

Leadership Values Are at the Root of the Global Crisis

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These are dangerous times. We face an environmental crisis that endangers life on the planet and many live in poverty and under constant threat of violence and international terrorism.

Man-made climate change is the greatest security challenge of this century. We have no idea how close we are to upsetting the current equilibrium – we risk massive, unpredictable and irreversible ecological change. Tony Blair, preparing for Presidency of G8 and the EU, said the world's greatest environmental challenge was "so far-reaching in its impact and irreversible in its destructive power, that it alters radically human existence." Yet most people seem unaware of the serious need to take urgent and far-reaching action. The current US and European ways of life, replicated throughout the world would be completely unsustainable. Greenhouse gas emissions need to be cut by 60% by mid – century yet even if the stalled Kyoto Protocol was implemented, emissions would rise 30% in a decade. The South waits for the rich countries to put their house in order.

The second, less recognised, threat is the crisis caused by violence and global social injustice. The horrors in Iraq, Sudan and Palestine are three of many examples. Hostility to the West is a major threat to our security and peace of mind. 9/11 and subsequent attacks by terrorists have made it clear that no country, however rich and powerful, is safe. 'War against terror' is unlikely to work because there can be no peace without justice. People become suicide bombers when they lose hope of participating in the creation of a fair society. Exclusion and desperation lead to violence. A violent response breeds more violence. It does not tackle the underlying issues.

Human society is part of an interconnected living system. Human beings are members of a global community. What happens in other parts of the world, especially in other cultures and the less economically developed world, affects everyone. To enjoy a sustainable future, everyone needs to be a world citizen. We are all responsible. Perhaps George Bush and the Neo-Conservatives and the phenomenon of Osama Bin Laden, Al-Qaida and Fundamentalism are reflections of each other. If a living system is not respected, it hits back harshly. When people do not learn willingly, the Universe forces it on them – the principle of Karma. That applies both to our environment and human society.

Sustainability is being redefined to include far more than the environment. It embraces all those activities that lead to an unsustainable global society.

The roots of *un*-sustainability, are huge disparities in wealth and power and the worsening gap between rich and poor. For the mass of human beings, globalisation isn't working – not at least in its present form. Maybe globalisation is really 'Americanisation' or 'Westernisation'? Perhaps consumerism and the pursuit of economic growth and power are leading to spiritual poverty.

Globalisation works for a small minority of very rich and powerful people (Bill Gates receives £60m in Microsoft dividends) but not for the mass of six billion human beings throughout the world, 85% of whom live on \$5.98 per day (World Bank) and one billion on less than a dollar. Two hundred and twenty five people own more wealth than the poorest 2.5 billion people (UNDP Human Development Report, 1998). Between the 1930s and the 1980s, the gap between rich and poor was closing. But, for the last 20 years, for many in rich countries and most people in the poorest, things have got worse. In the US, many people are worse off or at least very little better off, while the rich are vastly richer. Twelve percent of the US live below the official poverty threshold; growing numbers are without health insurance. In India, rapid development has not benefited India's 550 million farmers many of whom suffering dire poverty and deep debt. Many commit suicide. 500 million people are below the poverty line.

Slavery is illegal in every country but there are more slaves than ever—an estimated 27 million. Four million women and children are trafficked every year, one million for prostitution.

Business is a major force for good.

I do not want to present an unbalanced picture. Anything that portrays globalisation and business as bad is grossly simplifying a complex picture. Life expectancy and the conditions of life for most people in the West and many in developing countries, have improved enormously in the past 100 years. The West is a freer, far more exciting place than 50 years ago, full of opportunity and possibilities. Arguably business is, and always has been the major driving force for change and innovation in society and in our ways of life, a major force for good. Most people in business are good people working hard to provide excellent products and services. An outstanding example of proactive thinking is the New Apollo Project (Apollo Alliance), an alliance of labour, environmental, civil rights, business and political leaders have a vision to create new jobs and achieve energy independence in ten years.

But business is equally capable of doing harm. As organisations grow bigger, so does the potential harm. There is a growing awareness of the adverse and extremely costly effects of business on our health and sustainability (e.g. the tobacco, alcohol, food and drinks industries, food sourcing and agribusiness), our lifestyles, the environment and the way the West is seen by other cultures. Public services struggle to pick up the pieces and the cost grows exponentially. The big change is the influence and power of business have grown enormously. The economies of many corporations are larger than some medium-sized nations. National governments have to woo them in their desire to create favourable conditions for investment in their countries. They exert great influence on global institutions and the current world free trade policies. It is these *unfair* trade policies and globalisation, which arguably are having the most damaging effect on the impoverished, poor countries and the environment.

