

Leading Towards Change of Ethics and Caring: Resisting Temptation and Reaping the Benefits

By Riane Eisler, Simon L. Dolan & Mario Raich



Businesses stand at a crossroads, and our current systems are not sustainable given the present economic and environmental crises. In this article, Riane Eisler, Simon L. Dolan and Mario Raich suggest that profitability and caring business decisions can support each other. Below, the authors argue that businesses that care for all stakeholders can be even more successful than those that do not, and describe ways that business leaders can develop more responsible policies and practices.

Increasingly scholars advance the thesis that our businesses, and our world, stand at a crossroads.^{1,2} On the one hand, more people are aware that ‘business as usual’ not only lies behind severe business downturns and losses, but also causes great harm to employees, customers and to our natural environment. On the other hand, present business and economic rules often make unethical, uncaring, and irresponsible business decisions possible.

Our current systems are not sustainable given the present economic and environmental crises. There is an urgent need for fundamental changes in how businesses operate. We argue in this paper that more caring and ethical policies and practices will lead not only to greater business productivity and creativity, but also to less violence and crime, greater environmental sustainability, and more economic and social equity worldwide. But the latter requires a dramatic shift from focusing exclusively on short-term financial profits to a more embedded, holistic and long term ethical and caring perspective.

We have to look at the larger picture: not only areas traditionally considered by business analysts and economists, but at the whole culture – from business, economic, and political structures to cultural beliefs and social institutions that may at first glance seem unrelated to economics. This is ever more urgent as we move into the knowledge/information economy, where the most important capital is what HR experts call ‘high quality human capital’.³ Producing this capital requires rules, measures, and policies that give value, training, and support to the essential human work of caring for people. Maintaining it requires that businesses recognise that caring for their employees is the best investment they can make. Indeed, among the top 5 sustainability themes debated in a recent Davos meeting was the need for business leaders to take care of their employees.⁴ While many business leaders still hold the belief that ethical and caring policies are not cost-effective, in reality, the evidence, as we will show, is mounting that the opposite seems to be the case.

What is Cost-Effective?

Cost reduction is becoming the rule, and cutting unnecessary business expenses has become a mantra. The question becomes: ‘what constitutes an unnecessary expense?’ Some will be tempted to eliminate policies that benefit workers, particularly health care, child care, paid parental leave, and other policies that demonstrate caring for employees. This can be a real dilemma. The good news is that there is a growing body of research that supports resisting the temptation to cut what in the longer term matters the most to both business and society. Here are some examples:

- Companies rated by *Fortune* as the best places to work yielded shareholder returns on investment of **27.5%**, much higher than the Russell 3000 stocks, which only had average returns of **17.3%**.
- Chase Manhattan’s investment in backup childcare services for employees yielded a 115% ROI, saving the company 6,900 workdays in just one year.
- American Express had \$40 million in increased sales productivity when it introduced telecommuting; Aetna had a 30 percent increase in claims processed after employees began working from home.
- A 2001 study showed that firms offering paid parental leave had 2.5 percent higher profits than firms that did not.
- Companies on *Working Mothers’* list of 100 Best Companies for Working Mothers (which have child care benefits, flexible scheduling, telecommuting, and other caring policies), had high customer satisfaction ratings – and this translated into a 3-11 percent market value increase, or \$22,000 per employee.

- Many other studies also show that ‘soft’ policies are financially effective. For instance: 55% of workers who were offered a child-care subsidy were better able to concentrate at work and 48% were more likely to stay and also felt more positive about their relationship with their supervisors.⁵
- Companies with the highest employee engagement increase operating income by 19% year on year and earnings per share by 28%. Companies with the lowest employee engagement decrease operating income by 33% year on year and earnings per share by 11%. Increasing work engagement improves financial return. Engaged and satisfied employees are less likely to quit their jobs. Fewer than 5% of engaged employees are looking for a new job whereas 25% of disengaged employees are job hunting.⁶

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Dutton and Heapthy (2003),⁷ shows that company effectiveness is enhanced through mutually empathic and mutually empowering connections: ‘when people feel cared for, they become fully alive’. Other studies show that compassion in organisations generates positive relational resources not only in those directly involved but in third-party organisational members who witness or are made aware of compassionate interactions.⁸ These and many other studies demonstrate something that can help responsible business leaders obtain support for sound decisions: that the energy produced in caring organisational contexts drives productivity, with all this implies for business success.⁹

