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Persistent link: <http://hdl.handle.net/2345/2536>

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Published in *Business and Society Review*, vol. 114, no. 3, pp. 295-325, September 2009

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# Beyond Corporate Responsibility: Implications for Management Development

SANDRA WADDOCK AND MALCOLM McINTOSH

## ABSTRACT

Since the mid-1990s we have witnessed the rise of numerous constructive and positive activities aimed at developing or enhancing corporate responsibility and corporate citizenship as well as anti-globalization and anticorporate activism. And, of course, in 2008, we witnessed the meltdown of financial markets and numerous financial institutions as well as some major companies teetering on the brink of collapse. What is actually needed to create the world that many people want to live in may in fact be a new relationship between business and society, that is, new ways of looking at the corporation and its role in society, both in practice and in management education? We will argue that some initiatives, such as Corporation 2020, have already begun to explore these issues by taking a more holistic perspective on different purposes and roles of the corporation in the future. Management education, which has been severely criticized in the aftermath of the economic crisis, has an

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important role to play, but in a changed form. Implications for leadership and management education include the need to shift cognitive, moral, and emotional levels of development, renewed emphasis on balance both individually and socially, a less is more sensibility, a holistic systems perspective, and shifting the purpose of the firm to encompass not just shareholder needs, but also societal, stakeholder, and ecological needs and interests. In this article we explore some of the ways in which these attributes might be engendered in future leaders, at least in those management development and education programs interested in fostering a new wave of progressive leadership in management for the future.

## INTRODUCTION

**A**pprehension, misunderstanding and dissatisfaction with the power, clout, and impact of corporations, particularly multinational corporations, are rampant feelings about corporations today among NGOs, activists, and those who are not benefiting from the current economic order—and even some who are. Even before the meltdown of 2008, one could witness the popularity in the West and North of movies like *Wal-Mart: The High Cost of Low Price*, *Enron*, *Black Gold*, *The Corporation*, *Supersize Me*, and *The High Cost of Low Price*, and books like *Fast Food Nation* (Eric Schlosser), *No Logo* (Naomi Klein), Noreena Hertz's *The Silent Takeover: Global Capitalism and the Death of Democracy*, and *Corporation Nation* by Charles Derber. Think about the protests at the attempted meeting of the World Trade Organization in Seattle in 1999 and in other places globally in ensuing years, and the public dissatisfaction with and lack of trust in companies as a consequence of the numerous scandals of the early 2000s. Awareness of the need for change has only grown in the wake of the subprime mortgage crisis, which has combined with recognition that much of the global financial system was little more than a global gambling casino.

The current system also does not seem to be working for the 2.8 billion people who still live in the planet on less than \$2 a day.

Nor for the hundreds of thousands of workers who have lost jobs to outsourcing, downsizing, and rightsizing, or those who labor in abusive and sweatshop conditions. Nor for the world's ecological systems, most of which are in decline (Korten 2006), or overall for the Earth's climate, which it is now generally agreed, is warming as a result of human industrial activity (Intergovernmental Panel on Climate Change 2007). Discontent about the status quo of powerful transnational corporations and global institutions like the World Bank, World Trade Organization, and International Monetary Fund dictating standards that put financial wealth above other interests is evident on a global scale (cf., Cavanagh et al. 2002; Korten 2006).

Many people, including activists, critics, people from the southern part of the world, and numerous NGOs—are unhappy with the power and dominance of corporations, especially multinationals, in the world today. Even executives now complain about the realities of Wall Street's short-term orientation and many believe that businesses have obligations to society that go well beyond short-term profits (Blowfield and Googins 2006), and excessive CEO compensation and bonuses have become hot button items for many concerned about the impact of business on society. Activists are concerned about issues as wide ranging as environmental degradation, sweatshops, human and labor rights, and corruption. Governments have had to come to terms with the reality of having to share power with multinational corporations whose revenues are frequently larger than those of the world's smaller countries (Anderson and Cavanagh 2000) and corporations are bridging into activities that used to be the sole province of governments (Matten and Crane 2005; Scherer and Palazzo 2005; Scherer et al. 2006). Environmentalists are concerned that ecological problems could be greatly magnified if current corporate practices are not significantly changed (e.g., Hawken, Lovens and Lovens 1999; McDonough and Braungart 2002), and others are concerned about the continuing gap between rich and poor, a gap that persists despite trade liberalization policies, particularly for less developed countries, though some gains have been made in more developed nations (e.g., Dollar and Kraay 2004).

The list could go on, but one thing is clear: at least from the perspective of progressives who seek greater equity, ecological

sustainability, and social justice for all, as well as anyone observing the financial markets since 2008, something is amiss in the system (e.g., Cavanagh et al. 2002; Korten 2006). In this article, we take the progressive view to argue that the current social contract between business and society—the current paradigm—is badly broken and that management education could conceivably play an important (albeit, of course, not the only important) role in helping to change the underlying thinking that promotes the current system, which tends to favor the few at the expense of the many (e.g., Collins and Yeskel 2000). As we shall argue below, what is needed goes well beyond the usual recipes for corporate (social) responsibility to shifting managerial mindsets on the role, purpose, impact of the firm on society.

