Leadership-driven "Conscious Capitalism" and the Triple Bottom Line

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***Abstract**:*

Business leaders in the 21st century corporate community have embraced the notion of "conscious capitalism" (CC) and have translated that slogan into varying degrees of action. At the core of their strategic initiatives, such leaders embrace the concept of the Triple Bottom Line (TBL)—the three interconnected corporate pillars of competitive advantage--people, planet and profit. To truly ensure that the values of ecology and economics tie into sustainable practices, conscious leadership embeds the principles behind corporate virtue into viable plans that create a muscular CC strategy—i.e., one that goes well beyond lip service to the concept of corporate social responsibility. This paper discusses three important strategic leadership alignments for CC: 1) Leadership-driven strategic cultural change from profit-maximization the broader value of conscious capitalism. 2) Validation by leaders and stakeholders that firms incur debt in their interconnected environments in the normal course of doing business, which must be avoided proactively, or at least, remediated. 3) Leadership guidelines for strategizing that will embed CC into the very DNA of the corporation.

I. INTRODUCTION:

The relentless drive to annihilate competition and thereby to acquire larger market share has led to the recent demise of the *News of the World* corporation in July 2011. This recent scandal flows inward and back to into the entire corporate structure of owner, Rupert Murdoch, and outward globally to powerful politicians and business captains of enterprise. Once again leadership of a mega communications entity, viz.,the News Corporation (parent company of *News of the World*), has been shown to be willfully perpetrating harms on its human stakeholders. If nothing else, the media and public scrutiny should signal a wake-up call for those corporate chieftains who are hesitating on the fence of corporate consciousness and social responsibility, and still wondering whether "*doing well, by doing good*" is the right thing to do.

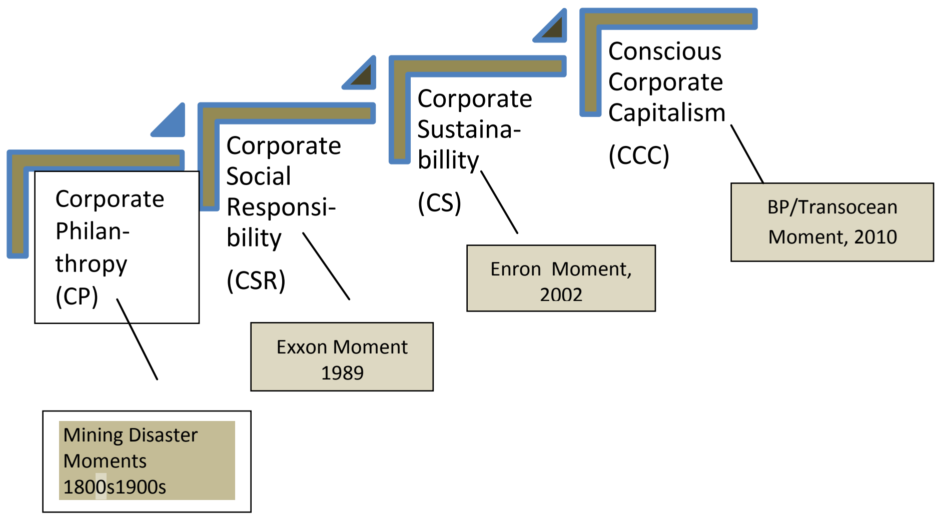
As we will see Rupert Murdoch's leadership behavior has created toxicities[1] for his corporate environment that in turn have elicited—what business fears most--negative public scrutiny and condemnation.

Corporate social responsibility has been a mantra touted by business leaders and activists for three decades, being stimulated by both ethical considerations and the fear of public reaction to scandals. Thus modern leadership thinking about corporate competitive advantage appears to be morphing, slowly, but surely, from the traditional profit-maximizing philosophy to a broader goal of the three Ps—profits, planet and people. Well-known today as the Triple Bottom Line (TBL). The concept of leadership consciousness is viable enough to have morphed from the simpler corporate philanthropy prototype, to the corporate social responsibility (CSR) exemplar, to corporate sustainability (CS); and now to the fourth iteration—namely, the corporate capitalist paradigm see Fig 1.1. The key defining moments that captured each of these patterns is shown. The newest archetype, "Corporate Capitalism" (CC), at its heart, is based on four tenets: Conscious Leadership, Higher Purpose, Interdependence of Corporate Stakeholders, and development of a Conscious Culture. The theoretical progression shown in Fig. 1.1, indicates the heightened levels of interest in corporate social justice. It implies a growing willingness on

[1] See: Stephen E. Ambrose, *"Band of Brothers: E Company, 506th Regiment, 101st Airborne from Normandy to Hitler's Eagle's Nest"* (Simon & Schuster, New York, NY: 2001); Barbara Kellerman, *"Bad Leadership: What It Is, How It Happens, Why It Matters"* (Harvard Business Scholl Press, Boston, MA: 2004); Terry Price, *"Understanding Ethical Failures in Leaders"* (Cambridge University Press, New York, NY: 2005); Jean Lipman-Blumen, *"The Allure of Toxic Leaders: Why We Follow Destructive Bosses and Corrupt Politicians – and How We Can Survive Them"* (Oxford University Press, New York, NY: 2006). Pelletier, K. L. (2008). Toxic leadership as an antecedent to corruption. In O. T. Chen (Ed.). *Organizational Behavior and Dynamics*. Hauppauge, NY: Nova Science Publishers. Reprinted in *Economic Corruption: Detection, Costs, and Prevention*. In F. N. De Luca, (Ed.). Hauppauge, NY: Nova Science Publishers.

the part of scholarly and business communities to review competition beyond the traditional five forces backdrop of profit-maximization.

