



WHILE POLITICIANS GET PROTECTIONIST, MORE BUSINESSES ARE PUSHING MORAL AGENDAS

BUSINESSES PULLING OUT OF THE RECENT SAUDI INVESTMENT CONFERENCE OVER
JOURNALIST JAMAL KHASHOGGI'S DEATH IS JUST THE LATEST EXAMPLE

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Donald Trump's delayed reaction to the [disappearance of Saudi journalist Jamal Khashoggi](#) shows how the US president's "America First" campaign is shifting the government's role [towards a more pragmatic, rather than moralistic](#), approach to global affairs.

By contrast, some major investors and businesses are filling the gap by taking over [the role of moral compass](#). Many, for example, [withdrew from Saudi Arabia's recent investment conference](#) in protest.

The dramatic example of the Khashoggi case illustrates how [rising nationalism](#) and [political polarisation](#) forces politicians to oscillate between making good on populist campaign promises (such as [winning on trade](#)) and upholding moral principles and traditional party identities. Meanwhile, the private sector has been quick to jump into the fray concerning [social](#) and [environmental](#) issues, responding to a clear societal demand.

One potential explanation for this phenomenon comes from the political philosophy of [majoritarianism](#) – the idea that governments follow the majority view when it comes to making laws and designing policy. But this fails to account for the growing polarisation of opinion that can be seen in the US and elsewhere.

Further compounding the issue is that recent views do not perfectly match traditional policy positions. The resulting tribalism creates an "us versus them" environment where longstanding political views are tossed aside to get easy wins. For example, [contrary to Trump's protectionism](#), free trade used to be a staple of Republican ideology and so did fiscal conservatism, but this has been undone by tax cuts [which are causing the deficit to soar](#).

Increasing market value

Businesses have not let this opportunity go to waste. [Brands taking stands](#) has become a [mainstay of corporate activity](#). As Starbucks chairman Howard Schultz [put it](#):

We all recognise that with every decision we make, there is a group of people that are not going to agree with us. But you must define your core purpose for being. We stand in the interest of something greater than just making money.

Of course, brand activism often goes hand-in-hand with [increased market value](#). As a result, it is seen by many as a proactive and strategic decision to boost reputation and [appeal to customer demographics](#).

Of course, not all companies are liberal. Hobby Lobby, an Oklahoma-based arts-and-crafts chain, advocated for an exemption from a law that requires no-cost access to contraception as part of the Affordable Care Act. It [won the case in the Supreme Court](#), which ruled that the company could be exempt on religious grounds. Another prominent example is the fast-food chain [Chick-fil-A](#), which has donated large sums to anti-gay rights groups.

New business models

As researchers in social innovation, we are interested in the ways that businesses are beginning to engage more deeply with societal challenges. Multinationals that integrate

social and environmental objectives into their core business will benefit society enormously. A few companies are leading the way in this.

In honour of [Climate Week NYC's](#) tenth anniversary in September 2018, the Netherlands banking behemoth, ING, announced its [10-step approach to climate impact](#). Rather than relegating climate change to a corporate social responsibility issue, ING's ambitious agenda integrates environmental targets into nearly every aspect of its business.

Already carbon neutral, ING plans to procure 100% renewable energy for all its buildings worldwide and cut CO₂ emissions by 50% by 2020. ING has also developed a new loan product that lowers interest rates for improved sustainability performance.

Perhaps most importantly, it is changing the way it uses its €500 billion loan portfolio to help achieve the [Paris Agreement's two-degree goal](#). It aims to double its funding to organisations that directly combat climate change to some €30 billion by 2022.

Other financial actors are also taking a more direct approach to the integration of profit and purpose. In his [annual letter to CEOs](#), the CEO of the world's largest asset manager BlackRock, Larry Fink, told companies that attention to societal impact should be at the forefront of any company that wants his funding.

In the philanthropic arena, the Ford Foundation recently [committed US\\$1 billion for "mission-related investments"](#), a move that will transition the way foundations are able to leverage endowments for investments which have social and environmental impacts.

Unilever is another champion of sustainable corporate practices, putting them at the centre of its business strategy with its [Sustainable Living Plan](#). Popular Unilever portfolio brands all stress a sustainability component: Lipton tea carries a [Rainforest Alliance label](#), Dove's Real Women campaign, launched in 2004 and celebrating women of all shapes and sizes, [generated year-over-year sales growth of more than 700%](#) and 92% of all Unilever vegetables adhere to its Sustainable Agriculture Code – a set of guidelines developed by the company covering biodiversity, animal welfare and crop protection.

In a world that is facing a backlash against globalisation and the perverse effects of nativism, business is serving as a counterweight. Where political leaders are failing, companies increasingly provide moral leadership, balancing profit with people and planet.

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