With the growing supraterritoriality of corporations (i.e., diminished boundaries), and the relatively diminished role of national governments in containing corporate behaviors have come a raft of new concerns about companies, capitalism, and democracy (see, e.g., Scholte 1997). The years since the mid-1990s have also witnessed the rise of numerous constructive and positive activities aimed at developing or enhancing corporate responsibility and corporate citizenship. One of these developments includes the UN Global Compact, now with more than 6,500 members and by far the world's largest corporate citizenship initiative. Another is the Global Reporting Initiative, with its publicly available framework that has made it the global standard for corporate reporting on environmental, social, and governance matters (beyond financial reporting). Also notable is the rise of social investment, which is now claimed by the Social Investment Forum to represent about 10 percent of investments; numerous rankings that rate companies on factors beyond financial performance, to name only a few. Combined, this set of initiatives has focused companies' attention on corporate responsibility as part of what some claim to be an emerging business imperative (e.g., Waddock et al. 2002; Waddock 2006; McIntosh et al. 1998; 2003). In this shifting context, we believe that the ways in which future business leaders managers are educated and developed need to be significantly supplemented with approaches that compliment and expand current offerings. We shall explore the shifting context and some of the ways in which it might be dealt with in more detail further on.

## BEYOND THE CURRENT PARADIGM

In a world where borders are consistently transcended by companies and global problems such as climate change and poverty, it becomes increasingly clear that the power of one set of forces or sectors, for example, companies, and their legitimacy in society (Votaw 1961) may well need to be balanced against the needs of other sectors, interests, and values (Derber 1998). This balancing act may well require thinking beyond the current paradigm of a single, and relatively simplistic goal for companies—to maximize shareholder wealth (e.g., Friedman 1970; Jensen 2000).

Without the type of crisis created by the subprime mortgage fiasco and related failures of financial institutions, entrenched interests in what C. Wright Mills called “the power elite,” that is, those who are already in power (1956/1999), are unlikely for a variety of reasons to perceive the need for change. Despite some misgivings about the current system (Blowfield and Googins 2006), not to mention the serious cracks in the economic system uncovered with the financial meltdown of 2008, executives and leaders are still benefiting from the system as it is.

If we hope to find new ideas about the way businesses *ought* (note that this is a normative, not a descriptive issue) to operate in society and what their functions and purposes should be, we may need to look well beyond most current management theories, including beyond current ideas about corporate responsibility, business ethics, and corporate citizenship. These theories tend to accept the system as given and fail to question whether the larger system itself is working—and for whom—a question magnified in the wake of the systemic problems revealed with the subprime mortgage problems and subsequent financial collapses, not just in the United States, where these problems ostensibly began, but globally. It is possible that many people may have problems conceptualizing a new system in part because of the benefits they receive as part of the privileged managerial class, but also because systems thinking is difficult for most people (Senge 2006). According to empirical research, most current executives and managers are not systems or postconventional thinkers (e.g., Kegan 1994; Torbert and Associates 2004), yet understanding the dynamics of the system is a modern imperative.

Examples of the changing expectations that future leaders are likely to face highlight the new types of thinking and leading expected of business leaders today—and the signs are already here. Think of Wal-Mart's dramatic successes in bringing needed supplies to victims of Hurricane Katrina in New Orleans (and government's equally dramatic failures) in 2005, and the company's subsequent commitment to sustainability—a commitment that has already begun to effect significant changes within Wal-Mart's huge supply chain. Consider the important roles that businesses play in supporting educational and social initiatives throughout the world today as compared with, say, 20 years ago, or the roles that companies operating in Africa are playing with respect to controlling and dealing with the widespread HIV/AIDS crisis. Responsibility for peace, security, violence, and crisis management, coping with abusive regimes, ensuring human rights, fostering ecological sustainability and reducing ecological footprints, avoiding corruption in its many guises, stakeholder engagement and anticorporate activism—these issues are only a few of the numerous items on the corporate agenda today that were barely recognized by companies a mere 10 years ago.

Demands for corporate accountability and transparency have fostered new attention to corporate responsibility, particularly since the mid-1990s. The plethora of issues suggests a growing demand by social activists and those left out of the current power elite for a different distribution of the benefits of globalization and great balance among a variety of values and interests than a simple and narrow dictum of shareholder wealth maximization allows.

## **THE CHANGING CONTEXT OF BUSINESS**

The world today is dominated by technological connectivity, globalization, and a wide diversity of cultures and interests that need to learn to work together more effectively. This new context is different from the traditional business context because it is:

### ***Networked and Interdependent***

Institutional entities, including businesses, can no longer be viewed as independent organizational entities that can (seemingly)

act alone, but rather are acknowledged to be part of an interconnected web of businesses, governments and governmental agencies, NGOs, schools and universities, health care institutions, religious and political institutions, other civil society institutions, families, and communities. Many global companies operate through extended supply and distribution chains that are only tenuously linked to the headquarters company. The financial system, as has been dramatically revealed, is globally interconnected in ways that ensure that what happens in one part of the world will affect the rest of the world. Of course, ecologists have always known that ecological systems are interdependent, and some have extended this thinking to businesses (Moore 1997). Premised on interconnectedness and networks, not individual actors, such a world emphasizes network organizations and demands a different—and more collaborative—structure and leadership than do hierarchically structured enterprises (e.g., Moore 1997; Pink 2006). With such interconnectedness, as in any ecological system, also comes recognition that the health of one institution is vitally dependent on the health of the other entities in the network.