Fig: 1.1.: Corporate Deontology: Four Step Evolutionary Model to Conscious Capitalism



The TBL leadership-driven model is by no means uncontroversial among traditional strategists. While conceding that the TBL might represent "virtuous" behavior critics argue that among other things, such a model of firm behavior is unrealistic; will not obtain across all industries; is too long-term in orientation to satisfy Wall Street current ideology; and, that the strategy often falls victim of mergers and acquisitions (when new leadership likely emerges) (O'Toole, and Vogel, 2011). Nevertheless, the recognition that markets while attempting to be efficient and effective have ignored real costs to humans and the environment (Hawken, 1993). Hawken and others argue that this new consciousness, moves away from a hitherto false consciousness about aspects of morality of market efficiency. Cynics and doubters also point to the challenge inherent in sustaining corporate virtue, as was the case with Johnson and Johnson, who could not maintain their credo of value in the face of multiple complaints about the poor quality of their products. Others argue that the commitment to treat all stakeholders equally and fairly is naïve. Many observe that the large societal problems need solutions from governmental action, rather than private enterprise (Vogel and O'Toole, 2011). While the skeptics provide well-meaning rebuttals on what might happen if a conscious philosophy is widely observed, the growth of such viewpoints is evidenced by the burgeoning of indices from respected sources such as the Dow Jones Sustainability Index (DJSI) and a sample of 18 others that are shown in this paper as Appendix I. There is also a growing realization for the need for a participatory interdependent dynamic between governments, businesses and non-profit organizations that come together to plug gaps the others may not be able to fill.

II. SENSITIVITY TO CONNECTEDNESS IN THE CONSCIOUS CAPITAL PARDIGM:

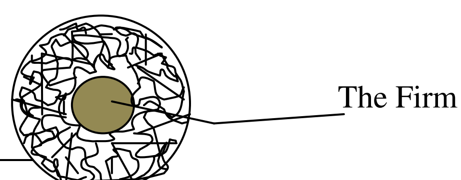
Leadership that avows a CC mindset reaches out broadly to external as well as internal stakeholders in both transformational and transactive (Burns 1978; Tichy and Devanna 1986; Doig and Hargrove 1987; Bass 1990) leadership behaviors. In this context Lipman-Blumen's communitarian concept of Connective Leadership obtains (Lipman-Blumen 2006). In the complex, globalized world of modern business alliances and networks prevail in interconnectedness. Yet the philosophy of universal connectivity and its deeper ethical implications are not generally considered in strategic planning. The concept of universal connectivity, communitarianism, and interdependence is an old one and goes back to a time when people and the planet were seen as indelibly linked. One such image comes to us from ancient Hindu Vedic texts[2], and it describes the concept of mutual interdependence in this way:

[2] The Vedas date back to 1000-500 BCE, spanning, the mid-2nd to mid-1st millennium BCE.

> "In the heavenly abode of the great god Indra, there is said to be a bejeweled net which stretches out into infinity. A single glittering diamond graces every knot in the net. The net itself being infinite in dimension, the diamonds are infinite in number. When one looks closely at a single diamond in the net, one beholds that in its polished, sparking, surfaces are reflected every other jewel in the net, and the reflections are infinite without limit.[3]"

This world-wide web of connectivity comes to us from an abbreviated text of the Avatamsaka Sutra[4] vividly portrays the interconnectedness and interpenetration that pervades the entire universe. It implies that benefit or harm to one single element, distributes benefit or harm to the whole community of interrelated life.[5] In similar fashion physicist and systems theorist Fritjof Capra evokes Indra's net in his statement that "...particles are dynamically composed of one another in a self-consistent way, and in that sense can be said to 'contain' one another." (*ibid*, 1975). The metaphor of Indra's net may justly be called the first bootstrap model, created out of Buddhist wisdom, some 2,500 years before the beginning of particle physics. Indra's net also depicts what in the 20th century came to be known as the Hologram, where every point of the hologram contains information about every other part. The symbolism of Indra's net was captured in the song "We are the World," written by Michael Jackson and Lionel Ritchie.

Fig 2.1: The Firm as a Cell in Interconnected Dynamic Nests



[3] The metaphor of Indra's net was put in another way in the words an ancient Buddhist named Tu-Shun (557-640 B.C.E.) who notes that: "In the Heaven of Indra, there is said to be a network of pearls, so arranged that if you look at one you see all the others reflected in it. In the same way each object in the world is not merely itself but involves every other object and in fact IS everything else. In every particle of dust, there are present Buddhas without number."

[4] The *Avataṃsaka Sūtra* was written in stages, beginning from at least 500 years after the death of the Gautama Buddha around 486-483 BCE.

