHN RAWL’S IDEA OF JUSTICE**

American philosopher John Rawls introduced a number of important ideas about justice in the past 40 years which relate to both political institutions and the distribution of goods and wealth in society. He focuses on a “political” conception of justice, which prioritizes how the basic structures of a just society must be fair for every member of the society.21 Rawls argued that the best route for establishing these “fair” terms of cooperation between free and equal persons (who often act against each other’s interests and for self-benefit) who are in a pluralist society (and therefore unable to reach moral and religiously-based consensus about basic principles), is to put every individual into a free position unfettered by unequal bargaining advantages. He called this original position a “veil of ignorance” in that one abstracts oneself from particular contingencies—that is, ignores one’s social position, wealth and status, particular moral and religious doctrines and principles, or race, ethnicity, etc.—in order to enter into discussion and agreement about the principles of justice of the basic structure of society without regard for how one might be individually advantaged or disadvantaged by the outcome.

Once these principles have been established as the underlying basis of a just society, Rawls then faces the dilemma of what to say about disparities in acquiring and holding material wealth and resources. How can a society be “just” if citizens hold vastly different opportunities and resources? Rawls asks: “Viewing society as a fair system of cooperation between citizens regarded as free and equal, what principles of justice are most appropriate to specify basic rights and liberties and to regulate social and economic inequalities in citizens’ prospects over a complete life?”

According to Rawls, there are two principles of justice, which can allow for inequalities even while achieving a “just” society:

First Principle: “Each person has the same indefeasible claim to a fully adequate scheme of equal basic liberties, which scheme is compatible with the same scheme of liberties for all.”

Second Principle: “Social and economic inequalities are to satisfy two conditions: first, they are to be attached to offices and positions open to all under conditions of fair equality of opportunity; and second, they are to be to the greatest benefit of the least-advantaged members of society (the difference principle).”

Thus, “the basic structure [of a just society] is arranged so that when everyone follows the publicly recognized rules of cooperation and honors the claims the rules specify, the particular distributions of goods that result are acceptable as just (or at least as not unjust,) whatever these distributions turn out to be.”
for his success was learning from his past failures of working with non-credible suppliers. Additionally, his persistency in trying new business models until he found one that was successful was a key value that he learned through work experience. He translates his values of credibility and persistence to his employees and his overall business approach. Because of his personal values, he insists on only working with completely credible businesses to make sure that he transmits the correct values to both his fellow businessmen and consumers.

Religion

The world’s major religions offer moral and ethical guidance in various forms. Some sacred texts and scriptures are clear about the rules and regulations regarding social and financial behavior. The Holy Qur’an for example, contains a strong injunction against the practice of usury and does not permit a Muslim who owes any debt to participate in the Hajj pilgrimage to Mecca. Within the Christian tradition, there are many parables from the New Testament from which one can glean the parameters of financially responsible behavior. Many Christian companies interpret the parables of Jesus as one method to treat employees, shareholders, and colleagues. For example, Chic-Fil-A is a Christian corporation that tries to fulfill God’s will in society while making a profit. The company’s stated mission is “to glorify God by being a faithful steward of all that is entrusted to us, and to have a positive influence on all who come in contact with Chick-fil-A.” In addition, the company states that as a business, they try to make decisions that are consistent with a strong belief in biblical principles.

There are multiple examples of faith-based corporations, non-profit organizations and development organizations that use theological commitments as a motivating factor and foundation for their business model. However, most sacred texts were written long ago, and so in recent times, priests, ministers, theologians, and religious scholars have had to interpret or adapt ancient teachings so that they can be useful in answering the difficult questions regarding morality and ethics within the current financial, legal, and business environment. These questions are not unique to the Western context; different economies across the world struggle with the role of religious ethics and morality in the corporate business world. In Muslim countries, for example, financial products that charge interest are a sensitive issue because of the Islamic prohibition of usury. Similarly, before the Israeli Supreme Court ruled in favor of stores and other businesses remaining open on Shabbat, it was a heated topic of debate.

Over the years, scholars from all traditions argue that the tenets of corporate social responsibility have their roots within the ancient sources and sacred texts. For example, in the Journal of Business Ethics, Moses Pava, the Alvin Einbender Professor of Business Ethics at Yeshiva University, argues that “we [Jews] examine Talmudic and post-Talmudic sources which apply this concept to the area of business ethics, and explore the applicability to the modern situation.”22 This enables the Jewish community to maintain their religious roots while emphasizing their core values in their business interactions. In a lecture that Pava gave in 2009, he cited Aaron Feuerstein, an Orthodox Jew and CEO of Polartec fleece company Malden Mills, as an executive whose decisions exemplified the application of such ethics. When Malden Mills’ factory was destroyed in a 1995 fire, Feuerstein paid his 3,000 unemployed workers’ salaries as he rebuilt the factory. The decision cost him $25 million, and eventually he had to file for bankruptcy. Rather than regret his decision, Feuerstein justified it by quoting lessons from the Talmud.

One professor of sociology we interviewed argues that the education system should provide future business professionals with proper moral and ethical training. This professor noted that people naturally form moral codes that shape their actions. However, in a business climate that rewards greed and values profit above any other concerns, unethical behavior can become the social norm.

In addition, in her interview, this professor pointed to the Protestant work ethic as a strong value system underlying successful business practices. She suggested that although this ethic encouraged hard work, the goal was never personal profit-accumulation. Businesspeople who adhered to this belief system considered work and charity important components of their personal duties to God. Therefore, the end goal was not profit for profits’ sake; rather, it was to satisfy God and aid one’s fellow man.

