

# INEQUALITY, DIGNITY, AND THE SUSTAINABILITY CHALLENGE

SANDRA WADDOCK

*Carroll School of Management*

*Boston College*

*Chestnut Hill, Massachusetts, U.S.A.*

*waddock@bc.edu*

**Abstract.** The world is facing significant threats from inequality and climate change, both of which are potential sources of societal and civilizational instability. Sustainability crises will most likely affect the poorest in the world much more than the wealthy. Furthermore, a fundamental reason why poverty and growing gaps between the wealthy and the poor are problematic is that poverty too often has the effect of violating the dignity of the poor. Today's business system fosters ever more materiality, consumption, and product churn, externalizing whatever costs it can and thereby placing those costs into societies and the natural environment. This article argues that greater attention to the dignity of humans and, indeed, of all beings, along with systemic changes that incorporate new measures of progress and performance, the internalization of currently externalized costs, the provision of decent work, and the consideration of ecological costs, among other shifts, could help businesses transition the world to a more equitable and sustainable context.

**Keywords:** corporate responsibility; sustainability; inequality; dignity

## INEQUALITY AND SUSTAINABILITY

According to Jared Diamond, who has thoroughly investigated why civilizations collapse (in a book aptly entitled *Collapse*), there are two main things that push societies and civilizations off the cliff toward self-

destruction. One is growing gaps between rich and poor, i.e., growing inequality. The other is civilizations or societies pushing natural resources beyond what can sustain them, i.e., a lack of sustainability (Diamond, 2005). In a sense, a lot of data indicate that a grand experiment testing both of these limits is currently underway on a planetary scale, potentially putting humankind into an existential crisis.

This conceptual essay integrates a growing array of literature on inequality, dignity, and sustainability, making important linkages across these domains. It argues that considerations of dignity, inequality, and sustainability need to be incorporated into future managerial decisions. Finally, it posits that major system change is needed, and points to some of the ways in which such change is already beginning and how it might be enhanced in the future.

## **SUSTAINABILITY AND CLIMATE CHANGE CRISES**

The sustainability and climate change crises facing the world continue unabated despite much conversation about sustainability. The 2014 IPCC (Intergovernmental Panel on Climate Change) report (IPCC, 2014) highlights the current state of affairs in no uncertain terms. Anthropogenic (human caused) emissions of greenhouse gases are higher than ever, their increase evident since the beginning of the industrial era and “driven largely by economic and population growth” (IPCC, 2014: 4). The warming of the climate system is, in the IPCC’s terms (and despite naysayers’ doubts), “unequivocal”—ecological systems around the globe are experiencing the impacts of climate change (whatever its source), including changing precipitation levels, melting glaciers and icecaps, and shifts in the water supply. Both land and sea creatures and plants are shifting habitats to accommodate the changing climate. Extreme weather events have become increasingly common, notes the IPCC, including increases in temperature, increases in the frequency of hot spells, and more “heavy precipitation events.” On a solemn note, the IPCC comments:

Continued emission of greenhouse gases will cause further warming and long-lasting changes in all components of the climate system, increasing the likelihood of severe, pervasive and irreversible impacts for people and ecosystems. Limiting climate change would require substantial and sustained reductions in greenhouse gas emissions which, together with adaptation, can limit climate change risks. (IPCC, 2014: 8)

### ***Drivers of Future Climate***

Key drivers of future climate, according to the IPCC, include cumulative CO<sub>2</sub> emissions, which are linked to socio-economic development as well as climate policy shifts. Numerous impacts are detailed by the IPCC to occur if sufficient changes do not take place to reduce these anthropogenic sources of climate change; among them are longer and more frequent heat waves, ocean acidification and warming, sea level rise, and more frequent and intensified extreme precipitation events. Systemic risks include vulnerability of human systems to weather events and species extinction, which scientists believe is already going on at a massive scale in what is called the sixth great extinction (e.g., Barnosky et al., 2011; Eldredge, 2001). There is significant potential for the undermining of food security, the exacerbation of existing health problems, heat stress, extreme precipitation, flooding, landslides, air pollution, increased drought and water scarcity, rises in sea level, and risks from storm surges, particularly for those people living in areas that lack proper infrastructure and services (IPCC, 2014). Nor are these shifts expected to be short-lived; indeed, the IPCC expects that they will continue over the next hundreds of years, *even if* humankind stopped emitting greenhouse gases today.

### ***COP 21***

In December 2015, the world's nations reached agreements to reduce sustainability impacts to (supposedly) keep temperature increases below 2° Celsius, a number at which it is hoped that the most negative impacts of climate change can be mitigated. COP stands for Conference of the Parties, an acronym that refers to countries that agreed to the 1992 U.N. Framework Convention on Climate Change meetings (United Nations, 2015). Important aspects of the COP21 agreements include mitigation of temperature increases, transparency in accounting for climate action, adaptation to strengthen nations' ability to deal with and recover from climate impacts, and support, including financial, so that nations can build clean and resilient futures (United Nations, 2015).

Many lauded the COP21 agreements as a turning point. COP21 was certainly far more successful than related earlier attempts to deal with climate change. Indeed, as the IPCC noted, changes already underway are unlikely to be stopped any time soon. Yet others argued that there are significant issues that still need to be dealt with—and quickly—to avoid the worst effects of climate change. Critics also noted that the difficult part of the agreements, as far as they go, lay in implementation (e.g., Mabey, Burke, Gallagher, Born, & Kewley, 2015) because countries and their constituents, including multinational companies, have to

change their practices significantly to attain real climate mitigation. The *Guardian* reported in the aftermath of COP21 that many analysts and environmentalists believed that the agreements are “too weak to help the poor” (Harvey, 2015), a criticism that particularly stings given how the U.N.’s IPCC (2014) report on climate change documented that the poor will be most negatively and dramatically affected by the impacts of a changing climate.