[5] The natural sciences validate this existential thinking in modern formulations. The interdependent nature of the world is shown by the developer of chaos theory, Edward Lorenz, who argued that a small cause can have a big effect on a interdependent complex system (Lorenz, 1963). Lorenz first called it the seagull effect, and later the now popular, "butterfly effect." Lorenz showed that small causes can have large consequences in a non-linear system

Connectivity and a sense of jointness drive conscious leadership. In terms of business behavior, "conscious leadership is driven primarily by service to the firm's purpose, rather than by power or money," (Sisodia, 2011, p. 99). Such a leader embeds "a culture of trust, authenticity, caring, transparency, integrity learning and empowerment—represented by the acronym TACTILE" (*ibid*). CC is a new and more comprehensive slant on what used to be called corporate social responsibility (CSR) and then corporate sustainability (CS), which is about organizations going "beyond compliance" and engaging "in actions that appear to further some social good beyond the interests of the firm and that which is required by law (Chen 2001; McWilliams and Siegel, 2001). Thus, when today's management scholars and business leaders talk about CC they advocate a mindset moving the corporation from a smaller ego-centric *me* (independent existence), to a larger world-centric *WE* (interdependent, connective, existences). In so doing they frequently educe facts from "the virtual meltdown of the corporate system" (Cady, *et.al.* 2011) triggered by the American banking crisis and other large corporate scandals of the past decade—British Petroleum, Enron, WorldCom, Quest, Tyco Adelphia[6]. The harms that ensued were far-flung. As argued by Sisodia (2011), firms that "generate financial wealth at the expense of social, cultural, environmental, intellectual, physical and spiritual well-being are value-extracting rather than value creating" (p. 106).[7] Professors Mitroff and Denton have pointed to the financial and corporate crises of the past two decades as stemming from a spiritual

[6] The Gordon Gekko, greed-is-good mantra arose from of the traditional model of capitalism with its concentration on the bottom line. Here the focus of business is business and the financial bottom line where leadership is in a frenzy to mazimize profits at any cost.). As we are well aware corrupt organizational behavior followed. In many of the cases it may have begun innocuously as a small act of stretching a fact or two and then escalated: "little lies grow into bigger ones" (Elliott and Schroth, 2002). "One little lie, deemed to be innocent grows—and then one day an Enron happens" (*ibid*).

[7] In similar vein one can recall the age-old story in Plato's Republic where the question is raised, "is it better to be just than unjust?" Through the instrument of a story about a city, Socrates shows that it is better to live the just life than the unjust life, as the unjust man suffers the consequences of his unjust actions, as did Kenneth Lay, Tony Hayward, Dennis Kozlowski, Bernie Madoff and Rupert Murdoch.

poverty in organizations, even as organizations strive for economic competitive advantage (2005).

Corporate leadership sets the climate for the organization via visions, values, beliefs, and behaviors, and an organizational culture for better or worse draws meaning from these constructs (Trevino & Nelson, 2011). Research shows that the characteristics of the CEO's personality and behavior inevitably filter down all the way from the boardroom to the shop floor, "affecting supervisors' ethical leadership behavior and finally employee behavior (Trevino & Nelson, 2011). Fernandez, *et.al*. 2003, and Jackall, 1988[8] observe that CEO (formal as well as informal) behavior impacts culture, and embeds itself into strategic policies.

Leaders who articulate and promote a CC culture in their organizations must ensure that this is not a credo of empty values. Paul O'Neill, former CEO of Alcoa embedded into the culture of that corporation, a strong concern for worker safety by creating the goal of a "zero lost day "from work accidents. Under O'Neill an accident reporting system was set up that reported within 24 hours of an employee accident—no matter how small. O'Neill, himself, used the reporting system as an organizational learning instrument.

III. CORPORATE MANAGEMENT MODELS OF BEHAVIOR VIS-À-VIS CORPORATE CAPITALISM

Several leadership theories come into play when addressing conscious capitalism from negative to positive. The famous *agency theory* of organizational leadership offered by Milton

[8] Sociologist Robert Jackall notes, "in the early stages of my fieldwork at Covenant Corporation…I was puzzled by the inordinately widespread usage of nautical terminology, especially in a corporation located in a landlocked site. As it happens the CEO isdevoted to sailboats and prefers that his aides call him "Skipper" Jackall, R., Moral Mazes: The World of Corporate Managers, 1988).

Friedman (1970) argued that leaders are agents of the organization and therefore responsible only to the owners and shareholders. Viewed from this context, Freidman argued that corporate social responsibility is an abuse of the firm's resources, and he maintained that such funds would be better applied to developing value-added products internally or returning them to shareholders. This theory narrow theory about profit and who is a shareholder of a firm was of course, prevalent before Friedman's famous vocalization of it. Under agency theory, firms did undertake philanthropic activities but either as a reactive response to general public outcry, or specific accusations over accidents. Other philanthropic measures were instituted randomly. The 19th century was awash with reparation gestures by financial barons like Carnegie, Frick, Mellon, etc.

