
SIN NO. 6: TOO SELFISH

“It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.”

(Adam Smith)

“Deny self for self's sake.”

(Benjamin Franklin)

VIRTUE: THERE ONCE WAS A PRINCIPLE

The greatest good for the greatest number.¹

¹ Vision developed by philosophers and economists belonging to utilitarianism, mainly Jeremy Bentham, John Locke and John Stuart Mill, to whom human beings are free to do anything unless they harm others, and governments should therefore interfere when “others”, i.e. the society is threatened or harmed.

THE FLAWS

The butcher, brewer and baker story (note the absence of a banker) told by Adam Smith² has made economic history. Also because many outside the circle of classical liberals now recognize that acting out of self-interest can result in the common interest if not of all (which would be a costly or even dangerous illusion), at least of a broader group: buyers, consumers, shareholders, investors, suppliers, tax collectors, and other forms of individuals and groups now often referred to as “stakeholders”. Self-interest makes the business work, it fuels the economy, and, up to a certain point, benefits the whole society and the environment. Up to a point. What if things go down around the corner –and beyond? *“There goes the neighborhood”* is an expression used in various contexts, such as about the impact of a big mortgage crisis, which is also *“harming the neighbors of people in foreclosure, even those who aren’t having trouble making loan payments.”*³ Being surrounded by houses for sale, emptier streets, etc. doesn’t make life as enjoyable. That’s for short-term effects. More structural damages are sometimes, or more durably, at work in some places. The author of these lines was born in a “Black Country”, not the one north of Birmingham, UK, but the “Pays Noir” still surrounding Charleroi, Belgium. Once a rich area at the heart of the industrial revolution⁴, it has gone through a continuing bad patch over the last decades. Tens of thousands of employees lost their jobs, thousands of (self-) employers lost their businesses. Butchers, bakers and many others (as to brewers’ fate, check under another sin in this essay) saw less and less customers coming less regularly with less and less money, living in less maintained houses (bless DIY and the, er, black economy these last years, though), with less neighbors, in less and less clean and safe streets (sure they were never really, but then they were more filled).

Yes, Peter Drucker got it right in repeating that *“the purpose of a business is to create and keep a customer.”* Full stop? No, not that full. The above examples show how the environment in its broadest sense can affect the enterprise around the corner. It is not a coincidence then that “Business in the Community” is one of the Prince’s Charities in the UK, a country that was home to great utilitarians, and aims at mobilizing *“business for good”*, among others *“to address key*

² Adam Smith: *“The Wealth of Nations”* (1776, republished e.g. by Bantam Classics, 2003).

³ *“There Goes the Neighborhood”* was the title of an article in Boston-based *The Atlantic* (January-February 2008) describing the impact of foreclosures on the neighborhoods in the U.S.

⁴ The region is also comparable with former “black” coal-and-steel areas, such as Ohio’s Youngstown, or Pennsylvania’s Pittsburgh, with which Charleroi is twinned. Reflecting a more successful transformation, and a more dynamic capitalism, Pittsburgh consistently ranked among U.S. cleanest and most livable places these last years (see e.g. *“The World’s Cleanest Cities”*, in *Forbes*, April 16, 2007).

*social issues and the needs of local communities*⁵, that is, to make SMEs more aware of what is happening in the surroundings.

Externalities -i.e. the impact, external costs or benefits on any party not directly involved in an economic decision⁶- constitute an increasing consequence -or component- of modern business. After all, Adam Smith's butchers, brewers and bakers were already concerned by the quality of their products (as well as packaging, delivery, etc.), weren't they? For larger companies, the necessity often turns into a duty. This is where -and why- concepts and ideas such as "sustainable development" -coined by U.N. Brundtland Commission as development that "*meets the needs of the present without compromising the ability of future generations to meet their own needs*"⁷-, corporate social responsibility (CSR), responsible business, corporate citizenship have flourished over the last decade.

Don't get it wrong! Acting more responsibly or sustainably in doing business doesn't necessarily (and hopefully for the bottom line) mean distracting from doing the core business, which is about selling products to customers to make profits required for future investments, and so on. Bearing in mind that side effects are almost inevitable, it's just about showing the limits of self-interest and selfishness. But, by adding value, bringing benefits or broadening the bottom line, the "just" can impact greatly on the company and some or all of its stakeholders. Many trees have been cut to write useful books on the subject matter and a number of links bring worthwhile contributions to the debate.⁸ So let us just point out a few notable cases, examples, based on efforts, results, achievements and reporting practices from various countries and industries.

In its 1998 "*Shell Report*", the UK-Netherlands-headquartered oil group that may certainly be regarded as a pioneer in responsibility practices -and their reporting, and not only because it put its rivals to shame on this- was already asking the question: "*Profits and Principles –does there have to be a choice?*". Danish healthcare group Novo Nordisk has been a trendsetting report for years, not only for its integrated economic stakeholder model, but also for special accounting policies developed for sustainability measures. Its Swiss peer Novartis reports as much on its

⁵ "Business in the Community" website: www.bitc.org. For a broader perspective on the interaction between entrepreneurship and local development, check the OECD LEED Program on www.oecd.org, which also includes a guide to "*successful partnerships*", et al.

⁶ In this case properly defined on Wikipedia.

⁷ United Nations "*Report of the World Commission on Environment and Development*" (1987), chaired by Gro Harlem Brundtland. See also the joint OECD/UNECE/Eurostat report on "*Measuring Sustainable Development*" (2008) on www.oecd.org.

⁸ Read "*Reporting Nonfinancials*", by Kaevan Gazdar (John Wiley, 2007), who thoroughly addresses the reporting aspects. Go to www.sustainability.com, www.corporateregister.com, www.ethicalcorp.com et al. to find reports or updates on best practices. What about sustainability indexes and ratings? Well, some of them are useful, but others should be used cautiously (it's like for rating agencies...).

responsibility as on its operations. Accor (France) showed how to “*understand and manage water, energy and waste in an Accor hotel*” in a cutaway in its 2002 annual report. Holmen, the Swedish pulp and paper group, made out a strong case for increasing company’s forests by 25% over the coming thirty years in its 2006 responsibility report. Although operating in the rather “dirty” fertilizer industry, one third of the Canadian PotashCorp strategic goals are socially and environmentally driven. Among other indicators, TNT -the Dutch mail services group- compares its carbon footprint measures for all transportation means. Yet far behind best practice, the U.S. coffee chain Starbucks has been disclosing progress made on purchasing practices for a number of years. Kyocera, Ricoh, Sharp, Epson (the latter even mapped how it changed routes to reduce emissions during product transportation), and a number of large Japanese companies are striving for high business responsibility standards. That said, if a growing number of big corps take the matter seriously, careless acts, lip service, shifty reports, misrepresentations, and big lies still abound.

Don’t muddle! “*What’s good for the country is good for General Motors, and vice versa*” said Charles E. Wilson, CEO of General Motors after the end of World War II.⁹

Continued in “**The Seven Deadly Sins of Capitalism**”

⁹ According to some sources, Mr. Wilson was slightly misquoted and just said: “*What’s good for the General Motors is good for the country*”. Does this make it better or worse? We leave it up to the reader, also bearing in mind that he later became U.S. Secretary of Defense...