Making the Invisible Visible

To meet the challenge of restructuring economic systems, business leaders must look beyond the policies of their own companies to the larger economic and cultural context. A first step is recognising the systemic devaluation of caring and caregiving through conventional economic theories, policies, and even measurements of economic health. Consider, for example, that conventional indicators of productivity such as GDP (Gross Domestic Product) and GNP (Gross National Product) actually place activities that *harm* life (like selling cigarettes) and the profits derived from those activities (like the medical and funeral costs that result from smoking-related illnesses and deaths) on the plus side. Yet they give absolutely no value to the life-sustaining activities of both the household economy and the natural economy. So an old stand of trees is only included in GDP when it’s cut down—whereas the fact that we need trees to breathe is ignored. Similarly, the caring and caregiving work performed in households is given no value whatsoever, and economists speak of parents who do

not hold outside jobs as ‘economically inactive’—even though they often work from dawn to late at night, and even though there would be no workforce at all were it not for this work.

A Swiss government report shows that if the unpaid ‘caring’ household work were included, it would make up 70% of the reported Swiss GDP. Yet none of this information is found in conventional economic treatises—be they capitalist (Smith) or socialist (Marx). Neither of these economic thinkers included in their model the life-sustaining sectors without which there would be no market economy: the household economy, the natural economy, and the volunteer economy.

In reference to organisations economics, a recent book by Laszlo and Zhexembayeva (2011) describes a compelling essay on what they term ‘embedded sustainability’¹⁰ for which they show how companies can better leverage global challenges for enduring profit and growth incorporating environmental, health, and social value into core business activities with no trade-off in price or quality. They cite the examples of Clorox’s new line of Green Works cleaners and the Nissan Leaf 100% electric car, as examples for firms that pursued a profit shift in mainstream markets.

Economics, Cultures, and Values

Economics is above all about *values*. So, to understand where necessary change economics is needed, we must examine cultural beliefs about what is valuable. This is the essence of what Dolan and colleagues call ‘culture reengineering’ which reflects the theme subtitled in their book: ‘A Corporate Guide to Living, Being Alive and Making a Living in the XXI century’.¹¹

In order to better understand what is or is not considered culturally valuable, the conventional cultural categories -- such as religious or secular, capitalist or socialist, rightist or leftists, Eastern or Western, industrial or pre- or post-industrial -- are of no help. Just as a new economic paradigm is urgently needed, so also are new cultural categories that can help business and other leaders better understand what is needed to move forward.

In her former work, Eisler^{12,13} argued for an imperative shift from ‘*domination system*’ to ‘*partnership system*’. These social categories are more useful because, unlike earlier categories, they describe a society’s core configuration, including the cultural construction of the relations between adults and children and between women and men, which we today know from neuroscience profoundly shape nothing less than the development of children’s brains -- including whether they will be flexible or inflexible, sensitive or insensitive, caring or cruel, creative or destructive.

Looking at economics from this new systemic perspective makes it possible to see that the kinds of values, and thus economic systems, a society supports is very different depending on the degree of its orientation to either end of the partnership-domination continuum. It also makes it possible to see social configurations and historical patterns that are not visible using conventional approaches.

This configuration when found in societies seems to have little in common when looked at through the lenses of conventional categories. Hitler's Germany (a technologically advanced, Western, rightist society), the Taliban of Afghanistan and fundamentalist Iran (two Eastern religious societies), and the would-be regime of the rightist-fundamentalist alliance in the United States seem totally different. But all have the same basic **dominator configuration**, including systems of values that systematically devalues caring and caregiving.

The partnership system has a very different configuration. Its core elements are a democratic and egalitarian structure in both the family and state or tribe; equal partnership between women and men; and a low degree of violence because it is not needed to maintain rigid rankings of domination.

Nordic nations such as Sweden, Norway, and Finland have moved most closely to the partnership side of the partnership-domination continuum. These nations pioneered environmentally sound industrial approaches such as the Swedish 'Natural Step' (<http://www.naturalstep.org/>). Some of the first experiments in industrial democracy came from Sweden and Norway, as did studies showing that a more participatory structure where workers play a part in deciding such basic matters as how to organise tasks and what hours to work can be extremely effective.

These nations also have a much higher investment in their human capital, starting in early childhood. They have government-supported high quality child care and early education, universal health care, stipends to help families care for children, elder care with dignity, and generous paid parental leave.

These more caring policies, in turn, made it possible for these nations to move from extreme poverty (famines in the early twentieth century) to societies with a generally high standard of living for all. Today these nations not only rank high in the United Nations

annual Human Development Reports in measures of quality of life; they are also in the top tiers of the World Economic Forum's annual global competitiveness reports.