Freeman (1984) debated in favor of the *stakeholder model* for leadership to consider—with an emphasis on non-financial stakeholders who might withdraw their support if a firm is unconscious of its role in being socially-responsible to society at large. A moral framework is presented in the *stewardship theory of leadership*, (Greenleaf, 2003) which asserts that managers have an obligation to do the right thing, and that is to engage actively in CSR (Donaldson/Preston 1995). The *institutional theory of leadership* suggests that leaders engage with their stakeholders in the form of trust, cooperation and ethical values and the returns on such institutional behavior are high (Jones, 1995). Waldman, *et.al.* (2004), have argued that *transformational leadership* employs CSR in strategic planning. Lipman-Blumen argues that successful leaders consciously connect to their environments because of the underlying understanding of the interdependent nature between organizations and their environments (2006). Ryuzabuto Kaku has called this "the Path of Kyosei" (2003) or the spirit of cooperation and harmonious relationships between a corporation and its stakeholders.

A growing change in corporate values representing a swing from the sole pursuit of economic advantage which has so far been the driver of corporate strategy and processes (Ghoshal & Moran, 1996; Ferraro, Pfeffer, & Sutton, 2005) to a greater sense of corporate responsibility for human and natural resources. The shift from the old reasoning that "*the business of business is business*[9]" to what is now termed "conscious capitalism." Within this newer understanding, a term "The Triple Bottom Line" (TBL) has fully manifested itself with an emphasis on the Shell company's three Ps—people, plant and profit (Elkington, 1994, 1998), with the notion that what is good for corporate profit embraces what is good for the broader environment of an organization—its human and natural resources.

IV. VALIDATION OF ETHICAL THEORIES OF FOUND IN FINANCIAL INDICES:

External validation is an important avenue for helping consumers, customers, and other stakeholders understand the robustness of a company's citizenship program. Dow Jones created its Sustainability Ind**ex** to recognize publicly traded companies with outstanding economic, environmental, and social performance. Inclusion on this list has now become one of the most respected signs of effective corporate responsibility programs and sustainability-related risk management. This was the first sustainability Index of common stocks based upon their performance on the three dimensions of the TBL—calling them environmental sustainability; economic sustainability, and social sustainability (Dow Jones Indexes, 2008, and A Crane and D. Matten 2004.) Closely related to this index is the Dow Jones' Dharma Index (2008) that tracks

[9] This phrase is widely attributed to Milton Friedman, who actually said, "the social responsibility of business is to increase profits," *The New York Times Magazine*, September 13, 1970.

over 3000 "dharmic"[10] companies across the globe, which identify and track the stocks of companies that strategize around the world using the values of Hinduism and Buddhism.[11] As envisioned in the Dharma Index, capitalism is the responsible support and advancement of the entirety of a corporation's environment—human, natural and economic.[12] Another such index is the Wilderhill Clean Energy Index. This instrument tracks the corporations that use cleaner energy and conservation. Stocks and sector weightings within the ECO Index are based on their significance for clean energy, technological influence and relevance to preventing pollution.[13] The Corporate Responsibility Index (CRI) is a leading U.K. business management and benchmarking tool that enables companies to effectively measure, monitor, report and improve their impacts on society and the environment.[14] The technology, energy, healthcare, and aerospace and defense industries were selected based upon the perceived relevance to the Markkula Center partnership companies[15].

Conscious Capitalism, Inc., and its subsidiary Conscious Capitalism Alliance consists of business leaders who work in service of the Conscious Capitalism Movement (CCM). CCM is

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[10] *Dharma* is a Sanskrit word which means the universal law that governs human obligation and interdependence on the natural, physical and sentient domains of existence. Dharma addresses the holistic, co-dependent nature of being.

[11] Dow Jones partnered with Dharma Investments in India to create this index.

[12] The Dow Jones Dharma Indexes are the first to measure dharma-compliant stocks and now track more than 3,400 companies globally, including about 1,000 in the U.S. In addition to the global domain index, Dow Jones has created special dharma indexes for the U.S., Britain, Japan and India.

[13] The WilderHill New Energy Global Innovation Index is comprised of companies worldwide whose innovative technologies and services focus on generation and use of cleaner energy, conservation and efficiency, and advancing renewable energy generally. Included are companies whose lower-carbon approaches are relevant to climate change, and whose technologies help reduce emissions relative to traditional fossil fuel use. http://www.cleanenergyindex.com/

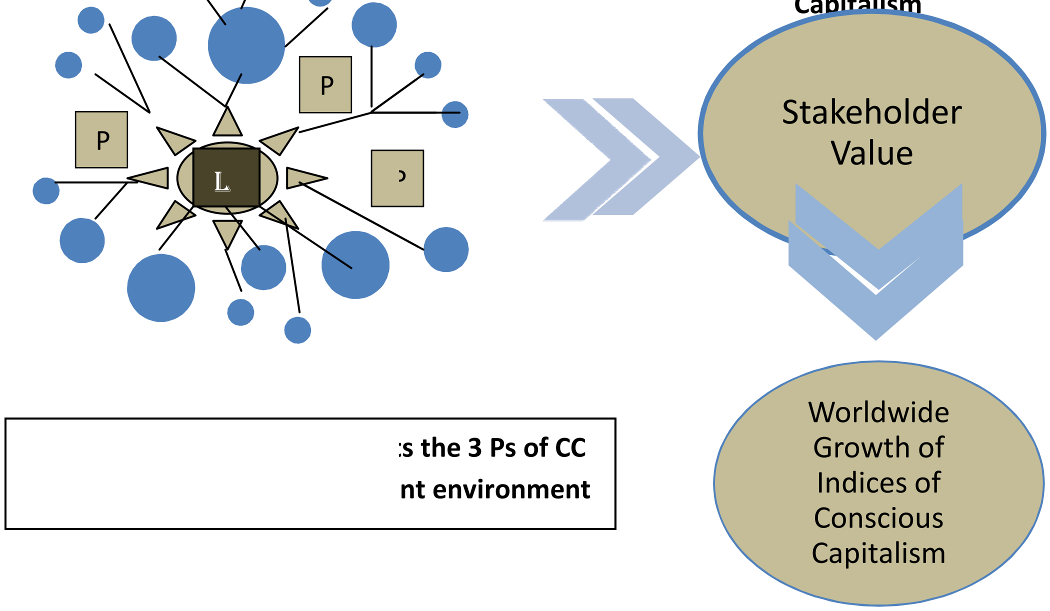
[14] The framework for the CRI was developed by Business in the Community (BITC) in the UK in 2002 in consultation with business. http//www.corporate-responsibility.com.au