This professor further suggests that morality was such a prominent feature of the Protestant work ethic that in its prime, companies had much stronger ethical foundations that minimized corruption and greed. She believes that a similar situation could be created today if educational institutions should integrate values and morals into the school curriculum. With a value-based business education, the aspiring business leaders of tomorrow can tie individual ethical business practices into a larger understanding of their personal and professional identity and purpose.
Rerum Novarum: Encyclical on Capital and Labor (1891)

Pope Leo XIII’s seminal encyclical Rerum Novarum (1891) declared it just and necessary to uphold the inviolability of private property. Written in a time when socialists were calling for the abolition of private property as a way to solve the crises of industrialization and the plight of the poor worker, this encyclical was a controversial piece. In many ways, Rerum Novarum has become the inception of today’s Catholic social doctrine—a doctrine that finds the dignity of the human person, the social nature of all human life, and the principle of subsidiarity at its center.

Synthesizing the fundamentality of private property as an intrinsic human right with the principle of subsidiarity, Pope Leo XIII eschews collective ownership and the socialist doctrine and points to the reality that “there naturally exist among mankind manifold differences of the most important kind; that people differ in capacity, skill, health, strength, and unequal fortune,” he explains, “is a necessary result of unequal condition” (emphasis added).24

Pope Leo defends the ownership of property on the grounds of both natural law and divine law. God endows all humankind with reason and bodily skill to procure the means necessary for their preservation; this security entails holding material things for present and future use, and holding them securely without interference from others.

Pope Leo also makes clear that economic classes are not necessarily hostile or antagonistic to each other; employer and employee work for the mutual benefit of each and all, so that both may attain sufficient means to a livelihood. All human beings, then, possess the honorable right to work or toil and to do so in a manner that gives them the opportunity to undertake religious worship and leisure, in addition to achieving basic subsistence. Fair wages and secure working conditions, Pope Leo says, are vital rights of all workers, and the Church reminds the world—especially in its economic activities—that each individual is created with dignity that must be protected. Thus, the Church should support and teach moral virtue (for instance, reminding owners of their duties to treat their workers with dignity), encourage workingmen’s associations (to provide social and moral support for workers), and validate the properly-formed government (as responsible for regulating economic activity to bolster the good of the whole society and protect the weakest of the society).

The United States Catholic Bishops (USBC) also offer clear instruction about how people should conduct themselves in financial matters. While biblical texts do not have explicit information regarding investing and trading, the Bishops extrapolate the proper rules of conduct based on socially responsible behavior. When discussing investing, the US Bishops argued, “Individual Christians who are shareholders and those responsible within church institutions who own stocks in U.S. corporations must see to it that the invested funds are used responsibly.”25 The notion that the invested funds should be used responsibly suggests that the Catholic Bishops are not against trading stocks or making a profit as long as this money is not harmful to the life and dignity of another person.

The Catholic Bishops also state, “Although it is a moral and legal fiduciary responsibility of the trustees to ensure an adequate return on investment for the support of the work of the church, their stewardship embraces broader moral concerns. As part owners, they must cooperate in shaping the policies of those companies through dialogue with management, through votes at corporate meetings, through the introduction of resolutions and through participation in investment decisions.”26 As this statement reveals, the Bishops argue that people should be active participants with financial institutions ensuring that the profit they reap is done in the most ethical manner.

In a similar vein, Islamic scholars argue that financial institutions, particularly Islamic financial institutions, should uphold the principles of social responsibility that emphasize not exploiting others through financial transactions. In the Journal of Islamic Economic Studies, Sayd Farook of the Center of Islamic Finance argues, “Islamic financial institutions are meant to be socially responsible for two interrelated reasons: their status as a financial institution fulfilling a collective religious obligation and their exemplary position as a financial intermediary.”27

The concept of a financial institution as a participant in fulfilling religious obligation may sound strange to Western audiences. However, in the Islamic worldview, taking care of the community or umma is a religious obligation as is compulsory charity for those who can afford it, Farook argues. “It is hoped that these standards will provide the impetus, long desired in the Islamic community, for Islamic financial institutions to incorporate Islamic social responsibility principles in all aspects of their activities.”28 Such movements are growing in Islamic countries where Islamic banking is often the preferred choice for borrowers and people in need of micro-credit. Islamic banking and Islamic leasing are viable options for people with little or no credit history. Such systems enables people to borrow small sums of money which they can often pay back through community service or when they are making enough money and can easily afford the repayment.
Mohammed Yunus and Social Entrepreneurship

Islamic corporate social responsibility often takes the form of social entrepreneurship, in which creative and innovative thinking about social problems is used in business to achieve social change. Much of the interest in social entrepreneurship is attributed to Nobel Peace Prize winner Muhammad Yunus, who believes that charity work and programs of corporate social responsibility lack the sustainability and incentive to effectively eradicate social inequalities. By extending microcredit to the rural poor of Bangladesh through the creation of Grameen Bank, a bank for the poor, Yunus has formalized a set of tenets for the concept of the “social business.”

A social business is run with the mission of maximizing social benefit while maintaining enough profit to operate the business. Investors recoup their initial investment. However, unlike traditional profit-maximizing businesses all profits beyond repaying initial investments are used to expand the business’s capacity for delivering social benefit. Yunus argues that his application of social business is in line with his Islamic religious tradition’s Sharia law, “In Islam, interest [riba] is banned because it is a tool of exploitation. In our case that doesn’t happen, because this bank is owned by the borrowers.”

In 2006, Grameen Bank partnered with Groupe Danone, a prominent multinational food products company, to establish the first large-scale business, Grameen Danone. Grameen Danone sells a yogurt called Shoktidoi, designed to provide a response to the nutritional needs of Bangladeshi children at an affordable price. Operating as a social business, Danone recuperated their initial investment costs but agreed not to take any dividends and instead to use company profits to reinvest in the company to deliver the yogurt to more people and to expand to create more job opportunities.