## THE SUSTAINABILITY LINK TO INEQUALITY

The second main factor in civilizational collapse (Diamond, 2005) is growing inequality, i.e., ever-widening gaps between rich and poor. Inequality is systemic, as are sustainability problems, and they are increasingly recognized as related issues. A key to understanding the worst *impacts* of climate change on the planet is to understand that the poor will be much more dramatically affected than will the rich. This important point is made explicit by the IPCC, which directly links the sustainability challenge to the problem of (growing) inequality in the world:

Climate change will amplify existing risks and create new risks for natural and human systems. Risks are unevenly distributed and are generally greater for disadvantaged people and communities in countries at all levels of development. (IPCC, 2014: 13)

In 2015, Pope Francis’s encyclical *Laudato Si’* directly addressed the climate change and sustainability crises links to inequality. He called upon humanity to create action and dialogue about what he termed one complex problem—integrally related environmental and social issues of sustainability and poverty/inequality, stating clearly that there is “an intimate relationship between the poor and the fragility of the planet.” He further notes, as physicists have (e.g., Capra, 1995; Capra & Luisi, 2014), that “everything in the world is connected” (Francis, 2015: sec. 16). Francis in a crucial insight wrote: “Strategies for a solution demand an integrated approach to combating poverty, restoring dignity to the excluded, and at the same time protecting nature” (Francis, 2015: sec. 139).

## INEQUALITY AS A SYSTEMIC ISSUE

Inequality continues to grow, both within the United States and globally, and the problem increasingly has to do with the ways in which business and economic systems are structured. A 2016 report by Oxfam puts it unequivocally: “The gap between rich and poor is reaching new extremes. The richest 1% now have more wealth than the rest of the world combined. Power and privilege [are] being used to skew the economic system to increase the gap between the richest and the rest” (Oxfam, 2016: 1).

### ***Growing Inequality***

The U.S. now has greater inequality than about 70% of the world’s other countries, with gaps between rich and poor rising since about the 1970s. Indeed, close to three quarters of wealth in the U.S. is owned by the wealthiest 10% of the population, with some 35% owned by the top 1%, and a startling 22% of total wealth by the 0.1%. Such numbers fueled the Occupy movement, which came to prominence in 2011 with its new meme about the 99% v. the 1%. Both wealth (i.e., the total stock of assets owned by people) and income inequality gaps have been increasing in the years following the Global Financial Crisis of 2007–2008 (GFC) and the Great Recession (Saez & Zucman, 2014, 2016). Indeed, Saez & Zucman (2014, 2016) demonstrate levels of wealth inequality comparable to levels in the “roaring twenties,” just before the stock market crash of 1928 and the ensuing Great Depression.

### ***Shrinking Middle Class***

There is other troubling data. The Pew Research Center released a disquieting report at the end of 2015 that demonstrated that the American middle class was no longer in the majority, a trend which the report claimed “could signal a tipping point” (Kochhar, 2015). This trend was confirmed by Saez & Zucman (2014; 2016), who also note that despite middle class home ownership and pension funds, debt associated with mortgages and student loans is much higher than in earlier years. And while the Pew report finds that there has been growth in the upper tier, that finding is problematic in that 49% of aggregate U.S. income devolved to the upper tier while the middle declined from 62% in 1970 to 43% in 2014. These trends are more startling in that, in the U.S., the top 1% of earners now earn more than 20% of all income and the 400

richest Americans control more wealth than the 150 million least well off (Reich & Kornbluth, 2013).

### ***A Global Problem***

The problem is not confined to the United States. Another report by the Pew Research Center notes that although some 700 million people around the globe have “stepped out” of poverty, they have only done so “barely,” meaning that they may no longer be living in “extreme” poverty but are still poor (Kochar, 2015). The same report also finds that while the middle income population has increased worldwide, most people have remained poor, with 15% of the world’s population living on less than \$2.00 a day and 56% at the “low income” level of between \$2.01 and \$10.00 a day. Moreover, the pathbreaking work of Thomas Piketty warns of the possibility that structural conditions in the economy will continue to fuel ever-greater wealth gains by the already wealthy at the expense of the rest of the population (Piketty, 2014).

### ***Global Jobs Crisis***

These data suggest that inequality, both in the U.S. and globally, is in many ways as problematic as climate change. Both are potential sources of societal and civilizational instability—inequality can lead to civil unrest, particularly if there are not enough jobs to support people.

A 2014 report by the World Bank<sup>1</sup> warned that the world is possibly heading for a global jobs crisis: some 600 million jobs need to be created simply to keep up with population growth in the G20 alone, where there are already more than 100 million people unemployed and nearly 450 million living on less than \$2/day. An International Labour Organization report from 2015 indicated that the global employment situation is likely to worsen between 2015 and 2020. Some 201 million people were unemployed in 2014, more than 31 million more than before the GFC. Furthermore, some 61 million jobs have been lost since the crisis, meaning that nearly 280 million new jobs need to be developed by 2019 simply to close the gap created by the GFC. The situation is particularly problematic for young people, as almost 74 million young people (15–24) were seeking work in 2014. In addition, seemingly inexorable forces are shaping business and economics today, including global economic integration and technological changes that are shifting the number, type, and nature of jobs in both the developed and developing world

---

<sup>1</sup><https://www.rte.ie/news/business/2014/0909/642408-world-bank/> (accessed March 7, 2017).