[15] The Markkula Center focuses on business ethics, health care and bioethics, local government ethics, and character education in K-12 schools. It has partnerships **with** professional groups and organizations, such as: The partnership companies include: Advanced Micro Devices (AMD), Advance PCS, Affymetrix, Agilent Technologies, Applied Materials, Catholic HealthCare West, Calpine, Cisco Systems, Ernst & Young, Hewlett-Packard, Northrop Grumman, Premier Inc., Wilson Sonsini, Wyse Technology and Xilinx.

an emergent movement[16] towards a "values-based" economics. Conscious business is distinct from the concept of CSR, although, of course, a conscious business is also very probably socially-responsible. However, being a "conscious" business does not only mean doing charitable works here and there, such as raising funds for scholarship or by creating a company foundation. The term conscious business is more profound. It indicates that a corporation will at all times be mindful, of its global coexistence and long-term impact on the planet from the present and into the future. Although "conscious capitalism" is a newer term, a number of corporate pioneers have already been showing us the way toward corporate consciousness over the last twenty years—Patagonia, Smith and Hawken, Espirit, Windhorse Trading, Mitutoyo Company, Takeda Pharmaceuticals, Shambala Publications, Ben and Jerry's, Google, Greystone Bakery, Asia Precision Company Ltd., Kikkoman, and others. These firms have brought a diversity of connective, interdependent, social and spiritual values into their corporations, and have been conscious capitalists long before the term took its place in the nomenclature of strategic theory.

[16] Many credit the late Anita Roddick as the early exponent of this philosophy via her Body Shop "green" strategies in the 1970

Fig 4.1: Validation for Conscious Capitalism



The index that appears as APPENDIX I, contains 19 well-known clusters of conscious capital alliances. These metrics validate the fact that a growing number of companies that are aware that sustainable development issues will define the future global society. These indices of business virtue indicate a corporate mindset that includes corporate social responsibility in strategic planning. Formal strategic vision translated into a firm's goals, and core competencies ensures that CSR is not just a nice thing to say, but in fact, is a useful, and competitive thing to do that is embedded into a firm's *raison de etre.* In a corporate mindset of interdependencies the VRIO[17] model of a firm's competitive internal resources and capabilities (Barney 2005) thus, has deeper meaning than merely a short-term, profit-garnering concept, and leans sharply toward a stewardship approach to doing business. Similarly, when the leader views the competitive forces that arise from the external factors (Porter, 1980), the corporation will be less inclined to maximize profit at the expense of people and the planet, because external and internal are indelibly interlinked. When there is a misalignment between ideals and leader behavior, these

[17] V=value, R=rarity, I=inimitability and O=organizational embededness.

often become systemically embedded into practices in the organizations, and leadership finds rationalizations for deviant behavior, the negative externalities spill over into its environment. "as a by-product of doing business, but an essential part of strategic planning for the future. The need for the long view in business—the strategic view--demands that there be a connection between corporations and their entire environment. This is captured in the statement by Yvon Chouinard who launched Patagonia, Inc., "No business can be done on a dead planet. A company that is taking the long view must accept that it has an obligation to minimize its impact on the natural environment." (Casey, 2007).

V. EMBEDDING CONSCIOUS CAPITALISM INTO CORPORATE DNA:

Corporate leaders are increasingly called upon to demonstrate conscious capitalism, that go beyond Public Relations, by embedding conscious capitalistic principles into the DNA of the organizational culture via its strategic planning and measuring systems. The embedding process should begin at the design stage all the way to the finished product and including product demise. Hart calls this comprehensive product cycle "product stewardship" (Hart, 1997). The embedding process requires 3 essential elements: Leadership Drive; Engagement of Internal Stakeholders; Engagement of External Constituents.