### ***Flexible and Adaptive***

Many commentators have already recognized the need for greater flexibility on the part of organizations in the knowledge world. The dynamism and chaos of today's world means that adaptiveness to change is even more crucial, and that slow-moving bureaucracies are unlikely to be successful. That suggests that more nimble organizations with adaptive leaders are likely to operate most effectively (Vaill 1989). Consideration will have to be given to scale and scope of business (and other) enterprises—and what makes sense in a globally diverse world, where cultural and regional differences abound, where externalities that are now common (full environmental costs, e.g., of distribution systems) are internalized, as examples. Size, particularly with the recognition that some entities were considered “too big to fail” in the collapse of 2008, may no longer be a viable determinant of business success.

### ***Relational and Equitable***

The connectivity of the evolving world creates an entirely new context that is at once relational and demanding of greater equity for those involved in the system. It also means that those currently outside the system, because of the connectivity and transparency of the system, can readily see what they are missing. In this context, the capacity to build good relationships with a wide variety of stakeholders is essential in healing the divided world we face. Further, the ability to understand—and act on—an empathetic view of people unlike one's self, may well be a key to company success. Good relationships are difficult to build when there are great disparities. The transparency and visibility implicit in a connected world suggest that not only is greater interpersonal and intercultural understanding an imperative, but also potentially greater equity between the haves and have-nots. This same transparency also puts businesses of all sorts in the spotlight for practices that once might have gone unnoted.

### ***Demanding Shared Power***

The nature of power may shift at least partially from those who control resources and financial assets to those who wield knowledge effectively to the extent that the world we know as the knowledge economy continues to evolve. Indeed, we have already begun to see this shift start to happen. As knowledge is a resource that grows with sharing, the nature of power under the new relationship is likely to change as well, to include all sorts of stakeholders who have relevant knowledge. Rather than the supposedly simple rules of cutthroat competition, which businesses have engaged in the past, a world of knowledge leaders requires more collaborative approaches, shared power, and more respectful ways of interacting with others—whether peers or elsewhere in the hierarchy—or, importantly, in the types of alliances and partnerships that are becoming increasingly commonplace.

### ***Leaderful***

The combination of knowledge, connectedness, flexibility and adaptiveness, and sharing of power means that leadership is also

likely to be needed in new forms and places. In 1970, Robert Greenleaf wrote about servant-leadership as a process where the natural feeling of the leader is that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead. The servant-leader wants to make sure that other people's highest priorities are being served. The best test, and difficult to administer is: Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servant? And what is the effect on the least privileged in society; will they benefit, or at least not be further deprived (Greenleaf 1970)?

Leadership thus might be expected to readily emerge from all sorts of strange places, places, just as entrepreneurial initiatives evolve through connections, interactions, and the sharing of knowledge and ideas—and that can be anywhere in the hierarchy in what Raelin (2003) has termed leaderful organizations—organizations full of leaders at all levels and in all different kinds of functions. Leaderfulness, as defined by Raelin, is not heroic, top down, autocratic, or demanding of others, but shared across levels, initiated anywhere, and comes from anyone with insights, ideas, and knowledge that inspire others with a sense of purpose and meaning (Raelin 2003). Since leaderfulness can emerge anywhere in the enterprise, it is inherently more like Greenleaf's notion of servant leadership if it to be effective.

Dealing with these contextual elements effectively, we believe, requires:

### ***A Shift in the Purpose of the Firm***

To deal with the shifting context, the issues associated with climate change, and the failures surfaced by the 2008 economic meltdown, we believe that the purpose of the firm needs to return to its roots of ensuring that corporations serve the public interest. This re-purposing requires shifting mindsets of managers from today's dominant logic of maximizing shareholder wealth to serving society, stakeholders', and nature's best long-term interests, which actually takes companies back to their roots, because original corporate charters were granted with the proviso that the company could stay in existence as long as it benefited society (e.g., Derber 1998). Sustainability, indeed, the long-term viability

of human societies, not to mention dealing with economic disparities around the world and misguided incentives in the financial community, demand this shift.

The role of the corporation in such a world would be broader and more societally oriented, akin to what early corporate charters demanded—that companies contribute to the betterment of society to retain their charters (e.g., Gunther 2005; Greenfield 2005; Derber 1998). Simple corporate “social” responsibility measures, where companies attempt to “give back” to the community or stakeholders, will be insufficient to accomplish this shift. What is needed is systemic change that returns corporations to their original roots of serving social, not purely economic, interests, a sensibility oriented toward conservation and thrift rather than profligacy, and leaders with quite different mindsets than are currently being fostered in most management education and development programs.

Ultimately, the long-term vision is similar to the one outlined by the principles of Corporation 2020,<sup>1</sup> a collaborative initiative of the Tellus Institute, whose purposes are aimed corporate redesign, which has become considerably more compelling in the wake of the obvious failings of current system. Corporation 2020, which has brought together stakeholders from multiple perspectives around the issue of corporate design, has articulated a set of principles (see Box 1) for a corporation designed to meet the needs of the twenty-first century (compared to the current design, which has been fundamentally unchanged since the nineteenth century).

