

Progressive Business Models: Creating Sustainable and Pro-social Enterprise
(E. O’Higgins and L. Zsolnai, Eds.) London. Palgrave-Macmillan, 2017, pp. 3-25.

Eleanor O’Higgins
University College Dublin
Ireland
and
Laszlo Zsolnai
Corvinus University of Budapest
Hungary

What is Progressive Business?

This introductory chapter signposts the rationale, framework and case study contents of the book. Firstly, we offer an overview of the need for new more progressive business models than the mainstream which exists at present, identifying the current challenges facing business in Europe and beyond in its international ramifications. To remedy these challenges, we present our alternative vision of progressive business functioning, whose basic criteria comprise ecological sustainability, respect for future generations, and pro-socialness. Then, synopses of our case examples follow.

1 The Issues of Big Business and the Deterioration of the Earth System

All the important indicators show that the state of the *Earth* (the sum of our planet's interacting human, social, physical, chemical, and biological processes) has deteriorated in the last 50-60 years. A set of global indicators studied by the Stockholm Resilience Center shows adverse socio-economic trends (such as increases in population, real GDP, foreign direct investment, urban population, primary energy use, fertilizer consumption, water use, paper production, transportation, telecommunications, and international tourism). Convergently, we observe harmful rising levels in Earth System toxins (such as carbon dioxide, nitrous oxide, methane, surface temperature, ocean acidification, tropical forest loss, domesticated land, and terrestrial biosphere degradation) since 1950 (IGBP, 2015).

This severe deterioration of the Earth can be attributed largely to current patterns of production and consumption, as business activities have come to dominate nearly all the life

spheres almost everywhere in the world. The issues of big business, especially global corporations play a crucial role in ecological degradation and human malfunctioning.

The market economy as a whole can be deemed to be disembedded from society and nature (Polanyi, 1944). In parallel, many modern business organizations, especially global corporations, are *disembedded* from the *environmental* and *social context* in which they operate, as they are rootless in ecological and social senses, displaying no real interest in the places they happen to function.

Inherent features of today's globalized business inhibit business enterprises from becoming environmentally sustainable and socially responsible (Boda and Zsolnai, 2016).

The core of the problem can be seen to lie in the *corporation* itself (Bakan, 2003; Mayer, 2013; Stout, 2012). The modern corporation as a legal entity was an institutional innovation in the early capitalist era. While it has considerable merits, such as serving as a means to collect and unite into one organization the small investments of many individuals, it has also had the awkward side effect of dispersing and, ultimately, mitigating responsibility and accountability. As a limited liability company, the corporation can allow its owners to limit their obligations for their business activities to the amount of capital subscribed to it. Limited liability means also limited moral liability. "The situation may be contrasted with the case of unincorporated businesses, where unlimited liability also means unlimited moral liability. No distinction can be made by the business and the person(s) conducting it because the reputation of the one is the same as the reputation of the other" (Róna, 2013: 10). By nature, corporations and their owners have only limited responsibility.

Individual shareholders do not necessarily have the power or interest to control the corporation, influence decisions and hold the management accountable. They are interested primarily in the dividend or capital appreciation, that is, the return on their investment. Dispersed ownership also means a limited commitment to the future of the company and aggravates the dangers of a hostile takeover (Mayer, 2013). Moreover, takeovers may actually be encouraged when a corporation makes long-term investments into the future, thereby undermining its short-term profitability, so driving down share prices. In turn, falling or stagnating share prices provoke owners to dump their shares.

The reality of corporations puts the “shareholder value” idea above anything else. Lynn Stout calls this the “shareholder value myth” (Stout, 2012) which has a profound effect on how corporations are managed, governed, conceived and interpreted. She argues that there are neither compelling legal, nor economic arguments to support the shareholder myth. Contrary to what many believe, the corporate law does not impose any legal duty on corporate executives to maximize profits or share price. And there is no persuasive empirical evidence demonstrating that individual corporations run according to the principles of shareholder value maximization perform better over time than those that are not (Stout, 2012). Nonetheless, the shareholder myth determines how we conceive corporations, and how they are managed. Further, this myth is perpetrated by what is taught in business schools, notwithstanding evidence of its often devastating effects on the social and environmental performance of businesses (Tencati and Zsolnai, 2010).

Today’s extremely complex *financial system* makes ownership and accountability even more blurred and impersonal. Nowadays institutional investors, investment funds and pension funds hold the large majority of corporate shares. Those funds – generally corporations also – are themselves managed to look for increasing profits at any cost. Moreover, there are multiple mediators between individuals and companies they own through portfolios run by fund managers, and involving brokers, advisors, etc, many with conflicts of interest, whereby complicated financial services distance investors from the companies they are putting money into. The financial crisis of 2008 revealed how derivatives and other complicated financial products are indeed able to hide reality away from the eyes of even experts. Nowadays investors choose between investment portfolios offered by their banks or agents, and are rarely knowledgeable about how their money works and what it does (Kay, 2015).