Most corporate initiatives for CSR are a hodgepodge of disconnected activities, and are consequently not as effective as they could be. What is needed is leader-driven planning for CSR that begins with analyses of opportunities for social benefits. Porter and Kramer argue that if organizations were to plan using the same frameworks used for business objectives, then CSR would be much more of a competitive advantage and not merely "*a nice thing to do*," or a cost or constraint (Porter and Kramer, 2006). Others agree that sustainability plans must make business sense, in terms of value-creation and competitive advantage (Hart, 1997; Salzmann, et.al. 2005). In principle, the vision for conscious capitalism, like other strategic values, should be aligned seamlessly within the normal business activities of the corporation. Organizations that have paid public relations lip service to corporate consciousness have been seen as "talking but not walking the walk." They risk losing their reputations, and as shown in the cases of Enron, the damage is high. Corporate leaders should keep in mind the following useful equation adapted from Strandberg Consulting (2009):

CR – HR & ER = PR

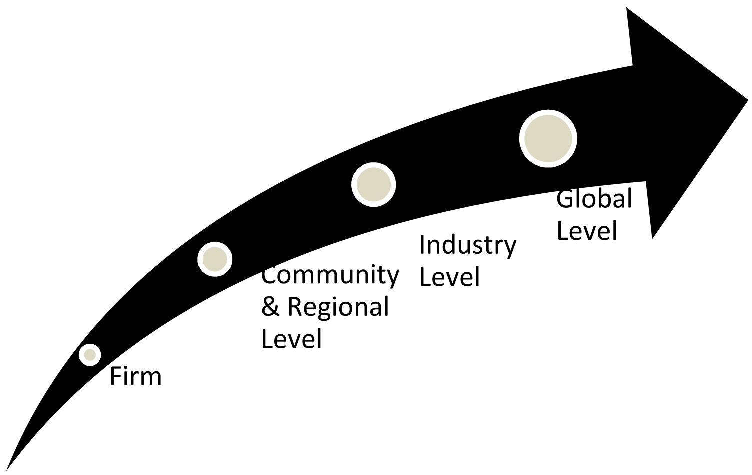
CSR planning should include 2 additional elements into the historic SWOT analysis—Expectancies and Aspirations of Stakeholders, see matrix below. Leadership needs to ensure that their strategic expectancies align with organizational internal resources and capabilities, and must also take into account opportunities and threats from the external environment. Goal valence is important to note in development of the expectancy analysis (Vroom, 1964; Porter and Lawler, 1968). Goal valence appropriateness is essential here. Like any product or service that the business generates and hopes to make a success of, expectancies of stakeholders.

Matrix: 5.1. SWOT*E* ANALYSIS

Main Internal Analyses -------------------	Strengths & Weaknesses	Main External Analyses ---------------------	Opportunities & Threats
Additional Analyses for CSR	Stakeholder **EXPECTANCIES** and Aspirations	Additional Analyses for CSR	Stakeholder **EXPECTANCIES** and Aspirations

In line with the inclusion of stakeholder Expectancies and Needs a corporate leader must look at stakeholders from a broad perspective. This includes 4 levels of interrelated consideration, as shown below:

Fig. 5.1: **Align Strategies with Four Levels of Expectancies & Needs**



The embedding process will be more useful if the principles of *Kyose*i—interconnectedness and harmony with the environment, and *Kaizan*—continuous improvement are a major part of audit and evaluation of the strategy.

Fig. 5.2: Embed CSR goals into Leadership job descriptions , evaluations and reward systems

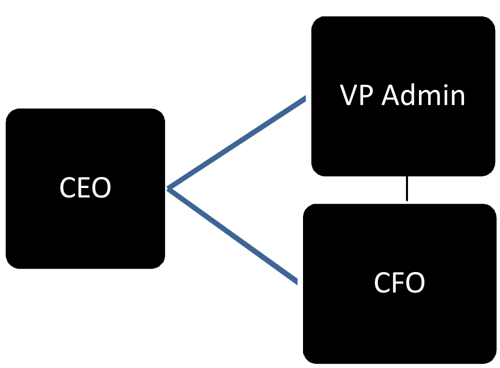
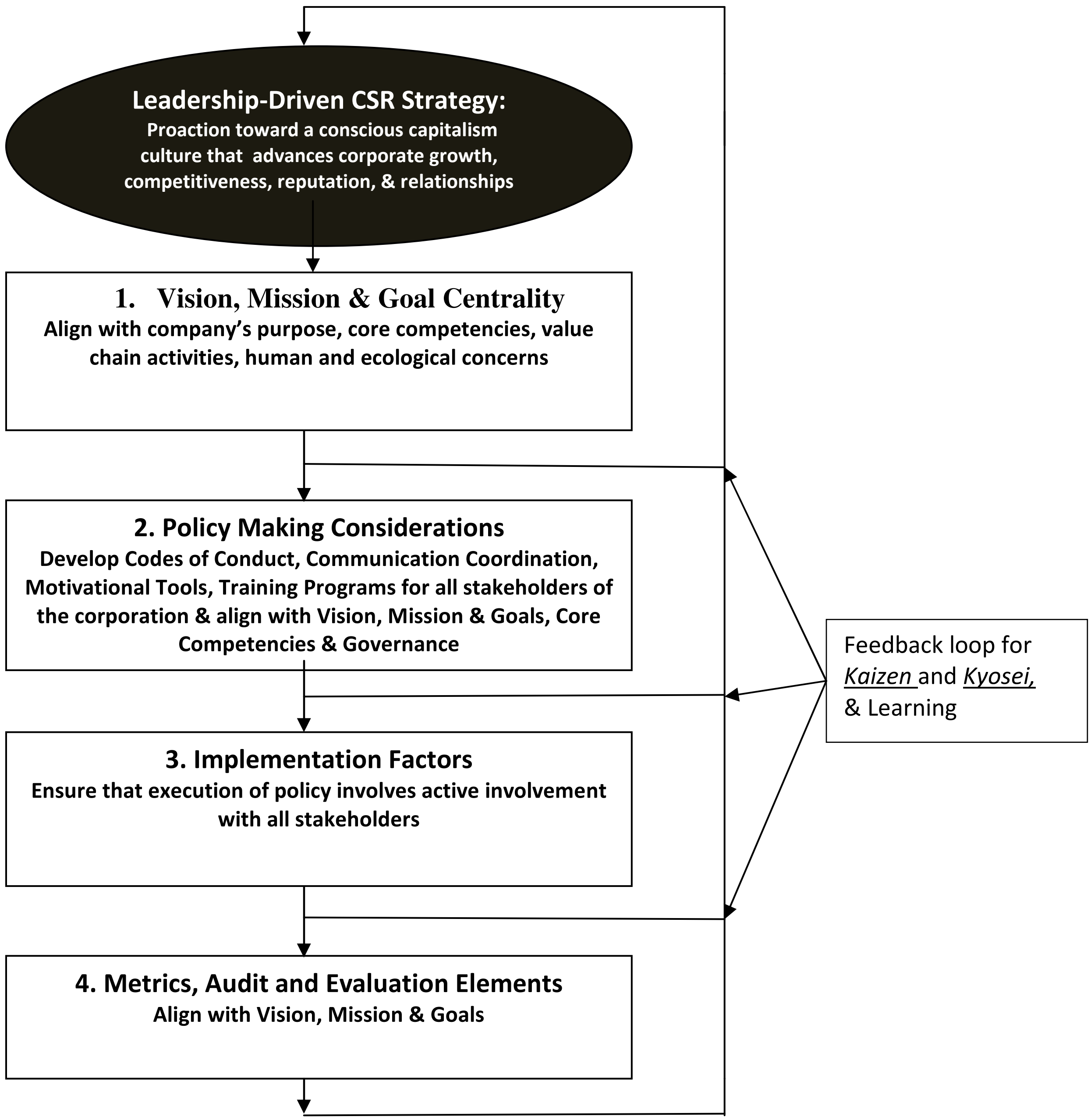


