

## ***Introduction***

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Nongovernmental organizations (NGO's) have been accustomed to targeting environmental lawsuits and protests at industrial and governmental practices. However, recent cases of corporations and NGO's working together have blurred the line between the good and bad, depending on which side you are on, of course<sup>1</sup>. In fact, a headline "Wal-Mart Saves the Planet" even appeared next to Wal-Mart's CEO Lee Scott on an August 2006 cover of *Fortune* magazine<sup>2</sup>. Commitments to the environment, like the one displayed by Mr. Scott would have been the business-equivalence of suicide in the past, but today corporations are eager to prove their "greenness". Do these situations mark the beginning of a movement toward overall environmental stewardship and genuine concern over environmental and social issues? Or, are these merely cases of companies participating in greenwashing and out of the public eye it is business as usual?

One thing is certain, we are entering a new age of environmental thought and businesses need to move quickly to keep up with the ever-changing market. Our environmental problems are not resolving themselves and there are still four billion people in the world earning less than \$1,500 per year<sup>3</sup>.

The purpose of this paper is to examine the actions and attitudes necessary for global business to assume in the next ten years, and the next 50 years, with regards to sustainable development. I will focus on specific trends and issues regarding industry, the environment, and social concerns with the purpose of making predictions as to where the market may be heading in the future and how businesses can adapt to these changes.

**Futures Scenario*****The end, or evolution, of the free-market?***

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In a Wall Street Journal article Alan Murray posed the question, on the topic of social responsibility, “are the capitalists abandoning capitalism?”<sup>4</sup> In response to this subject I pose an alternative question, “what is it about capitalism that makes people want to abandon it?” The economy represents one of the most powerful components of the social system humans have developed. To ensure success on the planet, humans have had to amass the means necessary to make sure of, not only their survival, but their growth. In general, the free-market economy is an extremely efficient method for producing surpluses of products. The free-market, however, can also be seen as an artifact of the past designed for supporting a constantly growing population. Today, humans can clearly see the negative consequences of a relentlessly growing population and its effects on the environment. Therefore, to mitigate these effects it will be necessary to reexamine the need for an economic system that is valued, above all else, for its ability to supply abundance.

A revision to the system of this magnitude may seem like an unrealistic prognostication but multi-national companies have reason to fear the public, considering Americans are only 250 years removed from a revolution, and that revolution was simply for independence, now they may be required to fight for the sustained existence of the planet.

***Emerging markets beware!***

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Most of the available natural resources are contained in impoverished countries and the vast majority of the wealth is held in developed western countries. This disparity signifies a conflict of interest that will be difficult to resolve through commonly accepted business practices. Recently there has been support for targeting low-income markets as an opportunity to

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build wealth for companies and create better lives for the poor, the so-called "bottom of the pyramid".<sup>5</sup> I fully expect to see these markets attempted to be exploited by multi-national corporations in the next 10 to 50 years. Through the steps of increasing poor countries' economies, multi-national corporations will be able to extract more from them in the long-run. It is analogous to planting a seed in a garden and caring for the plant, nonetheless, the end result will be similar – it will be consumed, not physically in the poor country's case but certainly financially.

In order to lessen the results of corporate exploitation of less-developed countries (LDCs) governments will need to step in and require more of their resources remain stay in the country and used to build the infrastructure. This may require treaties and geo-political agreements among LDCs to keep business from simply moving to the next desperate country. However, steps like these will be necessary to keep funds and resources from leaving the countries that need them the most.

In addition, it is important that these investments in LDCs not be misinterpreted as opportunities for further population growth. Instead, increased investments in LDCs should be used to provide the same sustenance with less land burden. It is vital that LDCs learn from the mistakes made by well established countries and make the conscious choice to grow at a steady rate that is healthy for the people and the environment. The result of an economic upsurge should be more land set aside as conservation areas, like wildlife refuges and nature preserves.

Governments and companies need to focus their efforts on sustained profits, not sustained growth. To achieve this goal they will need to rely on the natural growth rates of the planet and not move beyond those. Any higher growth rates than the natural rates would merely be stealing from future generations.

### ***Should business develop a conscious?***

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In environmentalist Paul Hawken's, book *Blessed Unrest*, Hawken describes the environmental and social justice movement as addressing two sides of a larger problem. He goes on to say "the way we harm the earth affects all people, and how we treat one another is reflected in how we treat the earth."<sup>6</sup> Corporate social responsibility (CSR) has been growing, almost exponentially, for the past 100 years. Nearly every large company has a socially responsible agenda and those that don't are behind the times. What does this mean for the future relationship of business and social responsibility? I don't believe you could find too many analysts who consider the practice of CSR to be a fad and expect it to fade away over time and I expect companies to continue to place more attention on this issue. After all, who would you rather distribute money to philanthropic organizations: The government or your own company?

The decision by companies to become more involved in local organizations and community affairs was not a result of emerging conscious; instead, it was the result of "a purely defensive maneuver" to the criticism that big corporations were only capable of taking from the community and not giving back to it.<sup>7</sup> Unfortunately, I see most businesses doing "just enough" to keep NGO's and social organizations at bay. If business were to act entirely on profits and not partake in socially responsible activities, society may realize business does not satisfy enough social requirements and this new awareness may result in an upheaval. I believe corporations have discovered, through greenwashing and philanthropic actions, that they are able to ease pressure from groups that may threaten their existence.