### **A HOLISTIC (EVEN PLANETARY) PERSPECTIVE: THE NEW CHALLENGE FOR MANAGERS AND MANAGEMENT EDUCATORS**

Meeting the challenges discussed above demands new ways of thinking from leaders and managers. As Einstein famously said, “No problem can be solved from the same level of consciousness that created it.” If Einstein is correct (and we believe he is), a significant task exists for anyone responsible for making decisions or preparing tomorrow’s leaders: raising the level of consciousness of future managers and leaders above the conventional level,

### **Box 1 Principles of Corporate Redesign, Corporation 2020**

1. The purpose of the corporation is to harness private interests to serve the public interest.
2. Corporations shall accrue fair returns for shareholders, but not at the expense of the legitimate interests of other stakeholders.
3. Corporations shall operate sustainably, meeting the needs of the present generation without compromising the ability of future generations to meet their needs.
4. Corporations shall distribute their wealth equitably among those who contribute to its creation.
5. Corporations shall be governed in a manner that is participatory, transparent, ethical, and accountable.
6. Corporations shall not infringe on the right of natural persons to govern themselves, nor infringe on other universal human rights.

where most of them are currently operating (Torbert and Associates 2004), to a level better suited to understanding the connectedness and complexity that exists in the world and that creates the new demands and expectations (cf., Kegan, 1994). The crises and issues noted earlier suggest that the world need leaders and managers who can think about the common good, not just locally but also globally—indeed, on a planetary scale.

Much of today's management education, despite numerous efforts at integration across functions and the curriculum, still focuses rather linearly on developing functional expertise, problem solving where the problems are largely predefined, and quantitative approaches that assume away many real-world problems. The world, on the other hand, calls for systemic approaches—and associated systems thinking, the ability to first define and then cope with multi-faceted issues (Cheit 1984), entrepreneurial capacity, leadership, a collaborative (as well as competitive) stance, and an understanding of the consequences of action on others, a capacity that Russell Ackoff (1999) has noted is the essence of wisdom.

#### ***The Integrity Issue***

We define one fundamental issue as creating system integrity, with equitable access to resources for all, rather than just for

the privileged. Another might be to instill what has been called the precautionary principle—or at minimum a precautionary approach—to initiatives and actions whose consequences, while still unknown or not fully agreed, have the potential to cause harm (perhaps a managerial equivalent of the physician's Hippocratic Oath, whose first principle is "First, do no harm"). The precautionary approach was formally defined by a group of environmentalists meeting at Wingspread, in 1998. The final declaration states, "When an activity raises threats of harm to human health or the environment, precautionary measures should be taken even if some cause and effect relationships are not fully established scientifically" (Wingspread Conference 1998).

This perspective recognizes that integrity, associated with ethics, has to do with honesty and forthrightness, of course, but is also associated with completeness or wholeness, having the same root as integral. The definition is also associated with firm adherence to a code. The proliferation of codes of conduct, principles, and ethical standards that have bombarded businesses in the past 15 years or so attests to the importance of this sense of integrity in all of these meanings. Particularly, the economic problems facing the financial community since the 2008 economic downturn highlight serious issues of system integrity, which were little understood by most observers.

It is exactly this broad characterization of integrity—this sense of the whole—that is missing in much management thinking today. Further, the lack of a precautionary approach is highlighted not just in many environmental practices, for which it was originally created, but also in the excessive risk profile of many modern financial instruments. We can now associate these financial instruments with having effectively created a global gambling casino that few people, even in financial institutions that promulgated them, actually understood. We argue that Western ways of management and management education have tended to emphasize atomization, linear thinking, and what Hayes and Abernathy (1980) called the paralysis of analysis, with perspectives taken largely from the point of view of the (large multinational) company (for other critiques, see Ghoshal 2005; Bennis and O'Toole 2005) rather than the more systemic and leaderful approaches, which encompass multiple perspectives, needs, and interests, that generate action and initiatives needed to deal with our increasingly

complex world. Increasing recognition of global interdependencies related to environment, globalization, and cross-border issues means that it is likely that future leaders will *also* need to understand and be able to cope with the way that their organization interacts with other entities in this broader environment in more holistic ways.

To lead with integrity in this systems context, leaders and managers must have the capacity and the will to lead from both a principled (ethics or integrity-based) and holistic stance. They must go first, which is actually the definition of leading, to develop the courage to create a new vision of the world and the role of businesses in that world. They will need to take associated risks, from wherever they are in their enterprises (Raelin 2003), but do so with an understanding of their consequences that has been markedly lacking in recent times. Arguably, they will sometimes make trade-offs that today would be considered unheard of—trading off the interests of shareholder wealth for other forms of wealth that might be defined, for example, community health and well-being, employee well being, consumer well being, and ecological health, to name a few. In this context, the leader/manager's level of cognitive, moral, and arguably also emotional development becomes important (Waddock 2001, 2007) because it indicates the scope of thinking that is possible, as well as perhaps providing some sense of personal efficacy in the context of large entities.

Most developmental theorists agree that there are three major stages of development: pre-conventional, conventional, and post-conventional (no matter what the particular developmental theory's names for particular stages are). These stages apply to developmental arenas such as cognition and moral development, as well as others areas (Wilber 1996, 2006). According to Kohlberg (1973), in pre-conventional stages, moral reasoning is like that of a child, from punishment and rewards. In conventional stages of reasoning, individuals reason that their peer group or the society in which they live has established the rules of the game that it makes sense to live by—and there is little capacity to question the system (Kohlberg 1973). In the post-conventional stages, people are able to begin to understand the broader system(s) in which they are embedded and reason from principles, whether they are principles of rights, justice, utility, (Kohlberg 1973), or some other

set of principles such as relationships or care (Gilligan 1982; Noddings 1984). At these more highly developed stages, into which earlier stages are nested (Wilber 1995, 2006), individuals can also hold multiple perspectives simultaneously and are able to perspective-take, that is, more readily understand other's positions. The postconventional stage, that is, involves systemic and holistic rather than linear and atomized ways of thinking, knowing, and reasoning. Similar developmental stages have been consistently found in all cultures around the world (Wilber 1995).