Fig**. 5.3: Embed CSR Strategy into the Firm's DNA**



The embedding process is valuable learning and implementation for the organization. As such it forms a valuable capability in the value, rarity, inimitability and organizational process (VRIO) (Barney & Hesterly, 2005). This is knowledge then becomes a resource that can be sold to others who wish to learn this procedure, and/or offered as Internships to students so that a continuous learning and improvement process can ensue.

VI. CONCLUSION:

Social entrepreneurial leadership as a business practice is gaining traction in the entrepreneurial literature. Such leaders see their roles in business as existing primarily or solely to address and solve pressing social problems. The growth in the field of social entrepreneurship shows an intensification of the need for business to partner with government and non-profit corporations to undertake strategic initiatives for the broader public good. There is, however, still a very large segment of business community whose values are purely capitalistic and profit maximizing at the expense of other interrelated organizational ends. Matrix 6.1. describes the situation:

Matrix 6.1: Where Organizations Stand Today

↓CORPORATE VALUES	**INDIVIDUAL VALUES→**	
	Self-Interest (S-I)	*Social Responsibility (S-R)*
Self-Interest (S-I)	1. Purely Capitalistic	2.Untapped Potential & Learning Opportunity of Corporation
Social-Responsibility (S-R)	3.Untapped Potential and Learning Opportunity of Stakeholders	4. Altruistic & Competitive

In the above matrix, Cells 2 and 3, each with one component present and one component missing represent the greatest opportunities for consciousness capitalism and organizational learning. Cell 2 presents a bottom-up opportunity for the firm. A leader (perhaps a new CEO) for example, could listen to employees or stakeholders who show an interest in CSR as a form of strategic behavior, and use these internal energies as a tipping point to change the organizational culture and behavior. The shortcomings of Cell 3 represent a good prospect for the CEO to develop a culture of conscious capitalism that would support CSR and in turn help the firm's image and reputation. This would not only externally increase its competitive advantage, but also increase internal morale. This is a cell where leadership can embed conscious capitalism into the business by training, educating and developing managers for moral agency (Andrews, 1989).

While it is the responsibility of governments to create policy alternatives to reduce poverty and to assist ecosystems to absorb growing populations and maintain biodiversity, leadership of corporations has recognized the need for conscious capitalism to maintain the interconnected and interdependent systems for global prosperity. They do this through strategies that reduce risk to human and natural resources, because thoughtful leadership knows that human and natural resources provide the essential materials for production and for its long-term wellness. Consumers more than ever consider how business treats the well-being its employees as the indicator of its conscience and social responsibility (Strom, 2006). The U.S. should recognize that there is a divergence between its national interests and many multinational corporations that are still strategizing with risk to national and global interests by offshoring everything "other than consumption." (Hindrey, 2007, p. 45).