(e.g., Rifkin, 2014; Pinney, 2014). Even what we think of as high-skilled jobs, like much of the work of junior lawyers, accountants, technologists, and some doctors, can now be outsourced or off-shored, with the resulting reduction of positions creating disruptions in numerous local economies (albeit others might benefit to some extent).

Inequality combined with lack of productive work for so many could even result in social collapse, as Jared Diamond (2005) dramatically argues. Protests like the Arab Spring, Occupy, and in Spain, Egypt, and Greece, among others, suggest the discontent that can erupt—and spill into civil disruption—if equity and employment are not dealt with effectively at the policy level. And even if collapse does not happen, keen observers like Piketty and Saez & Zucman warn of a “dystopian future” in which the rich/poor gap continues to widen (Piketty, 2014; Saez & Zucman, 2014). The vast majority of people, the bottom 90%, own very little, and can potentially experience quite readily a significant lack of dignity in the way that they are treated and positioned in their societies. It is to the question of dignity that we now briefly turn.

## **DIGNITY, POVERTY, BUSINESS, AND SUSTAINABILITY**

A fundamental reason why poverty and growing gaps between the wealthy and the poor are problematic is that poverty too often has the effect of violating the dignity of the poor (e.g., Moellendorf, 2009). Roman Catholic Social Teaching, many activist civil society organizations like Amnesty International and Civicus, and multilateral organizations like the United Nations (among others) have argued for the dignity of all persons for many years. That conversation, however, has typically played only a minor role in the ways that modern business and economic systems have evolved. Indeed, dignity violations occur regularly in businesses even when people do have jobs. These are evident in the existence of sweatshops, worker exploitation, the lionization of abusive bosses by the business media, industrialized production and service (e.g., call center) systems that dehumanize workers, and other degrading conditions, including unemployment that comes from efficiency and productivity increases. Frequently upholding dignity and reducing dignity violations have been low or nonexistent priorities in businesses and economics (e.g., Hahn, 2012).

### ***Dignity as a Foundational Value***

The separation of dignity, inequality, and sustainability, however, has begun to shift as various global actors realize how interlinked all

of these aspects of human civilization are. Dignity is defined as the inherent value, worth, and vulnerability of human beings (Hicks, 2011). Hicks argues that every human being, no matter what his or her station in life, is born with dignity and is therefore worthy and deserving of being treated with dignity. Pirson & Dierksmeier (2014: 550) suggest that dignity is comprised of “priceless aspects of humanity—including character, virtue, integrity (moral, physical, psychological), knowledge, wisdom, love, trust, or forgiveness.” The concept of human dignity is also associated with four fundamental rights—freedom, shelter, provision, and self-esteem (Hahn, 2012). The problem is that despite being born worthy of dignity, people are also vulnerable to dignity violations that degrade, dehumanize, or instrumentalize them (Hicks, 2011).

Hicks, who has studied dignity and its violations globally, differentiates dignity from respect. She argues that everyone has inherent dignity, no matter who they are or what they do, but that respect must be earned. Respect is accorded to people who have done something admirable, inspirational, or otherwise positively notable.

### ***Linking Dignity and Sustainability***

It is clear from the definitions above that dignity is fundamental to a humanistic conception of human beings. Yet the links among dignity, poverty, and sustainability have hardly been addressed in the context of business. In the early 2000s, scholarship about the so-called “bottom [or base] of the pyramid,” generated by the work of C. K. Prahalad and Stuart Hart (Hart & Prahalad, 2002; also Prahalad & Hammond, 2002, 2004), raised the issue of how businesses might profitably serve the poor. The BOP framework advocated business models specifically aimed to help people living in poverty raise their standard of living and potentially lift them out of poverty, thereby (implicitly) potentially enhancing their dignity. Unfortunately, many of the proposals for BOP strategies tended to increase, rather than reduce, the ecological (or sustainability) impact of products (Kolk, Rivera-Santos, & Rufín, 2013).

Focusing explicitly on sustainability, Hart & Milstein (2003) developed what they termed a sustainable value framework. It links the creation of shareholder value with sustainability, defining a “sustainable enterprise [as] one that contributes to sustainable development by delivering simultaneously economic, social, and environmental benefits—the so-called triple bottom line” (Hart & Milstein, 2003: 56). This model, however, does not make the further link to enhancing the status and dignity of the poor, although Hart (2005) does make this link in his book *Capitalism at the Crossroads*.



### ***Dignity at the Bottom of the Pyramid***

Over time, the focus of interest in the bottom of the pyramid shifted from *serving* the poor to business strategies and marketing *toward* the poor (Kolk et al., 2013). While there is some indication of positive economic and social results from BOP initiatives in the study by Kolk et al. (2013), most research has not really addressed outcomes. One conclusion is that BOP initiatives recognize the poor mainly as ways to add more value to companies' bottom lines, with any enhancements of dignity occurring as a by-product (Hahn, 2012). In fact, Karnani (2005) argued that there was no "fortune" at the base of the pyramid, and that most so-called BOP strategies were actually ways for businesses to make more money targeting this potential market.

There have been some efforts that aim to enhance multinational corporations' and other businesses' treatment of the poor, e.g., providing what the International Labor Organization calls "decent work" (see Kolk & Van Tulder, 2006). The U.N. Global Compact, which now has about 12,000 signatories (including 8,000 businesses), developed ten foundational principles meant to foster human and labor rights, environmental sustainability, and anti-corruption.<sup>2</sup> Six of these principles focus on labor or human rights; the tenth emphasizes working against all forms of corruption, including bribery and extortion, which are clear dignity violations. Seven of the U.N. GC principles, therefore, can be construed as explicitly upholding or fostering dignity. On the other hand, the other three principles emphasize environmental issues which Pope Francis (2015) cogently notes are inextricably linked with equity issues; therefore, they also support a dignity link.

