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## Time for a New Economic Narrative Contribution to GTI Forum Corporations in the Crosshairs

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We once hoped that voluntary corporate social responsibility (CSR) campaigns and an infrastructure to support such efforts could compensate for the neoliberal economic narrative that less government is better. The hope was that self-regulatory and voluntary efforts might be effective in countering abuses of corporate power and the reality that neoliberalism takes neither ecological nor societal impacts into account.

A considerable infrastructure around corporate responsibility has grown over the past twenty to twenty-five years. It includes not only ESG (environmental, social, governance) reporting, but also numerous certification programs, ethical and responsibility principles, and even the emergence of [integrated reporting](#), which acknowledges that there is more to a company's performance than financial data. Still, too little has changed. The relevant indicators around climate, equity, species extinction, and other societal ills are all moving in the wrong direction.

Having worked for years in the optimistic, CSR-will-make-things-better vein that Allen White so vividly [describes](#), some time ago I came to the conclusion that CSR needed to become CR—corporate responsibility. Whereas CSR has focused on doing good things for the community or other stakeholders, CR means embedding responsibility and ethics into the business model itself. CR has everything to do with how companies treat their stakeholders and the natural environment in how they do business, that is, how they operationalize their business models. Even if that perspective were to be realized, I now believe, it too would be insufficient. CSR or, for that matter, CR, will not get our companies or societies where we need to be.

To cope with the dramatic and civilization-threatening exigencies of today, we now need wholesale system transformation—of corporations, of governmental institutions, of civil society institutions. Importantly, we humans need a different relationship to each other and to nature than is commonly understood in the Western/developed world. We need to recognize a new, yet ancient, wisdom that human beings are part of nature, interdependent with her, and reliant on her bounty. We humans need to act as stewards—caretakers—of nature, not as if we “have dominion” over her. We need to remember what Indigenous peoples and their shamans know: *Mitákuye Oyásin*, that is, that “we are all related.” Then we need to redesign our companies, our governments, and our societies around that ancient wisdom, with the kinds of steps that Allen White outlined as part of that transformation process.

Transformation is now an imperative. As anthropologist Jared Diamond pointed out, two key factors result in civilizational collapse: pushing ecological resources beyond capacity and growing inequality.<sup>1</sup> The former results in ecological collapse—and here the danger signs are multiple. The latter results in social unrest and eventual collapse. Today, the growing costs of inequality are evidenced in sometimes-violent protests that have emerged in multiple hot spots around the world. These realities make for scary times. They also provide, perhaps, a motivation for the type of change that underlies White’s proposition to rethink the corporation.

We each probably have our own sense of where to begin such transformation. Certainly, the idea of changing corporate purpose as understood today more towards serving the public interest is a big step in the right direction. Donella Meadows reminded us that mindset change—and the capacity to transcend mindsets—are the most powerful levers of change.<sup>2</sup>

As storytelling creatures, we humans need what Robert Shiller now calls a new narrative economics. I would further argue that any new narrative needs to go well beyond economics towards integrating literally what gives life to systems.<sup>3</sup> A new narrative needs to be holistic, compelling, encompassing, life-affirming, and dignity-providing for humans and other living beings. Arguably, system transformation needs to move towards reshaping the whole economy and, not incidentally, whole societies, into fostering life and well-being for all, where “all” also includes other entities beyond us humans.

So yes, I fully agree with Allen White that corporations need to be redesigned to meet today's needs. Corporate reform, however, is only one of many steps that need to be taken. White is right on target, in my view, when he notes that "the primacy of shareholders and finance capital will not dissolve without a compelling counter-vision, strategy, and action plan," that is, a compelling new narrative. Then, and this part is vital, that narrative needs to be supported by many different types of actions from many different actors, who are generally guided by the vision of achieving that new narrative's story in our reality. We need to focus on how we redefine the purposes of all of our institutions, how their performance is measured, how power is distributed and who has voice, and what practices come to prominence. None of this shift will be easy, since entrenched players are unlikely to willingly give up their elite status. But arguably, taking small and large steps in these directions, as Allen White has forcefully argued, may be our best hope for a better future.

## Endnotes

1. Jared Diamond, *Collapse: How Societies Choose to Fail or Succeed* (New York: Penguin, 2005).
2. Donella Meadows, "Leverage Points: Places to Intervene in a System," DonellaMeadows.org, 2007, <http://donellameadows.org/archives/leverage-points-places-to-intervene-in-a-system/>.
3. Robert J. Shiller, *Narrative Economics: How Stories Go Viral and Drive Major Economic Events* (Princeton, NJ: Princeton University Press, 2019); Sandra Waddock and Petra Kuenkel, "What Gives Life to Large System Change?," *Organization and the Natural Environment*, in press, published online May 2019, <https://journals.sagepub.com/doi/10.1177/1086026619842482>.

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## About the Author



Sandra Waddock is a Professor of Management, Galligan Chair of Strategy, and Scholar of Corporate Responsibility at Boston College's Carroll School of Management. She has published more than 100 papers and thirteen books on such issues as systems change, the role of memes in change processes, developing a new narrative for business in society, stewardship of the future, corporate sustainability and responsibility, the problem of growth, and management education. She is the recipient of the 2016 Lifetime Achievement Award from Humboldt University in Berlin, the 2015 award for Leadership in Humanistic Management, and the 2014 Lifetime Achievement Award in Collaboration Research, among other awards. Her latest book is *Intellectual Shamans and Healing the World*.

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