Hindu religious scholars and thinkers also grapple with questions about the role of religion in business ethics, particularly in the past twenty years, which have witnessed the massive growth of the Indian economy. Indian culture is often noted for valuing familial relationships, multi-generational families, and personal relationships. In this context, religious ritual is infused into every part of life leading to a very integrated worldview. It is common to find religious images by the front door of a business. Restaurants often have images of Lord Ganesha, the “remover of obstacles” to welcome guests and make their meals more enjoyable. Similar images are found in banks, hotels, and other places of business further integrating Hindu theology with the corporate world. In addition to popular religious beliefs, the Hindu scriptures including the beloved Bhagavad-Gita contain passages that warn against acquiring wealth and greed. The text notes that a person who is free from greed has the potential to achieve the highest goals.

The Bhagavad-Gita also discusses karma, or action, along with karma-phala, or the fruits of action. In one particular passage, Lord Krishna states, “On action alone be thy interest, never on its fruits; let not the fruits of action be thy motive, nor be thy attachment to inaction.” In other words, one should act without attachment to the result or benefit of action. In a business setting, this means that companies should devote time to social responsibility without an interest in whether it will improve their public image or profit margin. This widespread Hindu belief encourages business owners to make decisions that benefit society. Building upon the sacred texts, recent years have also witnessed the rise of many Indian gurus and yogi masters who are consciously trying to incorporate religious values into the business environment. One particular area of focus is through responding to corruption and corporate greed in the Indian economy. For example, Guru Baba Ramdev has initiated a nationwide “Satyagraha [truth force] Against Corruption.” This movement utilizes national prayer ceremonies and hunger strikes to motivate people to grow vigilant against corruption. Such religious movements focused on honest and socially responsible business practices are growing more popular in Indian society.

Though few of the business professional interviewed invoked their organized religious affiliations, several did mention a commitment to God and following God’s plan in their own work. One interviewee described this effort as “the ability to see the sacred in the secular.” For this business professional, making decisions about seemingly mundane things took on greater significance when understood in this context. One businessperson suggested that it is important to make an effort to remember God’s blessings on a daily basis. For this business professional, the reminder to help others helps set the tone for his business decisions and relationships. Others mentioned that recent political issues have led them to pay particular attention to, and in some cases re-evaluate the role that their religious beliefs and values play in their business. A few business professional even noted the significance of college classes were they discussed religious values and ethics. The interviewees noted that the class discussions had more bearing on the business world than they had anticipated. One interviewee noted that it is good to “remember those discussions when there are difficult decisions on the table.”

As this brief discussion delineates, religious values and beliefs play a significant role in the business world. Whether responding to new regulations, ensuring that business practices are ethical or being selective about which governments and markets to participate in, religious values impact the economic, political and social contexts in which businesses function.
While individuals’ personal values often inform their own decisions and can influence their company as a whole, some find that when working for a corporation, the larger culture of the business supersedes their own moral code. One attorney who started his career at the Justice Department has since opened up a private practice, and he noted that he had difficulty balancing his own morals with his clients’ wishes. “Clients come to us and ask, what can I get away with?” He said that as law firms have become increasingly focused on the bottom line, they have encouraged employees to adhere to the rules of professional conduct but not necessarily to listen to their personal conscience. Had he known that his personal morals would conflict with his professional career, this interviewee admitted that he “might not have become a lawyer.”

One non-profit leader explained that companies promote different values, so people are influenced differently depending on where they work and what message the top leadership and the outside world are sending. “I don’t think, on an individual basis, people in the non-profit system have more morals than those in the for-profit industry,” he said. “I do think that the feedback we receive, which makes us feel good about ourselves, gives us a sense of who we want to be; having that reinforcement daily helps us do our jobs. We have an advantage in that we have reinforcement every day about the importance of helping others. People in the business field need a reminder from religion, the non-profit sector, or others that they can’t forget that aspect of themselves, to help others.”
Corporate Social Responsibility (CSR)

Nobel Prize winning economist Milton Friedman argues, “The manager is an agent of the individuals who own the corporation and his primary responsibility is to them.” However, in an era of social awareness, many companies are becoming increasingly involved with initiatives that reflect corporate social responsibility. These types of efforts are growing more popular as a supplementary responsibility to this primary ideal of bearing responsibility for shareholders and investors. Corporate Social Responsibility provides the opportunity for managers to make a personal and social impact for the company and serve as proselytizers of the values and mission of the corporation.

Corporate Social Responsibility (CSR) has received much attention since the financial crisis. Many consumers expect companies to engage in socially responsible behavior particularly in the midst of a recession. As such, some companies have responded positively to this emerging trend. A number of blue chip companies including Chevron Texaco, General Electric, Microsoft and Hewlett Packard have a stated a public commitment to CSR and issued public reports with their CSR performance. A recent article in Forbes Magazine noted that “companies compete to be included on Fortune’s annual list of the best companies to work for and to pass the screens of social investment funds.” Further, the article states that for most companies engaging CSR efforts, their main area of focus is environmental and economic sustainability. This is an interesting dynamic as often, environmentally safe decisions can cost companies more money and cut profit margins. Yet, it appears that companies are engaging CSR more seriously and passionately. CSR analysts argue, “Companies are now challenged by stakeholders including customers, employees, investors and activists to develop a blueprint for how they will sustain economic prosperity while taking care of their employees and the environment.”

Some notable companies gaining recognition for CSR efforts include General Electric and Merck. General Electric was so successful in launching environmentally friendly products designed for their “Ecomagination” line that many environmentalists applauded and promoted their product. Another blue chip company, Merck, has been widely applauded for developing and distributing a drug to cure river blindness, which affects millions of people in the developing world. At the same time, Merck is also criticized for withholding information regarding the safety of this product from the very people it aims to serve. As these examples depict, CSR is a complicated issue. Just because companies engage in CSR does not mean they make unambiguously socially responsible decisions across the board.