### ***Human Rights and Dignity***

Human rights receive prominent mention in the U.N.'s Guiding Principles on Business and Human Rights.<sup>3</sup> This framework explicitly states the need for businesses to *respect* human rights as expressed in the International Bill of Human Rights and various ILO conventions, *protect* against business-related human rights abuse, and *remedy* problems when they are uncovered.

Perhaps the linkages among sustainability, inequality, and dignity are made most clear in another set of U.N. initiatives, the eight

---

<sup>2</sup>U.N. Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org)).

<sup>3</sup>*Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework* ([http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)).

Millennium Development Goals (MDGs [which expired in 2015]) and the subsequent 2016–2030 Sustainability Development Goals (SDGs) which replaced them.<sup>4</sup> The SDGs are systemic goals that explicitly make the connections to “end extreme poverty, fight inequality and injustice, and fix climate change.”

Fairly radical in their aims, the seventeen SDGs include the dignity-enhancing, inequality-reducing, and poverty-alleviating goals of eradicating (extreme) poverty and hunger, fostering good health, quality education, gender equality, clean water and sanitation, peace and justice, and reduced inequalities overall. On the sustainability front, SDG goals include increasing renewable energy, sustainable cities and communities, reducing climate change, and fostering healthy life below water and on land. On the societal and economic fronts, the SDGs aim for good jobs and economic growth, responsible consumption (to promote sustainable lifestyles), peace and justice, and a partnership mentality. Indeed, there are obvious overlaps around dignity, equity, and sustainability in these goals since these issues cannot readily be teased apart. Moreover, actors in all three spheres of civil society, government, and business are expected to play roles in helping to meet the SDGs.

## **AVOIDING A “GLOBAL SUICIDE PACT”**

Policy makers, economists, business leaders, and journalists (not to mention the rest of us) focus obsessively on the stock market and other indicators which are geared toward the already well-off. Countries, for their part, obsess about increasing gross national product (GNP), which has been known to be a flawed measure with respect to social wellbeing since its inception. Ecological and social costs associated with these ways of doing business and economics are considered by economists and, importantly, accountants to be externalities, which are not (currently) counted as negatives in important measures such as gross national product (GNP) or company profits. In fact, externalities (or costs incurred to deal with them) typically count as enhancements to economic activity (e.g., when cleanup of pollution is needed) that add to economic “growth.”

Such disconnects between the dominant neoliberal economic paradigm and its policies and social justice, human dignity, and sustainability are at the core of Pope Francis’s and many others’ critiques

---

<sup>4</sup>United Nations, *Sustainable Development Goals* (<https://sustainabledevelopment.un.org/sdgs>).

of today's capitalism. The current economic system fosters ever more materiality, consumption, and product churn. Today's economies are dominated by the financial sector, which has vastly multiplied its influence on the economy since the 1980s. The system also fosters rapid technological change with all of its associated material and social costs, and an exaltation of a so-called "free market" that does not actually exist. As Ehrenfeld & Hoffman (2013) and Jackson (2011) have demonstrated, economies—and humans—cannot continue endless consumption (not to mention population growth) on a finite planet, and decreased unsustainability is not the same thing as sustainability. Yet business as usual continues apace.

### ***New Theory of Business***

Clearly, new economic and business paradigms are needed in this troublesome context before the world faces what some claim may be global catastrophe (e.g., Lovelock, 2006, 2007, 2009) or others "merely" a great disruption (Gilding, 2011). Moreover, delay in dealing with the sustainability crisis has become both economically and socially costly (IPCC, 2014). The question is, what changes can feasibly be made to the current economic and business system that might result in better outcomes? It is to this question that we now briefly turn as we consider changes that can make a significant difference in the current trajectory.

One shift already occurring is that leading scholars are beginning to articulate new ways for businesses to design purposes in the context of dignity, sustainability, and the inequality crisis. Thomas Donaldson and James Walsh (2015), for example, argue for a new "theory of business" which they claim is lacking. Their theory articulates the purpose, accountability, control, and measures of success of businesses quite differently from the current norms of shareholder wealth maximization and continual growth. Donaldson & Walsh argue clearly that firms should contribute to what they call collective value, stating that:

[a] firm is a human creation, one designed by humans and for humans. At a minimum, all of its activities must clear the Dignity Threshold. No firm should disrespect the inherent worth, the dignity, of its many business participants. It must treat each one with respect. Moreover, no firm should forget that the final justification of its activities from a social perspective lies in its contribution to collective value. (Donaldson & Walsh, 2015: 198)

Donaldson & Walsh call for firms to be accountable to their participants, i.e., those stakeholders without which the firm cannot be successful. In undertaking this new theory of the firm, these authors also

argue that firms need to be accountable to current stakeholders—and, just as importantly, to future ones as well. They even give a nod to the planet's other living beings as worthy of the considerations of dignity and good treatment, with the notion that the control of businesses needs to focus on ensuring that there are no dignity violations for any stakeholders.