The financial system also acts as a principal evaluator of corporate performance. Shareholder value is constructed by the financial market and its institutions: rating agencies, consulting firms, auditors, and finally the stock market itself, a complex institutional infrastructure that promises to evaluate corporate performance and that forces companies into an arms race for profit. Without a constant effort to increase profits and save on costs companies are threatened with losing shareholder value and finally being discredited. One of the most effective ways to

save on costs is to externalize them, by making nature, society and future generations pay for them.

Corporations face the consequences of *globalization* that separates corporate decisions and stakeholders, owners and workers, consumers and the places of production. This facilitates the externalization of costs (that is, causing social and environmental problems and damages). Shareholder value myth and competitive pressures are the guiding principles of decisions throughout the supply chain. Globalization therefore contributes to a shading of business activities and the externalization of production costs (Princen, 1997).

Externalization is enabled by growing corporate power vis-à-vis society, especially in developing countries. Globalization opens up new corridors of power (Jensen and Sandsröm, 2011). The effect of companies on softening labor and environmental regulation, that is, the ‘race to the bottom’ is obvious (Drezner, 2001, Vogel, 1995, Diamond, 2003). The institutional setting of today’s mainstream business helps to *dilute responsibility*. It is a system in which the pursuit of profits is the only ultimate goal and where the externalization of costs upon society, future generations and nature is not an unfortunate exception, but the rule. (Sethi (Ed.), 2013)

The perverse nature of the decisions made by modern business organizations that ignore environmental and social consequences is visible in such phenomena as decision-making under risk and discounting in space and time. Modern business organizations likely engage themselves in “here” and “now” positive options for them. Correspondingly, modern business organizations likely disengage themselves in “far” and “later” negative options from them. The self-centered orientation of many modern business organizations produces environmentally and socially disengaged functioning. These organizations disregard the environmental and social consequences of their functioning in a self-reinforcing cycle. (Shrivastava and Zsolnai, 2015)

2 The Failure of Business Ethics and CSR

There are powerful mechanisms which may make the ethical efforts of corporations ineffective or even counterproductive. One mechanism is the *ethics management paradox*

while the other is the use of *moral disengagement strategies*. “Business ethics” aimed at teaching corporations to behave in a civilized manner. Most of the corporations tried to accept ethical advices to some degree but they did not become ethical and responsible at all.

Bouckaert (2006) warns that by reducing ethics to a functional and instrumental management concept we lose something vital. This is the core of the so-called “ethics management paradox”. We are crowding out genuine moral feelings and genuine moral commitment, by substituting them for rational and technocratic management tools instead. This substitution fails, as ethics management has failed to overcome the emergence of new, more sophisticated and hidden forms of opportunism in business.

According to Bouckaert (2006), the paradox is the following: By creating new regulations to temper opportunistic behavior in and among organizations, we may temper the symptoms but often reinforce the underlying roots of opportunism. We introduce economic incentives like benefits, such as premiums or tax relief for those who respect the new regulations, but by doing this, we substitute economic calculations and incentives for moral feelings and motivation. Preaching moral concepts such as trust, responsibility or democracy on the basis of calculative self-interest or as conditions of systemic functionality opens the door for suspicion and distrust because calculations and systemic conditions can easily be manipulated.

Stanford psychologist Albert Bandura and his colleagues described how corporations make dirty things and at the same time disengage themselves from the unethical consequences of their conduct (Bandura et al, 2000). Corporate transgression is a well-known phenomenon in today’s business world. Some corporations are involved in violations of law and moral rules that produce organizational practices and products that take a toll on the public. Social cognitive theory of moral agency provides a conceptual framework for analyzing how otherwise pro-social managers adopt socially injurious corporate practices. This is achieved through selective disengagement of moral self-sanctions from transgressive conduct.

The mechanisms of moral disengagement enable otherwise considerate people and organizations to commit transgressive acts without experiencing personal distress.

(i) Moral Justification

People and organizations do not ordinarily engage in reprehensible conduct until they have justified to themselves the rightness of their actions. In this process of moral justification, detrimental conduct is made personally and socially acceptable by portraying it in the service of valued social or moral purposes.

(ii) Euphemistic Labeling

Activities can take on markedly different appearances depending on what they are called. Euphemistic labeling provides a convenient tool for masking reprehensible activities or even conferring a respectable status upon them. Through sanitized and convoluted verbiage, destructive conduct is made benign and those who engage in it are relieved a sense of agency.