The Economics of Caring

While they are not ideal, these more caring societies have succeeded in providing a generally good living standard for all. They have low poverty and crime rates and high longevity rates. They are successful in the global economy. And studies show that workers in these nations are more satisfied and happier than people in countries such as the United States where the gross national product is higher.

Supported by this more partnership-oriented social configuration, these nations developed economic policies that combine positive elements of socialism and capitalism—but go beyond both to an economics in which caring for people and nature is a top priority. And one of the core components of this configuration, in contrast to the domination system, is equality between the male and female halves of humanity. So women can, and do, occupy the highest political offices in the Nordic world.

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Investing in High Quality Human Capital

The devaluation of caring and caregiving is a major obstacle to economic success as we move to the post-industrial knowledge/service era, a time of seismic technological shifts when automation and clip robotics are replacing humans in manufacturing and other jobs, when economists tell us that the most important factor for economic success is what they call 'high quality human capital': flexible, creative, innovative people, people with highly developed capacities.^{3,15}

Consider that in the market economy, professions that involve caregiving are paid far less than those that do not. In the United States, for example, people think nothing of paying plumbers, the people to whom we entrust our pipes, \$50 to \$100 per hour. But child care workers, the people to whom we entrust our children, according to the U.S. Department of Labor are paid an average of \$10 an hour, with no benefits. And we demand that plumbers have some training, but not that all child care workers have training.

This does not seem logical. Actually, it is pathological. But to change this distorted system of values—and to effectively address seemingly intractable problems such as poverty and hunger—one needs again to look at matters that are only visible once we recognise the configurations of the partnership system and the domination system.

The Challenge and Opportunity for Responsible Leaders

All this takes us back to the larger role of responsible business leaders in promoting economic rules, measures, and policies that support more caring and ethical business decisions. As it stands today, economic rules still encourage

unethical and uncaring practices. Yet it is possible to change this. For example, corporations can be required to make assessments of the long-term rather than only short-term effects of their policies and practices – and not only on the return to shareholders but also on society and the environment. Taxes can be levied on financial speculation and other harmful activities, such as making and selling junk food. These kinds of measures will make it unprofitable to pursue deleterious activities – and in the bargain fund government investment in caring for people and our natural habitat.


The issue is not one of money; it is one of fiscal priorities, of what is or is not really valued. It is only by bringing this distorted system of valuations out into the open that we can realistically expect the fundamental changes needed for more ethical and caring business decisions.

In the methodology of culture engineering we propose that penalties can be levied on those who fail to comply with standards of corporate responsibility, and at the same time that those who do comply are rewarded with tax credits and other benefits. For instance, companies that provide paid parental leave can be supported by public policy through matching local or state grants. Companies that provide employees with child-care and/or parenting classes can be assisted in the same way.

Consider that many politicians always seem to find money for so-called 'hard' stereotypically masculine purposes, such as prisons (as in the dominator archetype of the punitive father) and weapons (as in the archetype of the hero as warrior). But somehow, they never seem to find funds for health care, child care, and other 'soft' or caring policies.

So the issue is not one of money; it is one of fiscal priorities, of what is or is not really valued. It is only by bringing this distorted system of valuations out into the open – and showing how it has stunted what is considered normal, possible, and desirable -- that we can realistically expect the fundamental changes needed for more ethical and caring business decisions.

If we consider such skills like imagination, inspiration and intuition as 'soft', than we would have to consider innovation as a feminine ability, because those skills are the basis of creativity. Without creativity, innovation is difficult to imagine. Leaders in any organisation can deploy their talent either way: towards value creation or towards value destruction. Some observers propose that the last economic crisis is an example of global value destruction. The move to a more sane and sustainable economic system will require responsible business leaders to use their influence, including their marketing and advertising, to educate the public so that their efforts, as well as government efforts in this direction, will be understood and supported.

Our time of economic disequilibrium offers us the opportunity to bring about fundamental change. It is a time when responsible business leaders can, and must, promote changes in policies, beliefs, and institutions that will not only directly benefit them in promoting ethical and caring businesses practices but also help create a future where they and their children – and all our children – can live in a healthier, more equitable, peaceful, and sustainable world. 

About the Authors

Dr Riane Eisler is a social scientist, attorney, and author whose work on cultural transformation has inspired both scholars and social activists. She is president of the Center for Partnership Studies and is internationally known for her ground-breaking contributions as a systems scientist, working for the human rights of women and children, and author of *The Chalice and the*

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