### ***Need for Business and Economic Paradigms***

Businesses today are constantly being told by economists and financiers that they must maximize wealth and profitability as their core purposes, no matter what the social or ecological costs are. The neoliberal agenda strongly emphasizes so-called “free markets,” individualism, free trade (globalization), and growth under rubrics, many of which are accepted as gospel, like “maximize shareholder wealth.” Things are beginning to shift, however, as new recognition of the power of this narrative rises and alternative ideas are set forth (e.g., Waddock, 2016). For example, legal scholar Lynn Stout (2008, 2012) has rigorously demonstrated that there is actually no mandate that requires companies to “maximize shareholder wealth,” despite the fact that managers and sometimes even courts have this misconception.

One important shift is to create a new sense of purpose and set of goals for economic actors like companies, as Donaldson & Walsh (2015) argue. Such purposes need to be underpinned by a new set of memes and business-in-society narratives that moves away from the narrowly focused issue of maximizing shareholder wealth toward a broader, societally-, and ecologically-responsive set of purposes (e.g., Waddock, 2016). A major effort to shift the conversation about the roles, purposes, and functions of businesses is represented by the Humanistic Management Network, which promotes a humanistic approach to economics that encompasses both human dignity and wellbeing (more information is available at [www.humanetwork.org](http://www.humanetwork.org)). This group, along with others, is developing a new initiative called Leading for Wellbeing which is explicitly aimed at creating a coalition of actors oriented toward changing the business and economic narratives in society for the wellbeing and dignity of all.

Similarly, the Tellus Institute's Great Transition Initiative (<http://www.greattransition.org/>) aims to develop “concepts, strategies, and visions for a transition to a future of enriched lives, human solidarity, and a resilient biosphere,” while the New Economy Coalition ([www.neweconomy.net](http://www.neweconomy.net)) is focused on “imagining and building a future where people, communities, and ecosystems thrive” by creating change in the economy and politics. Still another effort is that of the

New Economics Foundation of the UK ([www.neweconomics.org](http://www.neweconomics.org)), which aims to “transform the economy so that it works for people and the planet.” These initiatives represent only a few out of possibly millions of attempts, some small and others large, that constitute what ecologist Paul Hawken (2007) has called “blessed unrest” and which aim to make the world more equitable and sustainable at the same time. The key to shifting the existing paradigm, in some respects, is getting these and many other aligned initiatives to work together on creating what stakeholder theorist R. Edward Freeman (University of Virginia) calls a new “story” about business that encompasses dignity, wellbeing, and sustainability (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010), or what Donaldson & Walsh (2015) call collective wellbeing.

### ***New Measures of Success***

Key measures of company success in accord with a construct much broader than the financial bottom line are starting to gain traction. Ideas about “wellbeing,” much aligned with Donaldson & Walsh’s (2015) concept of “optimized Collective Value” subject to clearing the dignity threshold, are embedded in emerging indicators. These new measures include the Genuine Progress Indicator (GPI), whose use is growing, the Human Development Index (HDI), and even the Gross National Happiness (GNH) indicator. All are different ways of assessing a broader array of elements that contribute more to societal wellbeing than does GNP.

To promote acceptance of these measures, policy makers need to understand that not all “wealth” particularly considered as dignity, wellbeing, and sustainability can be measured solely in economic terms. Many company executives already have this understanding because their companies have been issuing triple-bottom-line (people, planet, and profit or, perhaps more current, people, planet, and prosperity), ESG (environmental, sustainability, and governance), or sustainability reports for years. This reporting reality, according to the accounting firm KPMG, is now “de facto law” at least for multinational firms, which are expected to issue such reports. Many ESG reports, for instance, adhere to the guidelines of the Global Reporting Initiative (GRI), the global standard for ESG reporting founded in 1997 which is linked to reporting requirements for the U.N. Global Compact’s 12,000 (8,000 business) signatories. GRI itself, however, is also being supplemented by another set of initiatives, including SASB (Sustainability Accounting Standards Board [<http://www.sasb.org/>]) in the U.S., aimed at helping companies develop material information about their sustainability performance and disclose it to investors.

As learning about reporting so-called “non-financial” results grows, so does interest in the concept of integrated reporting via the global International Integrated Reporting Initiative (<IR> [<http://integratedreporting.org/>]), which is setting the standards for annual reports that integrate financial and ESG information into a single document. Although integrated reporting is still in its early days, it is already mandated in South Africa while ESG reports are required for listed companies on a number of important stock exchanges. Integrated reporting by all companies is a next logical step and one way to enhance the linkages among dignity, sustainability, and equity at the company level.

Company analysts in the social investment community have also been developing broad indicators of companies’ performance in multiple dimensions that affect sustainability, society, and equity/dignity for years to come. For example, company social ratings agencies (like MSCI ESG, Vigeo, and even, to some extent, Moody’s, among others) have for years rated companies on social and ecological indicators. These metrics include community relations, environment or sustainability, product quality, supply chain management, and similar measures that detail companies’ “social” and responsibility performance, and which are increasingly used by investors to make investment decisions. Other initiatives use customers’ ratings, as is done with Good Guide (<http://www.goodguide.com/>), to highlight and evaluate companies’ responsibility performance.

In addition, new company forms like B Corporations (<http://www.bcorporation.net/>) and social enterprises have in recent years provided ways for companies to design themselves while keeping multiple bottom lines (or ESG performance) explicitly in mind. The explosive growth in such multiple-bottom-line enterprises suggests their attractiveness for many people.

### ***Shifting Purposes for Businesses***

The keys to change may lie in providing incentives for changed behaviors, measuring firms and their outputs that encompass critical ESG factors, and broadening our understanding of the nature and purposes of businesses to encompass wellbeing (or, as Donaldson and Walsh would have it, collective value). In a sustainability constrained context, potential shifts include developing and rewarding new (or reinstituting old) business models that focus on developing durable, high quality, upgradable, and reusable products and services with minimal impact. For example, products involving computer software need to be upgraded

via software rather than churned via replacements in hardware. As the types of rating systems discussed above continue to evolve, it is likely that companies will increasingly be rated on factors like durability and quality of their products as part of their sustainability agendas.