(iii) Advantageous Comparison

Behavior can also assume very different qualities depending on what it is contrasted with. By exploiting advantageous comparison injurious conduct can be rendered benign or made to appear to be little consequence. The more flagrant the contrasted activities, the more likely it is that one's own injurious conduct will appear trifling or even benevolent.

(iv) Displacement of Responsibility

Under displacement of responsibility people and organizations view their actions as springing from the social pressures or dictates of others rather than as something for which they are personally responsible. Because they are not the actual agents of their actions, they are spared self-censuring reactions. Hence, they are willing to behave in ways they normally repudiate if a legitimate authority accepts responsibility for the effects of their actions.

(v) Diffusion of Responsibility

The exercise of moral control is also weakened when agency is obscured by diffusion of responsibility for detrimental conduct. Any harm done by a group can always be attributed largely to the behavior of others. People behave more cruelly under group responsibility than when they hold themselves personally accountable for their actions.

(vi) Disregarding or Distorting the Consequences

Additional ways of weakening self-deterring reactions operate by disregarding or distorting the consequences of action. When people and organizations pursue activities harmful to others for gain, or because of social inducements, they avoid facing the harm they cause or they minimize it. In addition to selective inattention and cognitive distortion of effects, the misrepresentation may involve active efforts to discredit evidence of the harm that is caused.

(vii) Dehumanization

Self-censure for injurious conduct can be disengaged or blunted by dehumanization that divests people of human qualities or attributes bestial qualities to them. Once dehumanized, they are no longer viewed as persons with feelings, hopes, and concerns but as subhuman objects.

(viii) Attribution of Blame

Blaming one's adversaries or compelling circumstances is still another expedient that can serve self-exonerate purposes. In moral disengagement by attribution of blame, people and organizations view themselves as faultless victims driven to injurious conduct by forcible provocation. By fixing the blame on others or on circumstances, not only are one's own injurious actions excusable but also one can even feel self-righteous in the process.

Moral disengagement strategies were documented in famous business scandals, including the Bhopal Case, the Ford Pinto Case, the Nestle Case and the Three Mile Island Case (Bandura et al, 2000). Further, Bandura detailed extensively the working of moral disengagement mechanisms in almost every major industry such as the gun, entertainment, tobacco, and financial industries (Bandura, 2015)

Business ethics as a corporate practice has been highlighted as the Corporate Social Responsibility (CSR) movement. The practice of CSR builds on a number of basic beliefs which turned out to be false. The first belief is that companies would be willing and able to

become inherently responsible. The second belief is that the market can force companies to be more ethical, while the third belief is that stakeholders can promote ethical business practices (Boda and Zsolnai, 2016.)

The first belief of CSR about the voluntary compliance of corporations is discarded by facts. Some companies have certainly made efforts to change, but these efforts have remained superficial, and contingent, not integrated into everyday processes.

The second belief of CSR implies that being ethical is somehow profitable for companies, that is, the market will reward companies for responsible behavior. Evidence for this phenomenon is sparse and contradictory (Eabrasu, 2015; Schreck et al., 2013). Indeed, some flagship “responsible companies” simply disappeared or were bought up by competitors like the Body Shop.

The third belief of CSR presupposes that stakeholders would be able to force corporations to change for the better. Among stakeholders a special role was assigned to consumers. Consumers were expected use their power through conscious consumer decisions or boycotting to force companies to behave responsibly (Boda and Gulyás, 2006). There have been some promising developments in the past years, like the rapid development of Fair Trade or organic agriculture. But overall consumers send only weak signals to companies. Another stakeholder group that received special attention is “civil society”. Thanks to the Internet, civil society went global, linking people, and NGOs all around the world in their criticism against harmful corporate practices. Civil society movements have contributed to a growing awareness about corporate misbehavior by ringing the bell and provoking scandals. However, the influence of civil society on corporations has been marginal compared to immediate business imperatives.

CSR has failed to deliver the expected results in improving ethical performance of corporations. Companies have been reluctant to make genuine ethical progress; the “business case” of CSR has remained weak; and stakeholders have been unable to pressurize companies to become socially responsible and ecologically sustainable. The dominant business model have made mainstream companies largely resistant to CSR efforts (Boda and Zsolnai, 2016).

In fact, it can be argued that the currently followed CSR has actually distracted from genuinely responsible behavior.

3 The Transformation of Business

The current mainstream paradigm of business has to be changed to achieve a sustainable Earth, or at least to get closer to it. This transformation requires the development of new business models which are ecology-oriented, respect the needs of future generations, and produce values for society at large, not just for shareholders or selected stakeholders. *Progressive business* is understood as ecologically sustainable, future respecting and pro-social enterprise. These kinds of organizations seek to create socio-ecological well-being while maintaining their financial viability.

The triple criteria require that business activities may not destroy nature, violate the interests of future generations or pose negative impacts on society. Business actions can be claimed “progressive” only if they satisfy all of these criteria.