The problem is that empirical research suggests that most people, including high-level managers, do not progress beyond the conventional stages of reasoning (Torbert and Associates 2004), however they might be named. But—and here's the rub—as developmental psychologist Robert Kegan (1994) pointed out, life and certainly business in today's world have reached such complexity that living in it—never mind leading in it with integrity—demands a capacity for postconventional reasoning. And the world has only grown more complex since Kegan's work was published. Particularly when we add in emerging social expectations of businesses and demands for a socially and ecologically sustainable planet, for greater organizational responsibility, and for more social entrepreneurship (e.g., Prahalad 2005), it is clear that new skills and ways of approaching managerial problems are needed. These complexities mean leaders that today and certainly tomorrow need the capacity to reason at postconventional levels, to think holistically about the interactions of organizations, stakeholders, societies, and environment and the consequences of actions and decisions, and to take the perspectives of numerous stakeholders bearing very different views into account.

### **CHANGING MINDSETS: TOMORROW'S LEADERSHIP CHALLENGES**

Tomorrow's leaders will face significant new challenges if any of what we have argued above is correct. Future leaders will need to evidence traits that are not necessarily common among today's leaders and managers and for those leadership development programs that pay attention, new ways of cultivating these

characteristics will be needed. For example, arguably, this more richly complex and interconnected world will demand.

### ***A Shift of Consciousness to Postconventional Levels***

As noted above, encompassing perspective-taking and systems thinking, where principled reasoning exists, and the capacity to see the long-term implications of decisions and actions on the system as a whole is developed (a capacity that Ackoff [1999] terms as wisdom). At least three arenas of development are important: cognitive, emotional, and moral (Waddock 2001), although because cognitive development precedes development in other lines, it is crucial to pay attention to this arena first (Wilber 2006). We believe that these can be engendered by exposure to different cultures, ways of reasoning, types of information, and perspectives.

### ***A Focus on Balance, Individually and Socially***

At the system or *societal* level, future leaders will need to develop an understanding of the many role(s) of businesses *in* society, as well as the interactions of businesses with other social institutions and nature itself in building tomorrow's more sustainable world. Equity, more reasonable distribution of resources, and better balanced personal lives will be essential to creating healthy and sustainable societies in the long run. Exposure to the realities of the world beyond the developed world is essential to developing a more nuanced approach to business in society.

### ***A Less Is More Sensibility***

A radical thought, perhaps, is that ecological sustainability may really mean not more but *less* productivity, not only to conserve the earth and its renewing capacity, but also to provide jobs for more people at decent wages, and create space in all of our lives for the more aspirational aspects of human spirit to emerge. We need to shift away from growth at all costs to balance, equity, and sustenance that is in line with planetary resources. This approach can be thought of as ecoefficiency and is a model more akin to Japanese resource efficiency than North American profligacy.

Maybe, indeed, the human spirit demands slowing down, reflective spaces, artistic spaces, and relational spaces, music, art, community, and shared visions of how we want to live in this complex world together, rather than the jarring of constant change and chaos. Maybe the need is not for more “stuff,” but for more of the things that people can provide each other—meaning and purpose, love, art, creativity, spirit, connection, and community, which do not actually always need to cost a lot of money. All of these things require time, energy, and commitment—scarce resources in today’s highly competitive and ever faster-paced knowledge economy. And of course, they do not fuel a constant-growth economic engine, so new visions of the future will need to be developed. Emerging leaders can be exposed to reflective practices of various sorts as well as more artistic expressions of leadership and management, and asked in various ways to explore their own purpose and meaning in life—and extend that thinking to others.

### ***A Holistic Systems Perspective***

The capacity to take the whole system into account, with all its cyclicity, interdependence, and complexity (although, of course, no one can fully accomplish this task) is a great challenge for leaders. Especially in the Western world, where leaders are trained to think in linear noniterative fashion about solving specific and competitive problems, this perspective is difficult to achieve. Yet the real world, the world of nature and the sustainable world, *is* in fact cyclical, iterative, complex, not linear; it is, that is, a complete system that needs to be understood in holistic way. We believe that understanding the balance between human societies and the natural environment, exposure to the historical evolution of business in society, as well as to different economic systems globally can provide a more rounded sense of the whole and begin to develop this capacity.