As part of CSR efforts, many companies and corporations are also engaging in philanthropic activities that range from small, local initiatives to large international projects. In the next section, we describe some of the key features involved with philanthropic efforts across the global market. The first part addresses the various forms philanthropic activities in the American business world and the second section discusses different types of philanthropy in the international market. With these two every different discussions of philanthropy, we draw attention to multiple
aspects of CSR including the motivations behind philanthropic efforts in the global economy. Philanthropic activities tend to depict the ‘human face’ of the business world; large companies and corporations motivated to help their communities even though they often face an economic loss as a result. In contrast, in the international philanthropy section, we highlight the legal regulations and constraints that companies face if they choose to engage in philanthropy.

**National Philanthropy**

In the wake of the 2008 financial crisis, many companies have attempted to set themselves apart for their altruism and generosity. Not all companies and corporations are driven by profit margins. Instead, many companies attempt to set themselves apart for their philanthropic efforts and community work. For example, Target Corporation routinely donates to various causes and contributed almost $88.8 million to charitable projects in 2003. A recent *Forbes Magazine* article states that the “The Chronicle of Philanthropy, which conducts an annual survey of cash and product donations by large U.S. companies, says giving at 100 or so of the largest U.S. companies is expected to increase this year as it did by an average 5 percent last year.” An increase of 5 percent can mean millions of dollars in donations considering the size of some charitable U.S. donations. However, not all of these companies are affecting change on a national scale; some are simply engaging youth centered programs or environmentally safe projects in local neighborhoods and communities.

One Managing Director we interviewed argues that it is easy for consumers and critics to group all companies and corporations together. He commented that after the financial crisis, the general public made sweeping assumptions about all financial institutions and characterized them as greedy and corrupt. “Just as you don’t want to characterize everybody of a certain ethnicity or race a certain way, our qualm is essentially, not all banks are the same, and while we certainly weren’t perfect through the crisis, we frankly don’t appreciate being lumped in with some other banks.” He continued further and explained that his company gives millions of dollars to the communities in which it works each year, and that their record should positively impact their image. “When you think about some of the other bigger companies that give away less,” he said, “It shows that we really have a huge commitment to the city that we do business in.”

As such, many companies realize that particular initiatives and programs do not need to be complicated to be affective. Instead, the programs that these companies design can serve as a model to the greater philanthropic community of what needs more attention. Philanthropy is a useful tool for marketing and embracing the values of the company, but at the end of the day, most leaders feel it is just the right thing to do. For example, a recent article by the American Heart Association reveals startling figures in the rise of heart disease in the U.S. suggesting that “about one in three American kids and teens is overweight or obese, nearly triple the rate in 1963.” In an effort to respond to this issue of childhood and teen obesity, the NFL, using its strengths and tools as a sports institution began the Play 60 program to increase activity among children. What distinguishes the NFL from other companies and sports institutions is the success of one of its very influential philanthropic programs, Play 60. “To date, the NFL has dedicated over $200 million to youth health and wellness through NFL PLAY 60.” According to Forbes magazine, “The NFL’s profitability has never been stronger... aggregate league revenue rose 5.8 percent to $8 Billion [after the 2010 season].”

While the NFL uses its own assets of athletes to make an impact with children and obesity, LivePerson, a real time customer engagement support entity, has been doing something entirely different from its technological mandate. The company with the help of the non-profits FeedingNYC and Robin Hood, worked to “deliver Thanksgiving meals to 8,000 New York City families in need.” It started as a small initiative from the company’s CEO Robert LoCascio who, in his own words, says, “we [the participants] want to give back to our local community and connect people who need a helping hand with those who have a hand to lend.” Feud few people would deny the effectiveness of the simple, straightforward initiative. Even with companies using their own ingenuity to design projects and proposals, the world would not be nearly as philanthropically successful without the works of non-profit entities. Nevertheless, the works of these companies has great value. One interview participant who is the Chairman of a non-profit agency stated, “CSR is never expected to make that big difference. It can, however, provide important seed money for new initiatives. It has the ability, unlike government that does not like to take risks, to be sparks for bigger things.”

Although the economy is still recovering from a recession, many companies are still fulfilling their philanthropic obligations. The largest charitable cash contributor in 2009 was Wal-Mart Corporation. The retail giant donated more than $288.1 million to various charities. In addition, the corporation pledged to increase its charitable donations to $2 billion along with a commitment to fight hunger in the U.S. Although companies do engage in cash donations for various charities, it is important to note that U.S. companies do not just engage philanthropy through donating money but through a variety of forums. Some companies establish programs to fund soup kitchens and neighborhood initiatives while others raise money for medical research and treatment. For example, Giant Food Stores runs a program in conjunction with Johns Hopkins Hospital to raise money for cancer research. Each year, consumers have the
Sports and Social Change

Nike’s mission statement is “to bring inspiration and innovation to every athlete in the world.” Consequently, Nike has several international philanthropic initiatives connecting their profits and customers to campaigns helping people in need across the globe. As part of the Lance Armstrong Foundation’s “Wear Yellow Livestrong” educational campaign, Nike created the iconic yellow LIVESTRONG wristband as well as a collection of exercise clothing, shoes and accessories. All of the proceeds from the products go to the foundation and wearers can take pride in their personal contribution to the cause. Similarly, Nike has partnered with the (RED) campaign, inviting customers to “Lace Up. Save Lives” by purchasing a pair of Nike(RED) laces. The profits from this product fund community education programs and the provision of medicine, treatment and services to HIV patients in Africa. One of Nike’s least known initiatives, however, is their Homeless World Cup.

The Homeless World Cup (HWC), together with more than 70 national partners, supports grassroots soccer programs for homeless people in over 60 countries. In addition to giving them training so they can compete in the annual tournament, HWC gives its players drug addiction treatment, employment and educational assistance, housing resources and personal counseling. For its part, Nike provides direct funding as well as consulting assistance and merchandise the organization sells to support its efforts. Alexis Carrico, the Sustainable Audit Project Lead at Nike, sees Nike’s partnership with HWC as a demonstration of the company’s larger mission and goals. She said, “We here at Nike see sports as a fundamental driver of social change.”