The notion of ecological integrity was introduced by American environmentalist Aldo Leopold in his classic, “A Sand County Almanac”. He writes: “a thing is right when it tends to preserve the integrity, stability, and beauty of the biotic community. It is wrong when it tends otherwise.” (Leopold, 1948). Business activities might be evaluated against environmental indicators that operationalize the notion of ecological integrity. The aggregate ecological value of business activity can be calculated by using different sets of environmental indicators. A business organization can be considered ecologically sustainable if its aggregate ecological value is positive.

How can we evaluate economic activities from the perspective of future generations? We cannot know much about the interests of future generations, but freedom is a central value here. The freedom of future generations is insured by satisfying the following principles: (i) conservation of options; (ii) conservation of quality; and (iii) conservation of access (Brown Weiss, 1989). In aggregate, these principles can serve as indicators of the interests of future generations. Therefore, a business organization can be considered future respecting if its aggregate future generations value is positive.

Business activities should be pro-social, that is, should contribute to the development of capabilities of people. Amartya Sen proposes to understand people's well-being in the terms of capabilities. Capability is a reflection of the freedom of a person to achieve valuable functioning. Therefore capabilities represent the substantive freedom that people enjoy (Sen, 1992). The aggregate social value of business activity can be calculated by using different sets of capability indicators. A business organization can be considered pro-social if its aggregate social value is positive.

In sum, we can derive some basic principles for progressive business:

The first principle says that

Business activities may not harm nature or allow others to come to harm.

The second principle says that

Business activities must respect the freedom of future generations except where such respect would conflict with the First Law.

The third principle says that

Business activities must serve the well-being of people as long as such service does not conflict with the First or the Second Law.

The above laws together suggest that business should seek to create socio-ecological value in an integrated way. This in no way negates the requirement for the enterprise to be profitable and financially sustainable. The essence of progressive business is to serve nature, future generations and society while maintaining its financial profitability and health.

4 Cases of Progressive Business

The purpose of each case chapter of the book is to delineate the *business model* of the selected case and to show how it creates an enterprise that is ecologically sustainable, future respecting

and pro-social. Business models are basically stories about how enterprises work, so case studies lend themselves to telling a story. The case study is a structured narrative that depicts the past, present and potential future of the enterprise, how it came to develop and implement its business model and how it works. Since no business is perfect in all its dimensions, issues and challenges with respect to progressive business principles fulfillment and enterprise sustainability faced by the organization and its business model will be presented in the case studies. The case chapters conclude with generalizable insights offered by the case. These insights provide a basis for pedagogical analyses which can be applied to the material and used by instructors with students as appropriate.

Companies ranging from small single unit enterprises to large global multinationals are presented in the book. The companies following progressive business practices are also representative of a variety of industries and countries as follows: Triodos Bank (ethical and sustainable banking, The Netherlands/transnational), Béres Pharmaceuticals (preventive and natural medicine and organic wine making, Hungary), illycafé (artisan coffee production and distribution, Italy/international), DKV Integralia (inclusion of disabled people into society and the workplace, Spain), Sonnentor (organic food, Austria), Armor (printer accessories and cartridge recycling, France), Lumituuli (clean technology, Finland), John Lewis Partnership (co-operative model governance in retailing, UK), Novo Nordisk (human centered pharmaceuticals, Denmark/international), Carlson Rezidor Hotel Group (responsible hospitality, Norway/international), and Unilever (consumer goods, UK/Netherlands/global). Many of the companies, although European in origin, are internationally renowned, for example, Triodos Bank, Illy Café, Novo Nordisk, Carlson Rezidor, and Unilever.

The case study chapters follow the same structure. Section 1 of the chapters introduces the profile and business model of the selected company. In effect, the business model explains the choices the enterprise makes. The progressive, sustainable and socially responsible nature of the enterprise are captured in its choices: (i) policies – how it chooses to operate, the actions taken across all operations, involving internal and external stakeholders; (ii) assets – what resources the enterprise will choose to own and operate; and (iii) governance – how power and decision-making are exercised.

Section 2 of the chapters describes and analyzes the selected company through the lenses of progressive business. Commonly accepted components of business models, that are included

in the narrative are (i) the value proposition – how value is created for customers/clients of the enterprise; (ii) the market segment targeted by the enterprise; (iii) the cost structure and profit potential of the enterprise, given its value proposition and targeted market segment; (iv) the structure of the enterprise value chain to create and distribute its offering; (v) the position of the firm within its value network, comprising its stakeholders; (vi) the strategy of the enterprise and its positioning in its competitive space.

Section 3 of the chapters discusses problems and challenges of the selected company. This section gives a balanced and fair critique of the company's practices and its prospects for the future.