### ***Shifting Business Practice***

Social media, like company ratings, social investment analytics, and “best practice” surveys and rankings, have a role to play in fostering the types of changes needed for companies to become more sustainable, more equitable, and begin treating people with more dignity. As companies like Good Guide and the methods employed by firms like e-Bay to rate sellers and buyers become better known, other imitators are likely to develop platforms where companies’ performance along dimensions of sustainability, dignity, and equity can be assessed. In such a social media context, companies that exhibit problematic practices, such as excessive marketing of unneeded, unnecessary, and wasteful goods and services, could readily be called out and made (negative) examples of. Such negative publicity would mean that they would suffer from the implications of such practices rather than be lionized for “growth” at the expense of sustainability and the dignity of both people and the planet’s other beings.

Along similar lines, activists have already exposed many of the problems of modern agriculture through videos, books, and other outlets, but much more of this type of activity, responsibly handled, becomes more feasible and likely in a decentralized social media context. Agricultural practices that strip land of organic matter, poison it, and greatly violate the dignity of sentient beings need to be called out for what they are. Pressure from activists, who openly expose problematic practices and highlight their implications, could shift viewpoints. They could also highlight the advantages of changes toward more sustainable, earth-, and people-friendly policies such as organic farming, which, unlike current practices, has been claimed to be able to feed the world’s human population while enhancing, instead of depleting, topsoil.

As activists organize and learn to use the resources of social media to effect change, all kinds of problematic practices could be exposed. For example, foodstuffs that lack much real nutritional value while providing excessive salt, fat, and sugar (a description that includes most processed foods [Moss, 2013]) could be made even more visible for what they are. At the same time, sustainable and organic substitutes could be provided at reasonable cost and with multiple benefits as locally raised goods become more popular (and movements like “Slow Food” enhance

their impact). Some of these benefits, properly implemented, could produce less ecological impact—shorter transportation routes, smaller farmers using more land- and food-friendly practices, better nutritional quality in food products, provision of decent work locally for many more people since smaller farms are more labor intensive, and reduced use of artificial fertilizers and pesticides (see Pollan, 2006).

Educating consumers about the impacts of substances like fat, sugar, and salt, as well as of food processing in general, is also necessary. New regulations in the U.S. that detail the actual content of such substances in food will be helpful in providing the kind of product transparency that enables educated consumers to make better food choices, as well as enhancing activism against poor practices. Indeed, ecologists suggest that to bring about sustainability—with positive attendant shifts in health (see the recent World Health Organization's warnings about certain meats [Bouvard et al., 2015]), better and more dignified lives for animals raised, and far less pollution—the quantity of meat eaten, along with the number of animals raised for food, needs to be greatly reduced. As such, substitutes for inhumane practices of animal husbandry carried out in many industrialized farms today also need to be found.

The above examples represent only a few ways in which business practice might be rethought in a world where measures of performance are geared toward sustainability, equity, and dignity for all living beings (including nature itself).

### ***Changing Accounting Practice***

Integrated reporting for companies, which will shift accounting practice dramatically, is on the horizon. Changes in accounting regulations and practices can thus be helpful in bringing about a transition toward wellbeing, sustainability, and greater equity. Indeed, some accountants have for a number of years already been developing ideas about lifecycle accounting and full cost accounting, both of which incorporate the real cost of producing goods and services. And while changing accounting regulations so that companies must fully cost the products and services they deliver—thereby internalizing what are now externalities—would be difficult, such will become necessary as the sustainability and climate change crises mature. Of course, prices would need to be adjusted accordingly, i.e., raised to include full costs, which would affect the poor more and create some equity issues. The incentives for companies, therefore, would be on what some call “servicization” (White, Stoughton, & Feng, 1999), which means that companies would make money by producing high quality, durable, and



upgradable products and then “servicing” them over time, rather than through product churn. Once again, ecological and resource constraints are likely to push this way of doing business forward.

### ***Changing Management Education***

One area ripe for change is global management education, which has been implicated in many of the problems facing the planet today, particularly in the spectacular global financial crisis of 2007–2008. Multiple initiatives with the intent of reforming management education have emerged in recent years, including the Principles for Responsible Management Education (PRME, <http://www.unprme.org/>), the Globally Responsible Leadership Initiative (GLRI, <http://www.grli.org/>), and the 50+20 initiative (<http://50plus20.org/>), all of which argue for responsible management education that takes sustainability, equity, social justice, and future wellbeing into account. Indeed, the U.S. business school accrediting agency AACSB (2016) has developed a “collective vision for business education” that advocates for business schools serving as enablers of global prosperity and catalysts for innovation, among other factors.

Of particular relevance to this journal, the annual meeting of the International Association of Jesuit Business Schools, the Colleagues in Jesuit Business Education, and the rest of the world’s 200 Jesuit business schools resolved to collaborate on an application to the MacArthur Foundation. This proposal aims to align Jesuit business education more fully with “universally-valued Jesuit educational tenets and with the need for global sustainability, social justice, and poverty alleviation.”<sup>5</sup> The idea is to demonstrate that it is possible to transform the curriculum quickly to address global sustainability, equity, and dignity as urgent crises.