Nike’s involvement with HWC may not be advertised as much as the company’s other charitable efforts, but by HWC’s measure, the program is certainly successful. In 2007, HWC interviewed every player involved in the program, and their responses indicated that HWC had positively impacted their lives. Of more than 25,000 players, 93 percent reported that the program had given them a new motivation for life, 83 percent reported that their social relations had improved, 38 percent had found better housing, 32 percent had gone back to school, 29 percent had found jobs, and 71 percent said that after joining the program, they continued to play soccer regularly.

Corporate Social Responsibility is not a distinct geographic phenomenon, but rather one of the unofficial acts many, if not most, international businesses engage in. There are no national or international laws that require businesses to give part of their profit to philanthropic organizations or maintain their own charities or foundations; however, many do so because so-called “charity laws” have created different tax loopholes and cut red tape. There are various models of international philanthropy grounded in different legal systems. We discuss two models of international philanthropy here to highlight the distinct issues and governmental regulations that govern the ability of companies and corporations to engage in charitable behavior. Although there are many companies to choose from, we discuss Siemens Stiftung and Nokia’s corporate giving efforts in the international business market. These two companies are good examples of the complexities of corporate charity and their relationship to international financial structures.

As this brief discussion delineates, philanthropy can be an effective method for implementing social change in neighborhoods and communities; instilling consumer confidence in the economy; and a method to raise profits for individual companies. As more people reap the benefits of CSR, consumers tend to prefer to purchase goods and services from companies they perceive are actively helping the community. Therefore, in a sense, philanthropy can develop into a method to increase profit for individual companies and corporations. That is not to suggest companies engage in philanthropy merely because it has the potential to produce profit. Rather, it is the odd nature of philanthropy in business that it has the ability to increase profit for the charitable company while increasing the social good. This particular aspect of charity and philanthropy could function as an external method for companies to share more profits in the communities where they are located and with the people who purchase their products. It is also a tangible way to companies to be in touch with the concerns of the consumers and to respond to their concerns and critiques.

International Philanthropy

Corporate Social Responsibility is not a distinct geographic phenomenon, but rather one of the unofficial acts many, if not most, international businesses engage in. There are no national or international laws that require businesses to give part of their profit to philanthropic organizations or maintain their own charities or foundations; however, many do so because so-called “charity laws” have created different tax loopholes and cut red tape. There are various models of international philanthropy grounded in different legal systems. We discuss two models of international philanthropy here to highlight the distinct issues and governmental regulations that govern the ability of companies and corporations to engage in charitable behavior. Although there are many companies to choose from, we discuss Siemens Stiftung and Nokia’s corporate giving efforts in the international business market. These two companies are good examples of the complexities of corporate charity and their relationship to international financial structures.
LOCAL COMMUNITY INITIATIVES

“Our company best serves society by producing the best quality products because eventually [our] products will create value for people,” the vice-president of a business noted. Many interviewees emphasize this concept and note that their products or services serve a specific purpose in society. This alone, however, is not enough so they engage in philanthropic projects that tie back into the local communities their businesses operate in. Besides the aspect of fostering a strong pool of future employees, managers feel it is important to support their surrounding community, a stakeholder with limited channels of participation in the decision-making process.

A senior employee at a large investment bank stressed it was particularly important to him. “It’s like do what’s in the best interests of the client and contribute in whatever ways you think you can play a role in the community, and those will be the key obligations for you.” For one European manager the local aspect of philanthropy was especially significant. “I’d rather do something locally than building a school in Africa,” he emphasized, noting that although his company was located in a rich country, there was still a lot of local need. For him, giving back had two aspects. “I think it is both social responsibility […] and also something that improves a company’s image,” adding that his company could be more active in this respect.

In general, the specific policies of Corporate Social Responsibility varied across the board. While the local headquarters of a national private bank may have a rigorously structured system to “give back” to the community, the partner of a small offshore trading group said, “Philanthropy is something we do as individuals and we encourage people to get out and do so, too.” His business did not have a detailed system, although it was active in philanthropic fundraising and community activities. For others, philanthropy as well as the overall relation toward society seemed to be more difficult. “With society, it can be very tough for a business to take into account the social effects of actions fully because not everybody is operating under the same rules or is even at the negotiating table.”

While the Siemens foundation was created by German technology giant Siemens for the sole purpose of managing and executing philanthropic efforts, Finnish mobile manufacturer Nokia supports specific charities and international relief projects that fit the company’s slogan (“Connecting People”). This distinction is partially explained by the difference in charity laws between Finland and Germany. Finnish charity law is managed on a federal level; the Finnish Foundations Act was enacted January 1st, 1931 and is one of the oldest Foundations Acts in the European Economic Area. It states that “the National Board of Patents and Registration shall supervise that the administration of the foundation complies with the law and the by-laws of the foundation.” Additionally, federal monitory and randomized tax audits create more bureaucratic paperwork for Finnish companies. Only limited tax breaks apply to the foundation and no tax breaks are granted to companies tied to the foundation. Detailed federal oversight thus acts as a clear deterrent for Nokia to establish a company-tied foundation. Instead, Nokia’s specific “corporate giving” is a tax-deductible charitable donation.

In contrast, Nokia’s main charitable focus is education. The company works cooperatively with local non-governmental organizations (NGOs) that provide youth development in various forums. Nokia partners with multiple youth organizations, including YouthActionNet leadership program that reaches young people leading societal change; the international child-centered development organization (PLAN) that empowers people with new methods of communication and e-learning; and the New Horizons Foundation that helps 12-18 year-olds develop democratic leadership and citizenship skills in Romania. The largest organization that Nokia supports is the International Youth Foundation (IYF) that has programs tailored to improve education, promote youth volunteerism and equip unemployed youth with valuable skills and access to jobs. The latest sustainability report from 2009 found that, since 2000, Nokia has contributed over $26 million dollars to the IYF and benefitted 330,000 young people.