Section 4 of the chapters provides conclusions. It summarizes the novelty of the business model of the selected company and explores its generalizability for other companies, industries and countries. Use of the case study for pedagogical purposes is suggested here, e.g., questions that instructors might pose and students might address in a learning exercise.

We present a brief indication of each case in this chapter, so the readers are then prepared to get the most out of each chapter. It will also give the readers an opportunity to pick and choose those chapters which they wish to prioritize, thus offering informed flexibility in the use of the book.

Triodos Bank

Triodos Bank N.V. is a Dutch ethical and sustainable bank with branches in four European countries. It was founded in 1980 and its mission is “to make money work for positive social, environmental and cultural change”.

Triodos finances and invests in companies, institutions and projects within an ecological, social and cultural scope. Triodos' principles are reflected via a thorough qualitative decision process. In general, it excludes loan applicants involving “any product, service, or business process that it believes would hinder the development of a sustainable civil society. Specifically, Triodos does not lend to organizations, businesses, and projects whose activities products, services, or processes are more than 5 percent non-sustainable.”

Triodos is highly transparent when it comes to its portfolio of investments. The company's portfolio is disclosed on its website, enabling customers to track directly where their money is put to work through an interactive map. Triodos also invests money directly through several green funds which are under its management. These funds provide an additional instrument to raise capital for responsible investments. The ethical funds invest in different themes such as microfinance, sustainable trade, organic agriculture, climate and energy, sustainable real estate, arts and culture.

Triodos finances projects and companies that “promote a more sustainable society in a concrete way”. In the process, it has identified sustainable sectors of the economy in which it is willing to invest: nature and environment (e.g. biological agriculture), culture and wellbeing (e.g. healthcare) and the social economy (e.g. housing). Within those sectors, it selects projects that pursue not only commercial, but also social, environmental or cultural goals. Applications for financing are screened by the bank's qualitative criteria, as mentioned earlier. Triodos explicitly excludes investment in non-sustainable services or processes such as animal testing, genetic engineering and infringement of fundamental labor rights. It also explicitly excludes environmentally burdensome sectors such as tobacco, weapons and nuclear energy.

Triodos' mission is translated into a set of business principles that all employees are expected to follow. The executive board and senior management are charged with managing these principles. The principles promote sustainable development, obedience to the law, respect for human rights and the environment, accountability and continuous improvement. The principles are paired with practical instructions regarding, for example, internal and external auditing of, and reporting on the bank's environmental performance. Bonuses are not part of employees' compensation packages. The bank does not set any up-front targets that influence worker pay. The bank believes that its employees act on their intrinsic, value-based motivation. The bank has also implemented a whistleblower policy in order to promote compliance with its principles.

Béres Pharmaceuticals

“Béres” is named after its legendary inventor, Dr. József Béres Sr., whose invention Béres Drops, a natural and preventive medicine, comprising a unique trace element supplement product strengthening the immune system of the human body and additional natural medicine developed from it, is the leading product of the company. Over the last 20 years, the family-operated company has developed into an international enterprise. Due to strong value commitments of the owner family, the company is active in supporting people and communities in need, education, culture, science, and even promoting and doing organic agriculture (viticulture, wine-making).

Béres’ mission is to promote human health by supplying people with natural medicines for their physical and mental well-being. The company definition of success consists not only of financial profitability but also running an ethical operation and safeguarding the wellbeing of stakeholders. Béres defines its stakeholders in a broad sense: employees, customers, partners and suppliers, competitors, government and regulatory bodies, needy members of society, and the natural environment. The company applies a strict and continuously revised code of ethics, fair and open communication, and ethical training. Béres has been able to prosper because its ethical stance and innovativeness result in loyal employees, suppliers and customers.

illycafé

illycaffè, the family-owned company located in Trieste, produces and sells a unique single blend of premium-quality coffee in more than 140 countries on all five continents. The top-quality coffee blend, the basis of the growth and competitive success of the company is deeply rooted in strong, progressive, and collaborative relationships with farmers.

illycaffè buys green coffee directly from the farmers that produce the highest-quality coffee beans in South and Central America, India, China, and Africa. The production of this kind of coffee requires great personal, economic, and managerial efforts by the local farmers. illycaffè remunerates these efforts by paying 30-35 percent more than the market price for Arabica coffee beans. Therefore, illycaffè and the local suppliers develop long-term, mutually beneficial relationships and build robust partnerships, establishing a virtuous cycle of sustainability based on four principles: (i) sustainable development and quality are an

inseparable pair; (ii) 100 percent of illy coffee is bought directly from local producers; (iii) quality is a tool for improving the living conditions of farmers over time; and (iv) a fair price is always applied.