Confidence crisis in big business.

There is a succession of financial malpractice exposures (Enron, Andersens, World Com and, now, Shell). The perception of 'fat cat' greed continues. UK directors' pay climbed three times faster than average earnings in 2003. Reports of directors bolstering their own pensions, whilst pensions of ordinary employees decline, are frequent. A large proportion of corporate profits, particularly in USA, are held in tax havens. The Economist reported Rupert Murdoch paid no tax in the UK since 1987 on his £1.4 billion profit because of the way he uses the global system to avoid tax.

Corporate Social Responsibility (CSR) is viewed by many with scepticism. Some see it as "*Greenwashing.*" CSR is about making a business case for acting in a socially and environmentally responsible way because it is the right thing to do. It means withdrawing from harmful activities

and identifying new markets for new or improved products and services that are sustainable. CSR needs to be at the heart of corporate strategy, part of the life-blood of the organisation. This is true for only a very small proportion of companies, like Interface or the Body Shop. The free market framework within which business operates makes this difficult. Instead, CSR has turned into a bandwagon, often more about looking good rather than doing good profitable business and avoiding harm.

Many people in the world experience or intuitively understand the destructive aspects of globalisation. We are at a turning point. The instability, disturbances and breakdowns we are now facing, may lead to breakthroughs in our consciousness. Rejection of the current form of global capitalism and its values may have already begun.

Leadership Values at the root of global problems

The greatest challenge of the 21st Century will be to change the value system underlying the global economy so as to make it compatible with the demands of human dignity and ecological sustainability. Fritjoff Capra, 2002

An underlying value is that moneymaking, profit, share value, market share and size, should always be more highly prized than human needs and rights, democracy and the environment (Capra, 2002). The glorification of material consumption wields tremendous power to maintain optimal conditions for the expansion of production – rather than wellbeing. Power, wealth, consumption, decisiveness and aggression are closely linked to our model of what it is to be a successful male. A big part of male consciousness includes belief in heroic top down leadership. It includes the notion that problems can be solved by violence and war, and of being right, despite what many people think. What a change it would be to say sorry.

“The noble art of losing face will one day save the human race.” Hans Blix

Business and politics are bedevilled by the unaware competition of leaders. We all suffer as a result of the male belief system that values power and domination. Patriarchy not only harms women and denies them their proper place but it harms men just as much. Patriarchy is incompatible with democracy too (Fonda, Jane, 2003). This male energy may have served us in the past. Surely, right now, we are learning that it is not working in our time? The ancient psyche that still dominates leaders’ impulses and actions is inappropriate for the interconnected world of the 21st century. These values, linked to our concept of ‘manliness’, may be changing too.

Much to learn from wise women

Maybe we have much to learn from wise women leaders. Recent Nobel Prize winner, Wangari Maathai and Vandana Shiva put sustainability at the heart of their lives. Erica Jong suggests our civilisation is in peril, like all others in the past. Unless we change our priorities we too will go. We are confused. Do we change our world through war or peace? We respond to crisis by returning to the ways of tyrants to rally support and hold on to power – a *War on Terror*. Like Hitler, Bush said, you are in danger and only I can save you. In Iraq, we are making a hotbed of terrorists and suicide bombers, enlarging what we most fear. Rather than bomb, we must address root causes – poverty, injustice and disenfranchisement. Terrorism cannot be crushed with might. We have to offer hope for a decent life with meaning so they do not have to become suicide bombers.

The idea that civilised humans love peace and dislike war and violence flies in the face of fact. Since 1700 there have been over 480 wars, resulting in over 120,000,000 deaths. The 20th century accounted for some 95% of the deaths in war since 1700. As many civilians as soldiers have been killed in wars. In the 1960's, civilians accounted for 52% of deaths; at the close of the century over 95%. The startling evidence is that those who start wars rarely win. (Peace Pledge Union)

USA, by far the largest military power, spends \$400bn annually on its armed forces. It is estimated \$220bn has been spent on the Iraq war so far. Meanwhile, the University of the West Indies is forced to reduce its budget 25%. Congressional budget analysts warn US defence spending could balloon to \$US480 billion a year in the next decade. A real war on terror would combine a radical policy of undoing injustice with integrated intelligence.