German law, under which the Siemens Stiftung operates, is managed on a local and/or state level. State oversight is limited, since each Bundesland has exclusive legislative power over laws governing foundations and there is no central register of German foundations. A German foundation can either be a charity or serve private interest, but only charitable foundations are subject to supervision of state authorities. In Germany, foundations are also the main provider of private scholarships to students, which are tax-deductible. Charitable organizations can also engage in commercial activities, but enjoy tax shelter and can distribute almost a third of their profit to the founder, even if the founder is a company. This pro-philanthropic climate created very favorable conditions for Siemens to launch its very own non-profit foundation in 2008.

The Siemens Stiftung operates in three key areas that reflect Siemens’ slogan, “Help people help themselves.” It supports expanding services and improving social structures, initiates
educational projects, and helps promote art and cultural identity. The Siemens Stiftung counts 31 currently operating projects in its index, including Encourage projects, that partner with small enterprises to help fill gaps in essential infrastructure services in Africa and Latin America; the Science of Imagination Exhibition in Budapest that reflects on European and North-American culture of the Cold War from a contemporary viewpoint; and Young Soloists, which is a concert series for young performers playing contemporary artists. These particular areas of philanthropic donations provide an insight into the issues that concern Siemens. It is clear from their programs that promoting social sciences, the arts, and cultural activities are an area of focus for this international business.

As this description of Siemens Stiftung and Nokia reveal, the structure of philanthropy changes depending on its context and environment. In contrast to national philanthropy in the American arena, international philanthropy has a different texture. While Siemens and Nokia are not representative of all international philanthropic ventures, they do provide an insight into the relationship between government regulations and tax-deductible charitable donations. Both Siemens and Nokia also provide insight into the variety of programs and projects that corporate generosity can enable. From youth empowerment programs to child development and from cultural identity programs to art exhibitions. These examples depict the wide range of community-based projects that companies engage through their charitable work.

**Shared Value: A Win-Win Strategy?**

The perception of the general public is usually that business is only concerned with profit generation. Rather than a source of good and social benefits, the business world appears to create a myriad of social, environmental and economic problems. The public perceives this situation as a zero-sum game, because the corporate world’s successes and gains complement the failures and losses of society. These types of beliefs were popular, particularly after the economic crisis, and they frightened the corporate sector into pursuing more socially responsible actions. By dedicating some of their business resources to achieving good in various parts of the world or reducing their harm on society, corporations became more engaged in doing work that was more beneficial to society.

Since these efforts were often separate from the general work of the corporation, money and time had to be set aside for social responsibility efforts. Nevertheless Michael E. Porter, the Bishop William Lawrence University Professor at Harvard University, and Mark R. Kramer, cofounder of FSG, a global social impact consulting firm, suggested that “capitalism is an unparalleled vehicle for meeting human needs, improving efficiency, creating jobs, and building wealth. But a narrow conception of capitalism has prevented business from harnessing its full potential to meet society’s broader challenges. Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues we face.”

Essentially, an organization does not have to be non-profit to achieve positive change in the community, and businesses do not have to lack a conscience to be fiscally successful. Hence, shared value is growing more popular in the contemporary business world particularly after the financial crisis.

The prevailing thought in the past was that a company had to suffer financial loss in order to provide societal benefits or
engage in socially responsible behavior. However, the intent of shared value is to increase total economic and social value of the business while being more socially responsible. In some respects, such as the fair trade movement, it is the redistribution of wealth rather than the creation of a completely new business system. Porter and Kramer define shared value is a method to advance “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.”\(^5\) A corporation can utilize this approach to help other members of society help themselves. The concept suggests that shared value is a significant part of the business world because a thriving community provides a great environment to operate in and increases demand for products and services. The transition required to make this notion more popular is to see business and society as integrated parts of the same structure instead of two separate entities.

The key term for change for any corporation with respect to shared value is customer value proposition (CVP). CVP is a business’ proposal to prospective customers to demonstrate why they should purchase that particular company’s products or utilize their services. The company seeks to show that their product or service offers more value than other, competing offerings. In many ways, the rise of shared value and CVP represents a return to the days of stakeholder capitalism as opposed to the maximization of shareholder value emphasized by economist Milton Friedman. Porter and Kramer note, “The best companies once took on a broad range of roles in meeting the needs of workers, communities and supporting businesses.”\(^5\)

Today, companies are again seeking to find common ground, where they can make more profit by improving the lives of their customers.

Shared value is achieved through three main methods: altering products to suit target markets, revisiting the interaction between company productivity and societal progress, and finally, building a network of industry-related companies that can serve as a support system. It may be counterintuitive to improve a company’s profit margins and financial returns by complicating the process. Nonetheless, companies that have implemented these procedures have reaped benefits from these actions. For instance,
Wal-Mart reduced packaging and rerouted its trucks to cut $100 million miles from its delivery routes in 2009, subsequently minimizing its cost to the environment and operating costs by $200 million, although in that year more packages were shipped.

Employees are sometimes exploited to prioritize the needs of shareholders. To reduce costs to the corporation, they are often given fewer benefits, lower wages, and sporadic firings. By contrast, Johnson & Johnson decided to invest time, effort and money in employee wellness programs. They helped employees to stop smoking, for example, and as a result, they saved $250 million in healthcare costs, which was an impressive $2.71 return for every dollar they had dedicated to employee wellness programs. In an interview with past connection with Johnson & Johnson refer to General Robert Wood Johnson’s “Our Credo” as their moral compass and “the recipe for business success.” One of our interviewees commented, “Johnson said that his shareholder needs would be met if you addressed the other stakeholders first. In the long term, they will succeed because of the collective consciousness of the thousands of employees.” He continued, “General Johnson recognized that the power of the human system pushes financial results.” Thus, shared value is economically efficient and aligned with the spirit of capitalism, as it encourages innovation, competitive value propositions and interest in the financial well-being of the company.