Supportive linkages, mutual respect and listening, transfer of know-how and ad hoc training to enhance and strengthen the skills of the selected producers, alongside fair margins to ensure profits and resources for improving the overall quality of life of the local communities are the key features of the supply chain management policies deployed by illycaffè. These policies are part of the overall value proposition provided by illy, which aims to develop and spread the culture of coffee through several initiatives, including a continual interaction with the world of contemporary art.

DKV Integralia

DKV Integralia is the Spanish affiliate of Munich Health, the leading European health insurance company, a division of Munich Re. It has a wide network of offices and consultancies throughout Spain, with 760 employees servicing 1.6 million clients as of 2014. DKV's business model revolves around the central idea of "really interested in you", which is a value proposition based on how DKV Spain relates with its key stakeholders based on "open collaboration, participative, long-term and sharing the DKV Dream".

DKV Integralia Foundation is a non-profit foundation established in 1999 by DKV Spain, with the objective of "fostering the integration of handicapped people into society and the workplace". The Foundation is the contact center for DKV Spain, servicing over 2.5 million contacts with almost 300 employees in different call centers. The Foundation offers call center services with a high level of quality and virtually no employee turnover.

DKV has the highest percentage of handicapped employees (29 percent) of any company in Spain. The goals of The Foundation are not only to hire handicapped people, but also to train and help them get jobs in other companies, as well as to spread the culture of integrating handicapped people in business. DKV Spain enacts its collaborative business model through four objectives: (1) being the best company co-responsible for the health of its clients; (2)

give a service that surpasses their expectations; (3) being an exemplar organization; and (4) being an innovative, open and responsible company.

Sonnentor

Sonnentor Kräuterhandelsgesellschaft mbH specializes in producing and merchandising organic products like food, tea and spices in Austria with subsidiaries in the Czech Republic, Romania and Albania. The company was founded (and is still privately owned) in 1988 by Johannes Gutmann. His approach is based on the concept of maintaining the small rural structures of the region by fair trade and ecological, controlled farming.

According to the firm's mission, people at Sonnentor "strongly believe that nature holds the best recipes for a beautiful and long life. That's what we work for and what we thrive on. We also believe that organic farming is the only sound and passable way in a time of monoculture and overproduction. We work in highest consideration of the rhythms of nature. Respect & consideration for nature is our highest ambition. Only harmonious cooperation with nature makes a real balance possible."

Sonnentor's sustainable HRM is based on the following design principles: (i) The firm strives for equal opportunities in the recruitment process and promotes the reintegration of elderly people in the labor market. (ii) Sonnentor offers onboarding programs for all newcomers, occupational re-training if necessary (e.g., for older employees who change their job within the firm), and off-site training. (iii) The Company offers flexible working hours as well as job rotation and employees can choose their place of work. (iv) Sonnentor invests in health care of its staff, provides various leisure activities, and secures a healthy workplace by, for instance, offering organic food in the staff cafeteria. (v) The firm offers mentoring and strives for age-diverse teams. (vi) The owner of Sonnentor pursues a respectful and supportive leadership in his firm. (vii) The Company is strongly aware of demographic changes and uses measures to monitor the age structure of its staff.

Armor

The Armor Group is a French middle-sized company, specialized in printing ink consumables. The Group is committed to an ambitious industrial project, to provide technical solutions to meet current and future challenges in society. Its business development depends on it meeting 3 major challenges: protect property and individuals through product traceability, reduce the environmental footprint of printing, and convert light into energy for all.

Armor no longer seeks to sell a product but rather a service. This has had the effect of redesigning and enhancing the company's role. Through its core business, it participates in social changes and the protection of resources, aiming to demonstrate that this new vision can create added value in terms of social development, international competitiveness and economic profitability.

Lumituuli

Lumituuli Inc. is the first nation-wide customer owned wind power producer in Finland. Its main business operations consist of commissioning and operating wind generators and funding these activities via share offerings targeted mainly at ordinary people. Electricity produced by the turbines is sold to the firm's shareholders. Thus, Lumituuli is a customer-owned firm having more than 1200 shareholders; mostly private citizens but also other firms, associations and municipalities.

Lumituuli is a socially oriented company whose ultimate goal is to raise awareness about the possibilities and potential of wind power and extend its use. Its activities help to scale down the use of fossil fuels, reduce carbon emissions, and facilitate a transformation to renewable resources in the economy.

Investment in Lumituuli ensures that new wind power capacity will be installed. Moreover, to broaden its scope, the company has released public loans which enable people to make direct investments in building new wind turbines without using the power generated from them. This move has enabled the disconnection of investments and personal electricity use. Lumituuli has offered opportunities to get involved with a €1000 minimal investment. Lumituuli has strong communal and civil society foundations, as the firm has played a

distinctive role as a model for and as an active supporter of local community projects and of citizens in economically sustainable ways.