The fact is the desire to wage war is part of the human psyche. Modern man still has a primitive psyche. Roberto Assagioli, founder of Psychosynthesis, argues, despite our technological magic, we are largely ignorant of our true selves and incapable of dealing with our own emotions, impulses, thoughts and desires (Assagioli, 1983).

Men like Bush, Blair, Putin and Sharon believe they are doing the right thing but may be more influenced by an ancient psyche than they realise. We all are. We need awareness and institutions, especially the UN, to control and civilise the wildness of our human psyche.

There is hope

Information leads to greater awareness. With awareness comes transformation in consciousness. As we get older, we move from focusing on 'me' to 'us' to 'all of us.' We reach the stage where we seek to answer the fundamental question '*What is it that the world of tomorrow needs that I am uniquely able to provide?*' (Turner, 2004). Arguably there is a similar developmental process in human society as a whole. Ken Wilber and Don Beck argue individual human beings and societies are at different stages of consciousness but the trend is an upward spiral.

The paradox of the USA. Extremes live side-by-side – on the one hand raw capitalism; on the other, a great beacon of enlightenment.

Cultural Creatives, a virtual organisation, estimate in 2000, 50 million adults in the United States and probably about 80-90 million in the European Union have the worldview, values and lifestyle needed to respond to the big issues in a values based way and change the world. They ask: Is the new American dream really about getting and spending, and being the first zillionaire on the block? They argue the biggest challenges are to preserve and sustain life on the planet and find a way past the overwhelming spiritual and psychological emptiness of modern life. These people are already creating a new culture, but if they could see how promising this creativity is for all of us, and knew how large their numbers are, many things might follow. This group was set up, to help them see themselves fully and support each other in taking action.

Problems cannot be solved at the same level of consciousness that created them." Albert Einstein

For businesses committed to sustainability, the system is a problem. It helps to see the underlying system. We need to address the system and think creatively. Here is my best understanding of the key elements of this interconnected system.

The Free Market System is a major Obstacle

- **Unrepresentative Global Institutions** dominated by the short-term interests of large corporations and rich nations, have imposed unfair trading rules, “structural adjustment,” privatisation and a huge burden of Third World Debt. Theories of undiluted global capitalism, “free trade” (not fully applied to our own economies) and “trickle down” wealth creation have not worked. We have dumped subsidised goods and destroyed local suppliers.
- **Obsession with GDP** as a measure of progress rather than meeting human needs and supporting human dignity. The consumer society and glorification of material consumption turns humans into obsessive workers and consumers. There are other measures such as the New Economics Foundation’s Index of Sustainable Economic Welfare (ISEW).
- **Racism and lack of respect for difference** are at the root of social injustice. This enables us to justify exploitation and mistreatment of others who are different. It manifests in how we value some lives more than others eg Deaths of US and UK troops versus Iraqis; our problems when people express contrary views. It is paralleled by not understanding the importance of ecological diversity.
- **The Money Debt System** Almost all the money we use (except the 3% which is notes and coins) is created by commercial banks, who charge interest, not by central banks and government. We need to look afresh at the debt-money system. The need to earn enough to repay large amounts of interest and debt drives the pursuit of continuous and unsustainable economic development. This impoverishes us all in the broadest sense – not just the money but the pressure and distortion of life style. Money could be provided in other ways, particularly for investment in public services — transport, health, education, water, sewerage and affordable housing — and small businesses.
- **Company Ownership** Company ownership and financing ties businesses to the short-term pressures and unpredictability of the stock market and the threat of take-over, instead of enabling them to focus on long term development and serving customers (providing good value), employees and the community.
- **Company law.** Company law needs to be modernised. The current perception is the primary duty of directors is to shareholders — to maximise profit and share value — rather than all stakeholders such as the environment, society as a whole, local community, consumers and employees. Corporations have globalised – but the rules haven’t.
- **Taxation evasion.** Assets held offshore, either tax-free or subject to minimal tax, are estimated at €9.2 trillion, over one-third of global GDP.