### ***Moving Forward***

The list of what needs to be done could go on rather endlessly, and no one single initiative (or paper) can deal with all of them. For example, policies that create inequality, including tax policies that enable the already wealthy to escape paying taxes and corporations to offshore their profits, among other factors, need to be made transparent so that civil society actors can better pressure governments for change. What is clear, however, is that many initiatives are needed to effect change—activism, education, awareness campaigns, pressure on firms and legislatures to

---

<sup>5</sup>From the discussion on the MacArthur Foundation application at the IAJBS World Forum in Nairobi, Kenya on July 20, 2016.

create policy changes, new business forms, and changes in structural incentives and goals, among others. The reasons these changes are needed, however complex their implementation may be, are quite simple—the combination of sustainability crises, growing inequality, and dignity violations continues to place humanity, not to mention many other creatures, at risk.

## CONCLUSION

Transforming the economy wholesale is a daunting task of large system change (Waddell, Waddock, Cornell, Dentoni, McLachlan, & Meszoely, 2015) fraught with complexity and wicked problems (Waddock, Dentoni, Meszoely, & Waddell, 2015). Understanding the complexity of the sweeping changes actually needed suggests moving, as many initiatives are trying to do, in a concerted direction across multiple paths. The current trajectory, however, is equally daunting if its implications are fully understood. Though it is difficult to change this business as usual momentum, U.N. Secretary General Ban Ki-moon, addressing the World Economic Forum in 2011, could not have stated the stakes more clearly:

For most of the last century, economic growth was fueled by what seemed to be a certain truth: the abundance of natural resources. We mined our way to growth. We burned our way to prosperity. We believed in consumption without consequences.

Those days are gone. In the twenty-first century, supplies are running short and the global thermostat is running high. Climate change is also showing us that the old model is more than obsolete. It has rendered it extremely dangerous. Over time, that model is a recipe for national disaster. *It is a global suicide pact.* (Ban, 2011, italics added)

Ban articulated a fundamental question—perhaps *the* fundamental question—facing the planet: “How do we lift people out of poverty while protecting the planet and ecosystems that support economic growth?” Making the necessary transition is far from easy, but the alternative as posted by Ban makes it a clear imperative for all of us.

## REFERENCES

- AACSB [Association to Advance Collegiate Schools of Business]. 2016. *A collective vision for business education*. Available at <http://www.aacsb.edu/~media/ManagementEducation/docs/collective-vision-for-business-education.ashx>.
- Ban, K. 2011. *Twentieth-century model "a global suicide pact," Secretary-General tells World Economic Forum session on redefining sustainable development*. U.N. Press Release, January 28. Available at: <http://www.un.org/press/en/2011/sgsm13372.doc.htm>.
- Barnosky, A. D., Matzke, N., Tomiya, S., Wogan, G. O., Swartz, B., Quental, T. B., Marshall, C., McGuire, J. L., Linsey, E. L., Maguire, K. C., Mersey, B., & Ferrer, E. A. 2011. Has the Earth's sixth mass extinction already arrived? *Nature*, 471(7336): 51–57.
- Bouvard, V., Loomis, D., Guyton, K. Z., Grosse, Y., Ghissassi, F. E., Benbrahim-Tallaa, L., Guha, N., Mattock, H., & Straif, K. 2015. Carcinogenicity of consumption of red and processed meat. *Lancet Oncology*, December(16): 1599–1600.
- Capra, F. 1995. *The web of life*. New York: Anchor Doubleday.
- Capra, F., & Luisi, P. L. 2014. *The systems view of life: A unifying vision*. Cambridge University Press.
- Diamond, J. 2005. *Collapse: How societies choose to fail or succeed* (revised ed.). New York: Penguin.
- Donaldson, T., & Walsh, J. P. 2015. Toward a theory of business. *Research in Organizational Behavior*, 35: 181–207.
- Ehrenfeld, J., & Hoffman, A. 2013. *Flourishing: A frank conversation about sustainability*. Palo Alto: Stanford University Press.
- Eldredge, N. 2001. *The sixth extinction*. American Institute of Biological Sciences. Available at [http://endangeredink.com/programs/population\\_and\\_sustainability/extinction/pdfs/Eldridge-6th-extinction.pdf](http://endangeredink.com/programs/population_and_sustainability/extinction/pdfs/Eldridge-6th-extinction.pdf).
- Francis. 2015. *Laudato si': On care for our common home*. Vatican City: Libreria Editrice Vaticana. Available at: [http://w2.vatican.va/content/dam/francesco/pdf/encyclicals/documents/papa-francesco\\_20150524\\_enciclica-laudato-si\\_en.pdf](http://w2.vatican.va/content/dam/francesco/pdf/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si_en.pdf).
- Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & De Colle, S. 2010. *Stakeholder theory: The state of the art*. Cambridge University Press.
- Gilding, P. 2011. *The great disruption: How the climate crisis will transform the global economy*. Bloomsbury Publishing.
- Hahn, R. 2012. Inclusive business, human rights and the dignity of the poor: A glance beyond economic impacts of adapted business models. *Business Ethics: A European Review*, 21(1): 47–63.
- Hart, S. L. 2005. *Capitalism at the crossroads: The unlimited business opportunities in solving the world's most difficult problems*. Pearson Education.
- Hart, S. L., & Milstein, M. B. 2003. Creating sustainable value. *The Academy of Management Executive*, 17(2): 56–67.
- Hart, S. L., & Prahalad, C. K. 2002. The fortune at the bottom of the pyramid. *Strategy+Business*, 26(1): 54–67.