John Lewis Partnership

The John Lewis Partnership is an employee owned UK company which operates 42 John Lewis department stores across the UK, 328 Waitrose supermarkets, an online and catalogue business, a production unit and a farm. The company is owned by a trust on behalf of all its 90,000 permanent staff, known as 'Partners', who have a say in the running of the business and receive a share of annual profits, which is usually a significant addition to their salary.

Its Constitution states that 'the happiness of its members' is the Partnership's ultimate purpose, recognizing that such happiness depends on having a satisfying job in a successful business. It establishes a system of rights and responsibilities, which places on all Partners the obligation to work for the improvement of the business in the knowledge that they share the rewards of success. The Constitution defines mechanisms to provide for the management of the Partnership, with checks and balances to ensure accountability, transparency and integrity. It established the representation of the co-owners on the Partnership Board through the election of Partners as Elected Directors.

Novo Nordisk

The Danish pharmaceutical and healthcare corporation Novo Nordisk is known for a model of management that integrates business ethics, stakeholder management, and the balanced scorecard in their strategy. The main product of Novo Nordisk is insulin to treat diabetes, but the corporation also engages in research to manufacture related medicines and to find a cure for the disease.

Novo Nordisk is a company that considers good corporate citizenship and CSR as fundamental for a management strategy. The company also works with stakeholder communication as important for corporate self-perception in order to improve the balanced scorecard. In many ways, Novo Nordisk promotes itself as a virtuous corporation that is able to deal with business dilemmas in a constructive way.

Balance is considered as a vital aspect of organizational culture to create the right atmosphere and a tool to build corporate identity, image, and self-perception. Moreover, values of balance are also connected with external stakeholders in the sense that they contribute to the formation and identification of ethical integrity as a central component of organizational identity. Novo Nordisk is a large multinational corporation with approximately 20,000 employees, operating in more than 75 countries, and selling its products in nearly all countries in the world.

Carlson Rezidor Hotel Group

Carlson Rezidor is a global hotel group, quoted on the Stockholm Stock Exchange with the Radisson SAS, later Radisson Blue brand as a key asset. The company is an exemplary case in the travel and service industry.

Its program of Responsible Business is aligned with the company's 4D strategy (Develop Talent, Delight Guests, Drive the Business, and Deliver Results). The core of the program includes three dimensions: Think Planet – minimizing the company's environmental footprint; Think People – taking care of the health and safety of guests and employees; and Think Together – respecting social and ethical issues in the company and the communities in which Carlson Rezidor operates.

The global travel industry has a considerable impact on social, economic and environmental conditions around the world, so there is an urgent need for a new mindset. If the tourism industry continues to operate in the way it does today, energy use and emissions will double by 2050, and water use will increase 2.5 times. Buildings are responsible for 30 percent of global energy consumption and use of energy savings technologies is needed. These are some of the challenges that need to be approached by the Rezidor Hotel Group's management. The conservationist resource use and its employment in local communities of Carlson Rezidor can play a major role in initiating and leading the new mindset.

Unilever

Unilever is a British-Dutch global consumer goods company whose Sustainable Living Plan includes three main goals: improving health and well-being, reducing environmental impact, and enhancing livelihoods.

The Unilever Foundation improves quality of life through the provision of hygiene, sanitation, access to clean drinking water, basic nutrition, and improving self-esteem. Unilever promotes this through their partnerships with Oxfam, PSI, Save the Children, UNICEF and the World Food Program.

Unilever creates value for customers by supplying them with responsibly sourced products. It earns enough profit to be sustainable and supply the products that their consumers demand. It works every day to attain the goals that it has set for itself, in a sustainable living plan to grow as a company, while protecting the environment.

CEO Paul Polman joined Unilever in 2009. He eliminated earnings guidance and quarterly reporting and does not want hedge funds as investors, thus changing the way business is done by Unilever. Polman redefined the role of CEO as statesman – someone who runs his or her business responsibly and successfully, with integrity. Because no company has ever made such sustainable commitments before, Unilever does not know for certain that they will meet their goals and succeed. The biggest challenge to committing to such a broad initiative is surviving the transition. Unilever is working to arrive at solutions to various problem areas, including safe drinking water, fighting viruses, better packaging, sustainable washing, storing renewable energy, and changing consumer behavior.

5. The Hope of Progressive Business

What is common in the selected progressive businesses is the strong underlying belief that business can be a force for good and can serve the flourishing of life on Earth (human and non-human alike).

Before his death environmental philosopher *Hans Jonas* said “The latest revelation (...) is the outcry of mute things themselves that we must heed by curbing our power over creation, let we perish together on a wasteland of what was creation.” (Jonas, 1996).

Our book represents the hope that the “wasteland of what was creation” can be recreated by genuine ethical action of creative people and their progressive enterprises.