Agenda for Corporate Leaders

Because of its power to change the World, business needs to take a much higher level of responsibility in the 21st century and be proactive, rather than defensive, putting human needs at the top of their agenda. This means taking on the challenge of changing the system. There are already plenty of examples of corporate leaders taking action on global issues – we need more. Here is an agenda for them to take action in their own companies and campaign for change outside:

An agenda for business leaders

1. **Promote understanding of the big picture**, the ways in which the global system is, and is not working, the damage it is causing and the future threat to human society and the planet. Many corporate leaders are insulated from the situation of the mass of human beings in the world.
2. **Make social responsibility or sustainability, broadly defined, the centre of organisational values and belief systems**. Get Sustainability into the life-blood, the heart of the company and business community.
3. **Push for reform to democratise global institutions**, namely the World Trade Organisation (WTO), World Bank and IMF. Focus on *fair*, not free trade, and the promotion of human welfare.
 - **Regulate global corporations**. Create a new legal charter framework for licensing large corporations. Rabbi Michael Learner and others call for a new charter for large corporations, requiring them to be granted a license to operate. This would require them to justify their continued license to operate on their record in acting with responsibility.
 - **Create a new legal framework for the duties of company directors** including strengthening the powers of non-executive board members to monitor sustainable and ethical performance and call directors to account.
 - **Create fresh legal frameworks for company ownership and financing** John Lewis Partnership and St Luke's Advertising are examples. In USA, ESOPs (Employee Share Ownership Plans) go far beyond the Anglo-Saxon model of ownership by stock exchange shareholders or pension, saving and insurance funds. ESOPs cover more than 9 million workers in more than 10,000 firms.
 - **Get city analysts to take Sustainable Investment seriously**. They continue to ignore the evidence that it is a sound investment strategy. There are promising initiatives with many stock exchanges and organisations joining the UN Global Compact.
 - **Pay company taxes and create accountable accounting systems**. CSR includes paying the taxes the company should pay under the law and creating accountable accounting systems. Declaring in the CSR statement that this company will refrain from using offshore financial vehicles would be a bold step. Similar statements have been made regarding financial speculation by the Co-operative bank.
 - **Close tax havens**, through which half of global trade flows through, exposing the massive profit laundering of corporations, money laundering of criminal and terrorist leagues, and tax evasion which is depriving states of their capacity to provide health and education for citizens
 - **Regulate financial markets and explore and implement measures such as the Tobin tax**. The Tobin Tax proposes a simple sales taxes on currency trades across borders which would discourage short-term currency trades—about 90 percent are speculative—but leave long-term productive investments intact.
 - **Explore alternatives to the debt-money system**, alternative ways of providing low or zero interest finance for public services, infrastructure, environmental projects, small businesses and economic development in poor and developing countries where debt is crippling.

There is progress in some of these areas but it is slow and much more is needed. This is in the long-term interests of everyone, including companies, company directors and CEOs..

“Activism is my rent for living on the planet.” Alice Walker

Amongst the obstacles are lack of awareness, complacency, vested interests in the status quo and the pain of change. We all have this problem – it's part of our psyche. All of us need to accept responsibility and stop blaming. We have to start where we are and take our own personal actions.

Closer to home, we all need to make radical changes in our living habits and use our purchasing power. For example, global sourcing, road transport and aviation contribute greatly to emissions of carbon dioxide. Government and the food industry alike need to face up to the fact that the food system as it stands is unsustainable. Tara Garnett, author of Transport 2000's ***Wise Moves***, (2003), said: "*We have developed a global food industry that is hastening the onslaught of climate change. Climate change is not just a power station or car but the food on our plate too.*"

The way human beings learn is messy. When things are not working, something else emerges. Things transform whatever we do. It is up to each of us, to decide what unique part we want to play, where our energy lies, where our passion will take us and what we will do.

The opportunity and challenge

We are all in the same boat, drifting to disaster if we do not take action. What can we, in OD, Internal or External Consulting, HR, HRD, Mentoring, Management Development and Education, do? We may have access to board members, where these issues arise constantly. We are in an especially good position to influence, particularly in the areas of values and purpose and whether or not company actions are fully in line with their espoused mission. HR Directors often have the respect of fellow board members, where these issues arise constantly. Is CSR and Sustainability at the heart of the business, in the blood stream and understood by everyone? Are the board walking their talk? Are they seeing and grasping the business opportunities in the big issues? Are they in defence and denial?

In the West particularly, we need to take on the challenge if we care about future generations and our own, peace and stability. It is nice to facilitate. We also need to shock, challenge and make the business case for acting in a socially and environmentally responsible way because it's the right thing to do. That takes courage, tough love. It is probably the most important thing we can do.

What is it that the world of tomorrow needs that I am uniquely able to provide?

Whatever you do may seem insignificant, but it is most important that you do it. **Mahatma Gandhi**

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