

Book review

Corporate Citizenship

The Role of Companies as Citizens of the Modern World

By David Logan © 2018 ISBN 978-1-784521-50-9

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This is a robust personal memoir that was born from a lecture that author David Logan gave to young people joining <https://corporate-citizenship.com/> a global consultancy that helps businesses find their place in society. Several of the young people said, “You should write a book,” and he did. This book is an answer to the great question of his young life a generation earlier, “What is the future of capitalism?” when he and his friends thought that socialism was the future. He came to believe that for very practical reasons capitalism is here to stay, that it “can be far more inclusive and beneficial than the Marxists ever thought, but that it probably cannot pay the environmental cost of its success.” Consequently, he has dedicated his life work on how for-profit companies can be made more responsible and sustainable.

The book is in two parts. The first part, *The Historical and Cultural Context* is a fascinating summary of the history of business in human society from 2000 BC to the present day. This sets the stage for the second part, *Managing the Company as a Corporate Citizen*, in which Logan stresses his belief in the importance of corporate entities having clear values as a basis for decision-making and he sets forth his call for corporate citizenship with practical examples, suggestions, and caveats.

Logan is well qualified to write this book. He went from serving as a Trades Union Congress officer in London, to working for the Ethics and Social Responsibility Committee at the corporate headquarters of Levi Strauss & Co. in San Francisco, to being a co-founder of what became the international consultancy Corporate Citizenship, having taken a variety of career steps along the way. In addition to Levi's, he worked with, analysed, and/or advised a diversity of organizations such as Cadbury, Unilever, Abbott, Johnson & Johnson, Patagonia, Diageo, Oxfam, The Body Shop, Ben & Jerry's, Lafarge (today LafargeHolcim, a leading international construction materials company), and more.

He has served in all three of the formal global sectors addressed – for-profit companies, government, and not-for-profit organizations (or NGOs, non-governmental organizations as the UN coined the term). The difficult to measure informal sector of commerce from work done locally by millions, perhaps billions around the world is mentioned, but not specifically included in the book's analysis and recommendations.

For-profit companies have been disparaged throughout history. Logan addresses this up front, stating in both parts of the book his belief that capitalistic for-profit enterprises have always driven human progress, despite abuses, better than state controlled (socialist) economies. (Compare that with one of anthropologist Margaret Mead's famous quotes, "Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.")

With for-profit enterprise here to stay in the foreseeable future, Logan calls for companies (the global for-profit sector) to act as responsible corporate citizens in cooperation with the global governmental and not-for-profit sectors. The latter has grown more effective in recent years with increasingly influential advocates such as Greenpeace, Oxfam, Amnesty International, and Médecins Sans Frontières (MSF - Doctors Without Borders), the largest individual-donor-funded humanitarian organization in the world today, representing the concerns of humankind everywhere.

Logan rightly cites stakeholder theory. A sustainable company today needs to be aware of and respond to all stakeholders, not just its owners/shareholders, but also customers, staff, retirees and potential staff, suppliers, lenders, local, state/provincial and federal/national governments, communities in which the company operates, and the NGOs advocating on people's behalf locally, regionally, and internationally.

The basic challenge was and remains addressing those who believe that business is solely to make a profit for owners (e.g. U.S. economist Milton Friedman) versus those such as Logan who believe that it is in a company's long-term interest and survival to base action on ethical values and consideration of all stakeholders. It is good business and leads to long-term corporate success.