References

Bakan, J. (2003). *The Corporation. The Pathological Pursuit of Profit and Power*. Toronto, Penguin.

Bouckaert, L. (2006). “The Ethics Management Paradox” in Laszlo Zsolnai (Ed.): *Interdisciplinary Yearbook of Business Ethics*. Oxford, Peter Lang Publishers. 191-194.

Bandura, A. (2015). *Moral Disengagement: How Good People Can Do Harm and Feel Good About Themselves*. Palgrave-Macmillan, New York.

Bandura, A., Caprara, G-V. and Zsolnai, L. (2000). "Corporate Transgressions through Moral Disengagement" *Journal of Human Values*, 1, 57-64.

Boda, Zs. and Zsolnai, L. (2016). “The Failure of Business Ethics” *Society and Business Review* Vol.11 (2016), No. 1. pp. 93-104.

Brown Weiss, E. (1989). *In Fairness to Future Generations: International Law, Common Patrimony, and Intergeneration Equity*. The United Nations University, Tokyo & Transnational Publishers, Inc. Dobbs Ferry, New York.

Diamond, S. F. (2003). "The 'Race to the Bottom' Returns: China's Challenge to the International Labor Movement", *Cornell Law Faculty Working Papers*. Paper 10.

Drezner, W.D. (2001). “Globalization and Policy Convergence”, *International Studies Review*, 3 (1), 53-78.

Eabrasu, M. (2015). “Post Hoc Ergo Propter Hoc: Methodological Limits of Performance-Oriented Studies in CSR”, *Business Ethics: A European Review*, 24:S1, S11-S23.

Frey, B.S., and Jegen, R. (2001). “Motivation Crowding Theory: A Survey of Empirical Evidence”, *Journal of Economic Surveys*, 15(5), 589-611.

IGBP (2015). *Great Acceleration. The Report of the International Geosphere-Biosphere Program*.<http://www.igbp.net/globalchange/greatacceleration.4.1b8ae20512db692f2a680001630.html> (Accessed on December 22, 2015)

Jensen, J. and Sandström, J. (2011). “Stakeholder Theory and Globalization: The Challenges of Power and Responsibility”, *Organization Studies*, 32 (4), 473-488.

Jonas, H. (1996). *Mortality and Morality. A Search for the Good After Auschwitz*. Northwestern University Press. Evanston, Illinois.

- Kahneman, D. and Tversky, A. (1979). "Prospect Theory: An Analysis of Decision Under Risk" *Econometrica* 1979 March pp. 263-291.
- Kay, J. (2015). *Other People's Money: Masters of the Universe or Servants of the People?* Profile Books, London.
- Leopold, A. (1948). *A Sand County Almanac*. 1984. Oxford, Oxford University Press.
- Mayer, C. (2013). *Firm Commitment: Why the Corporation is Failing Us?* Oxford, Oxford University Press.
- Princen, T. (1997). "The Shading and Distancing of Commerce: When Internalization is Not Enough", *Ecological Economics*, 20, 235-253.
- Polanyi, K. (1944). *The Great Transformation*. Boston, Beacon Press.
- Róna, P., (2014). "Ethics and the Limited Liability Corporation", Paper presented at the "Economic and Financial Crisis and the Human Person" workshop at the Von Hügel Institute, University of Cambridge, June 8, 2013.
- Schreck, P., Van Aaken, D. and Donaldson, T. (2013). "Positive Economics and the Normative Fallacy: Bridging the Two Sides of CSR", *Business Ethics Quarterly*, 23:2, 297-329.
- Sen, A. (1992). *Inequality Reexamined*. New York & Oxford, Russell Sage Foundation and Clarendon Press.
- Sethi, P. (Ed.) (2013). *Globalization and Self-Regulation. The Crucial Role that Corporate Codes of Conduct Play in Global Business*. Palgrave-Macmillan.
- Shrivastva, P. and Zsolnai, L. (2014). "Genius of Place": The Idea of Place-based Enterprise" paper presented at „*The Enduring Legacy of Karl Polanyi*" Conference at Concordia University Montreal, Canada, November 6-8, 2014.
- Stout, L. (2012). *The Shareholder Value Myth: How Putting Shareholders First Harms Investors, Corporations, and the Public*. Berrett Koehler Publications.
- Tencati, A. and Zsolnai, L. (2009). "The Collaborative Enterprise" *Journal of Business Ethics* 85 (3), 367–376.
- Vogel, D. (1995). *Trading Up. Consumer and Environmental Regulation in a Global Economy*. Cambridge, Mass., Harvard University Press.
- Zsolnai, L. (2002). "Green Business or Community Economy?" *International Journal of Social Economics* 2002. No. 8. pp. 652-662.