This paper focused upon three leadership-driven values: 1) Acknowledgement by leadership of the significant impacts of corporate behavior on a firm's interconnected and dynamic environment—this is the source of corporate deontology (Kant, 1964; Rawls, 1975). 2)

Validation by leaders and stakeholders that firms incur debt in their interconnected environments in the normal course of doing business, and these debts are to be proactively avoided, or remediation provided Kaldor, 1939; Hicks, 1939; Pareto, 1935. 3) Guidelines for strategizing that will teleologically embed CC into the corporate DNA (Bentham 1780; Mill, 2006).

The paper concludes with the benefits of strategically embedding CC to the corporate DNA, as discussed throughout the analyses:

- Global value, regional and local benefits
- A signal of corporate virtue
- Investment for corporate growth and competitive advantage
- Reputation insurance
- Marketing and PR tool
- A leverage for joining with public and non-profit efforts
- A signal to other corporations that business takes it obligations seriously

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APPENDIX I

Corporate Sustainability Indices

INDEX OR INITIATIVE NAME	PURPOSE
Calvert Social Index (CSI)	A project from Calvert Investment funds, this program began calculating socially responsible funds in 2000. Analyses are produced based on products (types); environment (protection and pollution), place of work (compliance with rules and standards, and integrity (ethically responsible behavior).
Clarkson Center for Business Ethics Board Shareholder Confidence Index (CCBE)	CCBE has been developed through the Rotman School of Management. It evaluates and ranks Boards of Directors of S&P TSX companies using factors that affect shareholders' confidence in Boards to fulfill their duties ethically.
Dow Jones Sustainability Indexes (DJSI)[18]	Tracks the financial performance of worldwide corporations that use sustainability criteria
Dow Jones Dharma Index (DJDI)	Dharma Investments has, India, partnered with Dow Jones to create the indexes. It is based on dharma precepts of good conduct, and mindfulness about wealth, and responsible investing. Advisory committees of religious leaders and scholars screen and monitor companies' environmental policies, corporate governance, labor relations and human rights, among other criteria. Companies from business sectors deemed un-*dharmic,* such as weapons mfgs., pharmaceuticals, casinos & alcohol, are barred from the index.
Dow Jones STOXX	The Dow Jones STOXX Sustainability Index provides information for investors and analysts with reviews for the largest 600 European companies' sustainability practices. STOXX provides investors with an independent benchmark based on economic, environmental and social criteria. Stoxx only accepts the leading 20 percent in terms of sustainability. The components are selected according to a systematic corporate sustainability assessment that identifies the leading sustainability-driven companies in each industry group.
Ethisphere Institute	
FTSE4GOOD Index Series	Developed by the Financial Times Stock Exchange and Ethical Investment Research Service, contains global & regional indices to track corporations that model good policy, and management performance with respect to social responsibility.
FTSE Johannesburg Stock	JSE SRI was launched in 2004 in combination with FTSE4GOOD, ERIS, FTSE International

[18] Many social investors consider the DJSI the most competitive index to be listed on because of its high social, ethical, and environmental standards. It provides a rigorous independent review of a company's ethics, governance, and CSR policies. Dow Jones Sustainability Indexes track the financial performance of the leading sustainability companies worldwide, providing asset managers with reliable and objective benchmarks to manage sustainability-driven portfolios.

Exchange Socially-Responsible Index (JSE SRI)	and KMPG. It sets up a benchmark for investors and indirect support and promotion of responsible financial and human rights management. When launched, this was the first of its kind in the emerging markets.
Global 100 Most Sustainable Companies (G100SC)	A project of the Corporate Knights group that analyzes company performance based on non-financial shareholder values—social, environmental and strategic governance.
Hang Seng Index	Hang Seng Indexes has become the latest to launch a series of sustainability indices, covering Hong Kong and Chinese companies. The aims of the index series are to "further raise awareness about corporate sustainability" as well as to meet international demand for socially responsible investment in Chinese companies. Ratings of companies are carried out against their performance on environmental impact, social impact, corporate governance and workplace practices.
Jantzi Social Index (JSI)	Developed by Jantzi Research, Dow Jones & State Street Global Advisors, it contains a set of 60 Canadian Companies that pass a broad criteria of environmental, social and governmental yardsticks
KLD Global Sustainability Index (GSI)	This index was launched by KLD Analytics in 2007, to track socially-responsible corporations in North America, Europe and Asia-Pacific
Makula Center for Corporate Citizenship	This index was launched by Boston University
Newsweek Green Rankings 2010	List of 500 green companies
United Nations Global Compact (UNGC)	World's largest corporate citizenship initiatives encourage businesses around the world to align their strategies & operations with 10 accepted principles relating to human rights, labor, environment and anti-corruption.
Risk Metrics Group	
Sao Paolo Stock Exchange Corporate Sustainability Index (ISE)	This index collaborated with the Center for Sustainability Studies of Fundacao Gertulio Vargas and the International Finance Corporation, beginning in 2005 to create this index to create a benchmark for investors interested in socially responsible corporations
Transparency International Index (TII)	TII tracks corruption in corporations and produces, indices, surveys, regional case studies and other publications.
Wilderhill Clean Energy Index	A priority of the WilderHill Index (ECO) defines and tracks the Clean Energy sector--specifically, businesses that stand to benefit substantially from a societal transition toward use of cleaner energy and conservation. Stocks and sector weightings within the ECO Index are based on their significance for clean energy, technological influence and relevance to preventing pollution in the first place.