Logan's success examples in the book are primarily those of admirable global consumer products companies. In contrast are private capital investment firms such as 3G Capital who Logan cites that with investor Warren Buffet's Berkshire Hathaway almost carried off a hostile takeover of values-driven Unilever. 3G Capital's goal is to preserve capital and maximize value for their clients. <https://3g-capital.com/> An example Logan does not mention is The Carlyle Group with \$81 billion of corporate equity <https://www.carlyle.com/> with more financial power than many countries in the world today. Such firms are far-removed from consumer awareness. Their only purpose is generating financial value and maximizing income for their private investors. Such firms may buy out companies, strip and sell assets, lay staff off, and can in effect, devastate communities. They don't have to be concerned about leading social issues of our day such as climate change, inequality, child labor,

or other abuses of nature or humanity. In counterpoint, Logan recommends books by financial journalist Michael Lewis <http://www.michaellewiswrites.com/index.html#top>

Logan admits that the vision of President Reagan in the U.S. and Prime Minister Thatcher in the U.K. to allow businesses to get on with what they do best, to 'give back' to society, and to engage in society's great issues of the day "largely got lost in the rush to take advantage of the new opportunities that they (Reagan and Thatcher) helped open up."

One step in the right direction today is The Global Sustainable Investment Alliance <http://www.gsi-alliance.org/> Strategic Sustainable Investing (SSI) is an investment strategy that recognizes and rewards leading companies that are moving society towards sustainability.

For companies to play their role as citizens of the modern world, Logan also cites the U.N.'s 17 Sustainable Development Goals, the blueprint to achieve a better and more sustainable future for all: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/> These are also listed on <https://corporate-citizenship.com/sdgs/> the website of the international consultancy which Logan co-founded.

Logan also mentions the Global Reporting Initiative (GRI) <https://www.globalreporting.org/Pages/default.aspx> an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption.

Logan's book is an encouraging, hopeful, and pleasurable-to-read call for a better world through values-based ethical business decision-making, and should be a reference for anyone who wants to play a part in creating that world. For the book to be such a reference, though, I would hope at least these three modifications could be made:

- Subject and Author/Organization indexes including a small glossary, particularly of acronyms, be added;
- Correction of this statement: "...in 1934, and at the height of the depression, President Roosevelt overturned the (alcohol prohibition) ban." In fact, the ban was the 18th Amendment to the U.S Constitution passed in 1919 and was repealed by the 21st Amendment passed in 1933. A U.S. President has no Constitutional role in amending the Constitution or repealing any Constitutional provision; and
- A citation to clarify this statement on page 187: "The days of government doing everything for us are over...." When and where did any government ever do everything for all of its citizens?

Daniel Clarke Flynn; Brussels, Belgium; February 2019

There are other available normative standards not mentioned in the book that can be noted.

Examples include:

<http://www.blueprintforbusiness.org/> with its Five Principles of a Purpose Driven Business which capture in other terminology the stakeholders Logan identifies: Honest and Fair with Customers and Suppliers, A Responsible and Responsive Employer, Has a Purpose which delivers Long-term Sustainable Performance, A Good Citizen, and A Guardian for Future Generations.

<https://themp.org/> The Millennium Project – Global Futures System created to improve humanity’s prospects for a better future by tracking 15 Global Challenges such as Sustainable Development and Climate Change, Global Foresight and Decision Making, Rich-Poor Gap, Transnational Crime, and Global Ethics to name but five of the fifteen.

<https://worldbusiness.org/about/> devoted to elevating the consciousness of people in the business community and urging business leaders to use their power to take greater responsibility for the communities and environment their work touches, in addition to growing company profit.

Against media-hyped doom and gloom today is this recent article based on seven normative standards, Seven Reasons why the World is Improving, from BBC Future:

http://www.bbc.com/future/story/20190111-seven-reasons-why-the-world-is-improving?ocid=ww.social.link.facebook&fbclid=IwAR1BP7sbab_wHSEX8I7G7Y2UroJzQ1QiCUK5qMXjVojpi0icV26Bjw6os_k

Companies operating in Europe can also find best practice guidance from: https://ec.europa.eu/info/aid-development-cooperation-fundamental-rights/your-rights-eu/eu-charter-fundamental-rights_en The EU Charter of Fundamental Rights under the European Union which protects the rights of labor, capital, and cross-border goods and services, and <https://www.echr.coe.int/Pages/home.aspx?p=basictexts&c> The European Convention on Human Rights under the Council of Europe which protects the rights of human beings.