While CSR presents viable options for companies to engage in socially responsible actions, shared value tries to emphasize a new perspective for businesses. The popularization of this theory redefines the role of business as something more than a profit-making institution with no regard for external conditions.

Conclusively, shared value will allow “companies [to] take the lead in bringing business and society back together.” As more companies engage opportunities to participate in shared value, it is likely to alter the image of big businesses that only invest in their own financial security. Instead, it is conceivable to imagine a time when consumers, investors, shareholders, and employees are much more integrated and involved with a company’s success than the current business model suggests.
The 2008 financial crisis weakened the global economy, causing the biggest economic recession since the Great Depression in the 1930s. Legislators were forced to reconceive regulations, and business leaders were compelled to reflect on their own involvement and responsibility. Similarly, the crisis led this group of students to examine the underlying ethical, legal and political systems that inform corporate decision-making.

We began with an analysis of government action and its effects. We found that the latest regulations, enacted under the Dodd-Frank Act, were the strictest to date, but most of the business leaders we spoke to were doubtful that these laws alone could affect more ethical action. While we all agreed that regulations are important, the interviewees insisted that laws are only one piece of the puzzle. As rules can always be circumvented, a change in corporate culture is necessary to affect actual improvement in corporate behavior.

These business leaders explained that their own ethical beliefs and practices were shaped by their upbringings, educations, work experiences and religious faiths. While they all were aware of the laws they must abide, many also said their actions were grounded in a sense of responsibility to their shareholders, employees and to society at large. In stark contrast to Milton Friedman’s famous declaration that “there is only one and only one socially responsibility of business”—to make as much profit as possible within the confines of the law—many of the interviewees said that corporations should make money and make the world better, at the same time.

We found that after the crisis, many companies voluntarily increased their corporate social responsibility (CSR) which is enacted on a local, national or international level. While some companies form their own charities, many businesses donate to existing organizations. CSR can take the form of a large, one-time donation, or companies may contribute a specific percentage from the sale of certain goods. The latter approach has the added benefit of publicly tying a consumer’s purchase to the company’s philanthropic efforts, so that the consumer feels good about their purchase and is encouraged to buy more from that company over others. In this way, then, CSR can be an effective marketing scheme, and so while some companies may “give back” out of genuine social concern, others do so to improve their company’s image and increase their bottom line.

In recent years, however, experts have written about creating shared value (CSV), a new way of thinking about businesses and the social good. While CSR can be profitable, it is usually premised on an antagonistic relationship between private companies and the public, and it often assumes that businesses must incur costs to comply with regulations or must cede profit to contribute to various social causes. CSV, on the other hand, views businesses as a smaller part of society at large. As corporations rely upon the communities in which they operate for suppliers, workers and consumers, CSV scholars believe that they must invest in and improve those communities if they are to grow themselves.
As we spoke candidly to business leaders about CSR, CSV and profits, we found that many believed profits were not intrinsically good or bad, but instead the necessary driver of any economic system with a free market at its heart. However, the interviewees agreed that the motivations behind profit making and the means of doing so had to be ethical in order for profits to be justified. “Profits for profits’ sake are a waste,” one business leader said. “In order to bring society to the next level, it has to be the obligation of everyone to contribute.” In this view, businesses may accumulate as much wealth as possible if they do so ethically, but they should also acknowledge and act on their responsibility to use those profits for the betterment of society as a whole. Although in a capitalist economy, a company’s top concern will always be profit, new models point the way towards a future in which corporations and communities can both benefit from socially responsible action. On the whole, we welcome this future.
Melissa Bell

Melissa Bell, from San Juan Capistrano, CA, is a 2011 graduate of the College of Arts and Sciences with a B.A. in Government and a minor in English. Melissa was involved on campus at Georgetown as a Resident Assistant and as a loan officer for the Georgetown University Alumni and Student Federal Credit Union, the largest student-run financial institution in the world. Melissa’s passion for learning about criminal law including questions of rehabilitation and justice has shone through in her volunteerism as a GED tutor to local inmates through Georgetown’s Prison Outreach. Additionally, Melissa interned at the Department of Justice in the Office of International Affairs, where she worked on extradition requests. Melissa was one of the fellows who authored last year’s Berkley Center report, “When Diversity Meets the Global Market.” In her free time Melissa enjoys competitive, long distance running. Melissa is now working in the Legal and Public Policy Division of Google Inc. at its global headquarters in Mountain View, CA.

Joseph Brown

Joseph Brown is a 2011 graduate of the College of Arts and Sciences, where he majored in Government and minored in Theology. Although born in Northern California, Joseph has lived in 7 different cities in the United States, and spent 6 months studying abroad in Doha, Qatar. At Georgetown, he acted with various student theater groups, tutored with the DC Schools Project, coached wrestling at local high schools, and worked with the Center for International and Regional Studies. While his favorite pastimes have been snowboarding, golf, poetry, and cooking. Joe worked with the Advisory sector of PricewaterhouseCoopers in Washington, D.C. in the summer of 2011.

Emily Gaard

Emily Gaard is originally from Cedar Falls, Iowa and is a 2011 graduate of the College of Arts and Sciences, where she double majored in Government and English. During her time at Georgetown, she interned in the press department of Senator Chuck Grassley. She also spent some time last fall doing research for the Washington Post. Her future plans include working and living in Washington, D.C.

Wissam Hamady

Wissam Hamady is originally a Lebanese Druze who grew up in Madrid, Spain. He was educated in the French system and then entered the Georgetown University. Wissam is a member of the class of 2014 in Georgetown’s McDonough School of Business. Even though currently undeclared, he will concentrate in International Business and Finance.
Laura Kresse

Laura Kresse is a member of the class of 2012 in Georgetown's School of Foreign Service, majoring in International Politics with a concentration in Security Studies. She was a Berkley Center Undergraduate Student Fellow in 2011. Laura originally hails from Hamburg, Germany and hopes to return to Europe to pursue a Masters degree in 2012.