There are two motivations for companies to continue allocating funds to socially responsible behavior. First, it allows corporations to strategically direct where their money is headed. As long as the government is not mandating where businesses donate their money,

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businesses still have power over where their funds are allocated. If the money isn't going to enter the corporation's pocket they would much rather decide where it is headed than leave it up to the government.

Second, the earlier a company adopts the strategy of a strong corporate responsible behavior the greater effect it will have on their reputation. CSR is not an altruistic behavior. It is absurd to believe an entity that doesn't have a conscious, and actually is forbidden to have a conscious, will simply decide to give away their profits. One difficulty a business may cross is earning itself a reputation as a "greenwasher." Stauber and Rampton describe "greenwashing" as "the way that polluters employ deceptive public relations (PR) to falsely paint themselves an environmentally responsible image, while covering up their abuses of the biosphere and public health."<sup>8</sup> A reputation as a greenwashing corporation may do more harm than good for the company's status. To ensure this doesn't happen, I recommend companies remove themselves as much as possible from their charitable departments. This will ensure there are no conflicts of interest when donating money.

I believe, over the next ten years we will see more and more socially responsible behavior by corporations. It will become especially important as global companies enter lesser developed countries and have their business practices scrutinized by social groups. In addition, further public disclosure and investigation into business operations will separate the truly socially responsible from those that are merely doing it for PR. Over the next 50 years the governments, or communities, will start to take more control over the actions of businesses. More alliances will be formed among nations that will standardize the corporate actions that are tolerable in their nation. Innovations in communication, like the internet, have given social injustices more attention and can be expected to continue to rise as technology reaches less developed countries.

### *Corporate commitments to climate change mitigation*

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A fundamental step for promoting environmental stewardship among citizens will be in eliminating confusion about the seriousness of environmental conditions. Numerous corporations and political think-tanks have obstructed the acceptance of sustainability through their persuasion of public knowledge. By using persuasive tactics for the intention of promoting its own self-interests these organizations have succeed, at times, at changing environmental behavior in individuals. However, there are still signs many people, especially those in the business world, don't understand the magnitude of the crisis global warming and other environmental problems represent. In a Dec 5, 2007 Wall Street Journal article, Holman Jenkins attacks the science behind global warming by way of Al Gore's recent Nobel Peace prize victory. Mr. Jenkins describes climate change as a “doom-laden prediction” and Mr. Gore as a non-dependable actor in the state of affairs because he will not have to “take responsibility for policies that the public will eventually discover to be fraudulent.”<sup>9</sup>

Persuasive tactics like Mr. Jenkins's need to be examined further as well as the motivation for contrarian science. Business needs to be supportive of environmental initiatives and practice the precautionary principle when necessary. Corporations comprise a great deal influence because of the power corporations have. The science accompanying global warming is overwhelming and companies shouldn't try and battle the issue. The cheapest way for the world to overcome climate change is to begin mitigation efforts immediately and adjust as needed to new information. Unfortunately, the efforts made by corporations may not prove to be enough and government actions may be required to mitigate our environmental anguish.

## *Conclusion*

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In conclusion, based on the conditions previously discussed in the paper, over the next ten years I believe we will see a rise in the public awareness to the dangers of amplified corporate power and the environmental degradation corporations have been responsible for. In the next 50 years, I believe we will see corporations held accountable for their actions in the past and be subject to increased government interventions into future corporate behavior.

Just as slavery and feudalism were essentially abolished over the past 300 years I expect to see corporate greed and consumer abundance to be eliminated over the next 50 to 100 years. The reason for the shorter time frame is due to the power of information proliferation which increases the social organizing capabilities of citizens. Finally, I believe that within the next 100 years we will see a sustainable society that has learned from the mistakes of the past and will finally understand the value of living in harmony with nature.

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<sup>1</sup> Hoffman, Andrew J. (2000) "Corporate Environmental Strategy" Washington, DC. Island Press. 106-108

<sup>2</sup> *Fortune*, August 7, 2006 Vol. 154, No. 3, The Green Machine, Cover Story

<sup>3</sup> Prahalad, C.K. and S. Hart (2002) "The fortune at the bottom of the pyramid," *Strategy and Business*, 26: 55-67.

<sup>4</sup> Murray, A. (2005) "Will 'Social Responsibility' Harm Business?" *Wall Street Journal*, May 18: A2.

<sup>5</sup> Prahalad, C.K. and S. Hart (2002) "The fortune at the bottom of the pyramid," *Strategy and Business*, 26: 55-67.

<sup>6</sup> Hawken, P. (2007). *Blessed Unrest*. New York: Viking. page 2

<sup>7</sup> Levitt, T. (1958) "The dangers of social responsibility," *Harvard Business Review*, September-October: page 41

<sup>8</sup> Stauber, J. & Rampton, S. (1995), *Toxic Sludge is Good for You*. Monroe, Maine, Common Courage Press. Pg.125

<sup>9</sup> Holman W. Jenkins, Jr.. *Wall Street Journal*. New York, N.Y.: Dec 5, 2007. pg. A.24