### ***Generative Creativity***

Future leaders may well need an integrative and generative intellectual capacity to link concepts, insights, and vision together creatively, and begin to develop a sense of their own efficacy as

leaders and managers. Integrative, multiperspectival (Wilber 1996, 1998) thinking, not linear thinking (e.g., Pink 2006), is likely to be crucial, because it will be the capacity to see linkages, generate new opportunities and insights, not just the capacity to garner resources and amass power (McIntosh et al. 2003) (or power aggrandizing [Frederick 1995]). Daniel Pink has called this a design sensibility (Pink 2006), which he claims will be one of the central features of tomorrow's world. Creativity is involved in problem finding, not just problem solving (Cheit 1984), in meeting what Homer-Dixon (2002) has termed the "ingenuity gap." It is in finding new ways to bridge some of the social divides; poverty gaps; cultural, ethnic, and religious differences; ecological problems; and other issues discussed earlier where new responsible and sustainable business opportunities will likely lie (e.g., Prahalad 2005; Yunas 1999). Emerging leaders can be asked to think through the possibilities of new initiatives that focus on multiple bottom-line benefits, creative approaches to real-world problems with all their ambiguities rather than prepackaged ones, and take on hands-on projects that force them to work collaboratively across boundaries and functional disciplines. All of this, of course, demands:

### ***A Principled Stance***

Effective leaders will increasingly need to work from a clear sense of long-term vision underpinned by clearly articulated and strongly held and global-community-based values and principles that suit globally interconnected world (e.g., Gunther 2005), but these values are not solely ones of personal or even company gain, which will have to be balanced against the needs of the whole. This emphasis can mean a focus on collaboration as much as or perhaps even more than competition (a characteristic of the symbiosis that is often found in nature, e.g., Capra, 1995), sharing of ideas and power, and, we can only hope, the aspiration to build a world in which all can live in the future, underpinned by values of equity and sustainability. Emerging leaders can explore their own values through writing their life stories, visioning their future, thinking deeply about what is meaningful to them and what values guide them—and share those ideas with others to cement them. To accomplish these objectives, leaders will need to be:

### ***Reflective***

One thing that is missing in most business organizations today is space and time for reflection. The many demands of the current business context may necessitate the creation of time and space for reflection and allow people to fully develop themselves as human beings and allow for the sorts of creativity and ingenuity that are needed (e.g., Pink 2006; Homer-Dixon 2002). Too much action in today's fast-paced globalized economy is action without thinking, with a ready-fire-aim kind of mentality. Today's rapid pace makes it hard for leaders and managers to take a principled stance or bring integrity into decisions because they are made without much thought, too quickly, or with only a narrow (shareholder wealth) set of interests in mind. We believe that the world and future generations deserve a more considered—a more principled and thoughtful—approach. To get to this thoughtful approach, the pace of business and life in developed areas may well need to slow down so that leaders and managers can think about the long-term consequences of their actions and decisions, that is, develop wisdom (Ackoff 1999), and for that reflective spaces—time during work and places in the work organization—may need to be created. One of the things that education and management development programs sometimes do is provide exactly this reflective space—which might be translated into work environments when learners return them if they have:

### ***Courageous Leadership***

Most of today's leaders seem to be trapped firmly within the current paradigm, current models of management, and current descriptions of the role(s) of business in society, unable to think in truly strategic ways about how their companies might meet these growing challenges (e.g., Torbert et al. 2004; Rooke & Torbert 2005), or to understand what we can call the common good needs of society *and* businesses, not just those of business. A recent study by the Center for Corporate Citizenship at Boston College, for example, of 25 CEOs and their next in command at 25 multinational corporations, found that "courageous leadership" was desperately needed at the top (Blowfield and Googins 2006).

In the world that is rapidly emerging, the currently defined purpose of the firm to focus on wealth maximization for shareholders (Friedman 1970; Jensen 2000) or what Frederick (1995) called “economizing” is arguably too limited a perspective. The challenge for leaders combined with shifting expectations about corporate practices is daunting. Responsibility for the whole range of human security issues—peace, security, violence, crisis management, coping with abusive regimes, ensuring human rights, fostering ecological sustainability and reducing ecological footprints, avoiding corruption, and proactively dealing with stakeholders and anticorporate activists—are only some of the new items on the corporate agenda.

### **DEVELOPING TOMORROW'S LEADERS**

How can this shift of mindset be accomplished? The growing gaps in knowledge, wealth, access to resources, and sustainable living; the ecological problems facing the planet; and the need for voice for the currently voiceless suggests the need to move toward a new relationship between business and management, a world where the gaps have been bridged by creative action, much of it on the part of business. Nothing is more important—or more ethical—to bring about this change and create more integrity in what is now quite a system in trouble. Below are some preliminary thoughts on what kinds of things might be emphasized in the development of leaders who will be able to cope adequately with the new demands.

#### ***Foster Creativity, Positive, and Systemic Approaches***

Future leaders need to be encouraged, inspired and taught—exposed to—the possibilities of creating a better world through their own actions. Now we mainly teach problem solving in its narrow sense, but the changes discussed above require a more constructive, positive approach to the world's ills. The problems that the new relationship will present require new ways of thinking—holistic ways, ways that see opportunity and affirmation in what others view as problems. Among the numerous

emerging approaches for thinking in new ways of thinking that might be taught and some of their possible uses are:

1. Positive deviance (Sternin & Choo 2000). Positive deviance focuses attention on the positive elements in a given situation, seeking the outliers who are succeeding against the odds, and then finding culturally appropriate ways to spread those ideas to others so that they too can succeed. Emerging leaders could be oriented toward this more asset-(vs. deficit)-based approach to problems, especially in contexts where many are disadvantaged (which has the double benefit of exposing them to others unlike themselves), then asked to investigate what has made some individuals, groups, or organizations successful in that context, so that their ideas could be promulgated more widely.
2. Appreciative inquiry (Cooperrider et al. 2001; Cooperrider and Whitney, ca. 2003; Cooperrider and Sekerka 2003; Cooperrider and Srivastva 2001). Appreciative inquiry is a technique for large-scale system change that, like positive deviance, places attention on the positive in a situation. It asks people to consider what circumstances, for example, in a work environment or social system, have felt generative, life affirming, and providing hope. After drawing out the core elements that have made these situations constructive—as well as gaining a holistic perspective on the system, emerging leaders would be in a better position to begin replicating those conditions in their own enterprises.
3. Action inquiry (Torbert et al. 2004). Action inquiry (or alternatively Argyris' action learning approach [1993]) asks leaders (or anyone) to generate conversations that use four "parts of speech," framing, advocating, illustrating, and inquiring, so that they can engage in more useful and productive conversations that lead to better results. Emerging leaders could be taught these techniques, possibly with approaches to dialogue (Isaacs 1999, 2001) and difficult conversations (Stone et al. 2000), to use in situations where there are ambiguities, uncertainties, conflicts, and other difficulties that require bringing multiple perspectives into some sort of alignment. Using these approaches,

- emerging leaders can develop new initiatives and push them forward, getting practice in actually being leaderful.
4. Open space, future search, mind mapping, scenario, affinity diagrams, and world cafe<sup>2</sup> technologies (Owen 1997a,b; Weisbord and Janoff 1995; Schwartz 1991). These types of whole system approaches are excellent for creating systems perspectives, are inherently collaborative in nature, and because they each bring multiple points of view together around an issue of importance, work through the system's characteristics and allow all to have input, while moving toward finding common ground. They can be effectively used in classroom as well as real-world settings to create broad understanding of systems, as well as the capacity to move forward toward action.
  5. Positive psychology (Seligman 2002; Seligman and Csikszentmihalyi 2000) and positive organizational scholarship (Cameron et al. 2003). Like positive deviance, these approaches point emerging leaders toward looking at what is positive in a situation so that new types of organizations can be built, creativity can be enhanced, and well-being at multiple levels can be fostered in systemic ways.
  6. Micro- and meso-loan financing, bottom of the pyramid thinking (Prahalad 2005), and social entrepreneurship. All of these approaches represent ways of dealing with multiple problems simultaneous—social or ecological benefit along with profitability—that not only can help instill a sensibility about the types of problems that disadvantaged people might have, but can also foster capacity to deal with ambiguity, as well as collaborative approaches.

### ***View Learning as a Lifelong Process***

Taking the need for lifelong management education seriously might mean, for example, that more technical materials are taught early in the manager's learning process, much as is done today, with a grounding in the systems ideas and self-awareness that are such an imperative, with more systemic, entrepreneurial, and strategic approaches introduced earlier in the career, but deepened as the leaders' career progresses. Further, as managers progress in their careers, people skills, emotional intelligence, and

the capacity to lead effectively becomes more important, so the emphasis might shift toward these skills, with even later stages further focusing more in depth on strategic thinking, systems thinking, integrative approaches, global perspectives, and the capacity to engage very different others—stakeholders. All of these are the types of skills that we have argued will be necessary to lead effectively in the future.

### ***Recognize Inherent Responsibility for Actions***

For integrity to be realized, leaders and managers need to accept the reality that their decisions have implications for many people and for nature—and work from that perspective. They also need to understand different people and cultures, as well as different ideologies and traditions, and to respect those differences, while simultaneously being able to work effectively with others who are quite different from themselves.

Under these circumstances, fostering emotional intelligence (Goleman 1995) is a fundamental building block—and we believe that it needs to be combined with the capacity for mindfulness, which has already been shown to enhance managers' sense of responsibility (Zollo 2007). There is thus one more suggestion that we believe that those who develop leaders in any capacity should take into consideration. Incorporating the development an integral practice (Leonard and Murphy 2005) of some sort among leaders and future leaders—a mind, body, heart, and soul approach is a key to developing leaders who are whole people and who respond to leadership situations with their whole person rather than as *homo economis* or just with an analytic frame. While it may sound like a “soft” approach to the hard issues of management, we believe that the incorporation of a whole human perspective, including mindfulness practices that foster greater self- and other-awareness, is a useful, even vital, part of leadership development.

Integral practices are holistic approaches that encompass the development of the mind (intellect) body (physical fitness), heart (emotional well-being), soul and spirit (Leonard and Murphy 2005). To become integrated—one, whole—not dissociated mind from body from heart from spirit—is, we believe, essential to an ethical approach to an integrated perspective and to the future of the world.

Moving into the type of new relationship between businesses and other institutions that we have described earlier will not be easy and will require creative and postconventional thinking, as well as a great deal of courage. Mindfulness practices such as meditation, yoga, tai chi, qigong or any number of other practices that enhance concentration, awareness and connection with the self and the broader universe have been demonstrated to enhance the capacity to develop postconventional levels of thinking (Nidich et al. 2000). Such an integral practice seems essential to cope with the complexity of the world today (Loehr and Schwartz 2001) and, as noted, Zollo (2007) has shown that such practices, even absent specific instruction, enhance managers' sense of responsibility. While not all of today's action-oriented managers will immediately take to mindfulness practices, when we have experimented with these techniques in classes, we have found that students sense of resistance to slowing down and being more reflective—inherent to these practices—diminishes as they gain experience and begin to realize the benefits of slowing down a bit and processing what is going on in the moment.