Greg Kollmer

Greg Kollmer, a native of Port Orange, Florida, is a member of the class of 2012 in Georgetown's School of Foreign Service class of 2012, majoring in Science, Technology and International Affairs (STIA) with a concentration in Global Health. At the Berkley Center, he works on video and media projects.

Kathleen Nahill

Kathleen Nahill is a 2011 graduate of the College of Arts and Sciences, with a double major in Government and English. While at Georgetown, Kathleen served as the Executive Editor of The Hoya, and was also a resident assistant. She held internships in the Offices of Senator John Kerry and Senator Scott Brown, as well as at the American Enterprise Institute and Fidelity Investments’ Government Relations and Public Policy group. She is currently an Analyst at Blank Rome Government Relations.

Eliza Pan

Eliza is a member of the class of 2012 in Georgetown’s McDonough School of Business. Her work on this report was highly relevant to her studies as a Finance and International Business major and Justice and Peace Studies certificate candidate.

Darshana Prakasam

Darshana Prakasam, from Sacramento, CA, is a member of the class of 2014 in Georgetown’s McDonough School of Business, where she is majoring in Finance and Marketing, with a minor in Government. She plans to go onto law school after her undergraduate education, where she can combine her interests in law, business and speaking. Darshana is a part of Hilltop Consultants, is a math teacher at Capital Educators and runs her leadership program, MahaDarshan.

Natalie Punchak

Natalie Punchak, of Doylestown, PA, is a 2011 Phi Beta Kappa graduate of Georgetown’s College of Arts and Sciences with majors in Government and English Honors and a minor in Spanish. While at Georgetown, Natalie has worked in her community, serving as a criminal investigator at the Public Defender Service of DC, assisting attorneys in the civil litigation division at the Office of the Attorney General and teaching immigrant students with the DC Schools Project. Passionate about students’ rights and responsibilities on campus, Natalie was a member and Chair of the Residential Judicial Council for three years, and served as a representative to the Georgetown University Appeals Board. Academically, she pursued the questions of justice, diversity and democracy as a 3-year student fellow and published writer at the Tocqueville Forum on the Roots of American Democracy and an undergraduate fellow with the Doyle Engaging Tolerance Initiative. She was also a contributing author of the Berkley Center report, “When Diversity Meets the Global Market” in 2010.

Graham Robertson

Graham Robertson is a member of Georgetown’s College of Arts and Sciences class of 2012, majoring in Government and double minoring in French and English. He was born in Paris, France, has lived in New York City, was educated at The American School in London and is a citizen of Canada and the United Kingdom. At Georgetown, Graham is the Chief Executive Officer of Georgetown Collegiate Investors LLC, the largest student-owned investment fund in the country, and he previously served the Managing Editor of the Business & Economics and Law & Ethics sections of the Georgetown Journal of International Affairs. Last summer Graham interned at Generation Investment Management LLP and has previously summered at FBR Capital Markets, interned for the DC Republican Committee and worked as a reporter for The Times (London). This summer Graham is working for Morgan Stanley in New York.

Ben Slingerland

Ben Slingerland hails from Beverly, Massachusetts, where he graduated from St. John’s Prep in 2007. Ben is a member of Georgetown’s College of Arts and Sciences class of 2011, and received his B.A. in English, with minors in Government and Sociology. This past spring Ben interned on Capitol Hill, working for Congressman John Tierney of Massachusetts. Ben is also a four-
year member of Georgetown's Varsity Soccer team, and will be returning to the hilltop next year to take his fifth year of eligibility after having red-shirted his freshman year. While playing next year, Ben will be pursuing his Master's Degree in the Sports Industry Management Program. Having interned out at Nike’s World Headquarters in the U.S. Soccer Sports Marketing Division, Ben maintains a passion in the sports business industry. Ben’s hobbies include skiing, boating, and being an avid Boston sports fan.

Lucas Stratmann

Lucas is from the historic city of Münster, Germany, where he was born and raised. Since graduating from high school there, he has been living in DC for about three years now and is a member of Georgetown’s School of Foreign Service class of 2012, where he is majoring in International Politics with a concentration in International Law, Norms and Institutions. In addition, Lucas is studying Mandarin Chinese and focusing on Southeast and East Asia in his studies. Outside of class, he is involved in student government and works as a TA. When Lucas is not on campus, he is probably working for ARD German TV’s studio in Washington, DC as a junior producer. Lucas is an ambitious traveler and planning to take some time off to travel the world after graduation.

Nikhil Wagh

Nikhil Wagh, is a member of Georgetown’s College of Arts and Sciences class of 2012 and is majoring in Government. His academic interests range from political theory and political science to philosophy, business, and psychology. He would like to pursue a career in business in the long term, but as of now, is keen on learning as much as he can in the aforementioned academic fields. He is a founder of a non-profit organization “YUVA” in collaboration with the NGO Drishtikon in India. YUVA aims to educate underprivileged youths in the slums of New Delhi, India about the dangers and causes of HIV/AIDS. YUVA provides these children with after school activities, education and a community to help raise awareness of HIV/AIDS. Nikhil has been running this operation for four years.

Michael J. Kessler, PhD is the course advisor for this project. Michael Kessler is Associate Director of the Berkley Center for Religion, Peace, and World Affairs at Georgetown University, a Visiting Assistant Professor of Government, and an Adjunct Professor of Law, Georgetown University Law Center. Kessler received his Ph.D. in Religion and Moral and Political Theory from the University of Chicago, where he was a William Rainey Harper Fellow. Kessler received a J.D. from Georgetown University Law Center.

Sara Singha is the TA for this course. Sara Singha is a doctoral candidate in the Theology Department. She does comparative work in Christianity and Islam and is writing her dissertation on religion and politics in South Asia.
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