- Harvey, F. 2015. Paris climate change deal too weak to help poor, critics warn. *The Guardian*, December 14. Available at <http://www.theguardian.com/environment/2015/dec/14/paris-climate-change-deal-cop21-oxfam-actionaid>.
- Hawken, P. 2007. *Blessed unrest: How the largest movement in the world came into being and why no one saw it coming*. New York: Penguin.
- Hicks, D. 2011. *Dignity: The essential role it plays in resolving conflict*. New Haven: Yale University Press.
- IPCC. 2014. Summary for policymakers. In C. B. Field, V. R. Barros, D. J. Dokken, K. J. Mach, M. D. Mastrandrea, T. E. Bilir, M. Chatterjee, K. L. Ebi, Y. O. Estrada, R. C. Genova, B. Girma, E. S. Kissel, A. N. Levy, S. MacCracken, P. R. Mastrandrea, & L. L. White (Eds.), *Climate change 2014: Impacts, adaptation, and vulnerability. Part A: Global and sectoral aspects*: 1–32. New York: Cambridge University Press.
- Jackson, T. 2011. *Prosperity without growth: Economics for a finite planet*. Abington, UK: Routledge.
- Karnani, A. 2005. Misfortune at the bottom of the pyramid. *Greener Management International*, 51: 99–111.
- Kochhar, R. 2015. *A global middle class is more promise than reality*. Pew Research Center, July 8. Available at <http://www.pewglobal.org/2015/07/08/a-global-middle-class-is-more-promise-than-reality/>.
- Kolk, A., Rivera-Santos, M., & Rufin, C. 2013. Reviewing a decade of research on the “Base/Bottom of the Pyramid” (BOP) concept. *Business & Society*, 53(3): 338–377.
- Kolk, A., & Van Tulder, R. 2006. Poverty alleviation as business strategy? Evaluating commitments of frontrunner multinational corporations. *World Development*, 34(5): 789–801.
- Lovelock, J. 2007. *The revenge of Gaia: Earth's climate in crisis and the fate of humanity*. New York: Basic Books.
- Lovelock, J. E. 2009. *The vanishing face of Gaia: A final warning*. New York: Basic Books.
- Mabey, N., Burke, T., Gallagher, L., Born, C., & Kewley, B. 2015. *Judging the COP21 outcome and what's next for climate action*. E3G, December 12. Available at <http://www.e3g.org/library/judging-cop21-outcome-and-whats-next-for-climate-action>.
- Moellendorf, D. 2009. Global inequality and injustice. *Journal of International Development*, 21(8): 1125–1136.
- Moss, M. 2013. *Salt, sugar, fat: How the food giants hooked us*. New York: Random House.
- Oxfam. 2016. *An economy for the 1%: How privilege and power in the economy drive extreme inequality and how this can be stopped*. 210 Oxfam Briefing Paper. January 18. Available at [https://www.oxfam.org/sites/www.oxfam.org/files/file\\_attachments/bp210-economy-one-percent-tax-havens-180116-en\\_0.pdf](https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp210-economy-one-percent-tax-havens-180116-en_0.pdf).
- Piketty, T. 2014. *Capital in the twenty-first century*. Cambridge, MA: Harvard University Press.
- Pinney, C. 2014. Economic growth and inequality: Why it matters and what's coming next. *Journal of Applied Corporate Finance*, 26(2): 30–39.

- Pirson, M. A., & Dierksmeier, C. 2014. Reconnecting management theory and social welfare: A humanistic perspective. *Academy of Management Proceedings*, January: 550–555.
- Pollan, M. 2006. *The omnivore's dilemma: A natural history of four meals*. New York: Penguin.
- Prahalad, C. K., & Hammond, A. 2002. Serving the world's poor, profitably. *Harvard Business Review*, 80(9): 48–59.
- Prahalad, C. K., & Hammond, A. L. 2004. Selling to the poor. *Foreign Policy*, Oct. 27: 30–37.
- Reich, R., & Kornbluth, J. 2013. *Inequality for all*. Documentary film. NonStop Entertainment.
- Rifkin, J. 2014. *The zero marginal cost society: The internet of things, the collaborative commons, and the eclipse of capitalism*. Palgrave Macmillan.
- Saez, E., & Zucman, G. 2014. *Wealth inequality in the United States since 1913: Evidence from capitalized income tax data*. Working Paper No. 20625. National Bureau of Economic Research.
- Saez, E., & Zucman, G. 2016. Wealth inequality in the United States since 1913: Evidence from capitalized income tax data. *Quarterly Journal of Economics*, 131(2): 519–560.
- Stout, L. A. 2008. Why we should stop teaching Dodge v. Ford. *Virginia Law & Business Review*, 3(1): 164–176.
- Stout, L. A. 2012. *The shareholder value myth: How putting shareholders first harms investors, corporations, and the public*. Berrett-Koehler Publishers.
- United Nations. 2015. *Historic Paris agreement on climate change*. New York: United Nations. Available at <http://newsroom.unfccc.int/unfccc-newsroom/finale-cop21/>.
- Waddell, S., Waddock, S., Cornell, S., Dentoni, D., McLachlan, M., & Meszoely, G. 2015. Large system change: An emerging field of transformation and transitions. *Journal of Corporate Citizenship*, June(58): 5–30.
- Waddock, S. 2016. Foundational memes for a new narrative about the role of business in society. *Humanistic Management Journal*, 1(1): 91–105.
- Waddock, S., Dentoni, D., Meszoely, G., & Waddell, S. 2015. The complexity of wicked problems in large scale change. *Journal of Organizational Change Management*, 28(6): 993–1012.
- White, A. L., Stoughton, M., & Feng, L. 1999. *Servicizing: The quiet transition to extended product responsibility*. Boston: Tellus Institute.