Having the courage to engage in this way takes self-awareness, self-confidence, and safe places in which to reflect on the consequences and implications of one's decisions. While business has always been known as a competitive and aggressive arena, the future seems to demand more collaborative, holistic, and engaged approaches from leaders—and the capacity to reflect becomes critical if that is the case. Mindfulness practice can help emerging leaders come from a place of love not fear; conviviality not aggression. There is, obviously, no one approach that will suit everyone, however, based on the work of Leonard and Murphy, as well as that of Wilber (e.g., 1995, 2006), it seems that four key aspects of development should be fostered to advance the capacity for post-conventional levels of development:

***Mind or Intellect, that is, Knowledge, Education, Intellectual Achievement, the Ability to Generate and Sustain Insights***

Basically, developing the mind means achieving education at a relatively sophisticated level, where complex ideas and paradoxes can be held and insights generated from making new connections. Because this approach is entirely consistent with the content of

management development/education currently, we need not go further in explaining it, except to highlight that new content areas discussed earlier may well be needed to prepare leaders for the future. Understanding of nature and its limits, the human impact on nature, climate change, sustainability, social entrepreneurship, the digital and economic divides of the world, as well as systems thinking, among many others, are among the areas that future leadership will need knowledge of to cope effectively.

### ***Body—Physical Health and Well-Being***

It is difficult for people to be at their best when they are ill or out of shape physically. This aspect of development means that attention needs to be paid to physical fitness through exercise of the body—and sufficient rest and relaxation that the body is not overwhelmed by stress. Leonard and Murphy suggest aikido in particular; however, any number of practices, particularly those that also foster some sort of spiritual connection would likely be appropriate, including tai chi, qigong, yoga, or more traditional forms of fitness work, especially when they foster mindfulness. Management development programs might introduce some of these techniques and encourage participants to continue their practice to maintain a healthy lifestyle. Generating conversation about balancing work with other important life activities can also help. Of course, employers can also play a role by not asking employees to work excessive hours, which can make it seem impossible to find the time to engage in these activities.

### ***Heart***

Emotional intelligence (Goleman, 1995, 1998; Goleman, Boyatzis & McKee 2002) at high levels, the capacity to relate to others empathetically, and the capacity to perspective-take would be necessary postconventional attributes. To make heart connections means having the emotional capacity to connect openly with others without undue fear, and probably requires that people develop aspects of themselves beyond work. Heart activities that nurture emotions and the creative spirit could include relationships, communities, as well as artistic endeavors of many kinds (e.g., music, art, theater, poetry, writing, drumming, dancing, and

other creative activities that bring beauty and connectedness into life, including connection with nature). For many people, relationships are the core of these heart activities, so developing the skill of being able to relate to others as human beings, seeing the whole person, and understanding others' perspectives (notably, a capacity of postconventional thinkers) is essential. Exposure to others' points of views, engagement in the types of dialogic and systems techniques noted above, as well as practice in developing self-awareness (mindfulness practice) can all be helpful paths to broadening the capacity to relate to others with heart. Mirvis (2008) describes a number of techniques that can be used with executives and emerging leaders to engage heart—and soul, as will be discussed next—including the use of an emotional lifeline, which tracks a persons lifetime highs and lows, and gives both the individual and others a chance to see the real person beneath whatever masks are being worn publicly.

### ***Soul/Spirit***

Engaging soul and spirit can come from a reflective practice of some sort that allows space into one's life for consciousness to evolve to higher levels, and for the capacity to see the consequences of actions (wisdom) (Ackoff 1999) to evolve. These practices, though often rooted in a religious tradition, need to be approached from a secular perspective that does not trample on anyone's particular tradition, but rather opens people up to their own and others' circumstances. Here is where mindfulness practices (meditation, prayer, reflection, and related activities, and those that integrate body and spirit, such as yoga, qigong, tai chi, and related martial arts, or even spending time in nature [see Louv 2005], or with art of some sort) can be useful (see Zollo 2007).

## **CONCLUSION**

Taken with what Buddhists call "right action," we believe that these ideas support moving toward a better world, a world that will serve our children's children and beyond. We see this world as supporting nature and humans together, rather than as a dog-eat-dog

competitive world where the winners take all and leave little for the mass of losers, where the relationship between business and management that now exists can become a new, more human and humane social contract. Many more changes, including political, legal, social, and cultural, are undoubtedly necessary, especially in light of both climate change and the economic meltdown of 2008. But we believe that the ideas above represent a starting point—or a point of argument and provocation—for social change.

The idea of creating a bridge between business and societies through new approaches to leadership implicitly asks us to think about making commonplace and explicit a whole new array of values—those of cooperation and collaboration, integrity of the whole, sustainability, relationships, abundance, and shared power. These ways of managing and leading have the potential, if developed properly, to bring the world together rather than continuing to divide it—and ultimately result in real value—and values—promulgated globally, not just economic value(s). Managing in the future, we have argued, will involve the important task of building a world that we actually can—and want—to live in. And this challenge for all leaders in business, government and civil society who hope to manage and lead with integrity, given the great gap between the knowledge economy and the gaps that divide our world is daunting. We can look to principles of social justice, humane leadership, and the whole person—the person and organization of integrity in all of its senses—as ideal places for the needed shifts to begin.

## NOTES

1. Corporation 2020 web site posted at <http://forums.seib.org/corporation2020/>, accessed March 17, 2009.
2. For more information on world cafes, see <http://www.theworldcafe.com/index.htm> (accessed March 3, 2008).

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