

Business for People Peacebuilding and Human Security

Universidad Panamericana International Programme ,2023
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Initiative

Key questions

Why is relationship between society and private sector changing?

How can we understand changes in business ethics and public expectations of business ?

What do we mean by social business?

What kind of business strategies are needed to become a 'social business'?

Shifting the paradigm

'The only social purpose of business is to make a profit'

Milton Friedman 1970

'Business is an economic actor with unique responsibilities. [Companies are] specialized economic organs not democratic public interest institutions'

John Ruggie 2008

'Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country.'

Business Roundtable statement 2019

'I believe we are on the edge of a fundamental reshaping of finance.

A company cannot achieve long-term profits without embracing purpose and considering the needs of a broad range of stakeholders. Ultimately, purpose is the engine of long-term profitability.'

Larry Fink, Blackrock, letter to CEOs 2020

What is going on?

An evolution in progress

Financial model - limited regulation
Social model – responsible business

Fracture of the post WW2 consensus – an opening for new actors?

Attempts to manage globalisation – and the agents of globalisation

Public trust declining; expectations increasing filtered through media, customers, employees

Extractive to tech sector

Social contract in question – new terms under which business can operate. CSR – not fit for purpose?

Inclusion of the private sector to fund global agendas and public goods

Constraint and co-op[era]tion

World's top 50 companies increased their stock market valuation post COVID-19 ; combined worth equivalent to 28% global GDP compared to less than 5% 30 years earlier

MNCs : a significant centre of global power {instrumental structural , discursive power} relatively autonomous transnational authority structure , 'footloose' in the global economy

'The ultimate boundaries of multinationals' authority are...difficult to discern, not unlike the frontier zones in early modern Europe before clear national boundaries were fixed' (Ruggie 2018)

CREATES A GOVERNANCE GAP



Plugging the gap: changing norms towards business

Voluntary ethical codes

2000
UN Global Compact

Disclosure

EITI
Publish What You Pay
GRI
SASB

2011 The game changer – voluntarism to soft law

UN Guiding Principles on Business & Human Rights
VPSHR

Legislation

2011 UK Bribery & Corruption
2015 Modern Slavery
EU Directives
BHR Treaty?

Agenda 2030
SDGs

COVID19
Build Back Better
Stakeholder capitalism
BLM + Inclusion

ESG goals and social legitimacy

Business and Human Rights

2011 The game changer –
voluntarism to soft law
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VPSHR

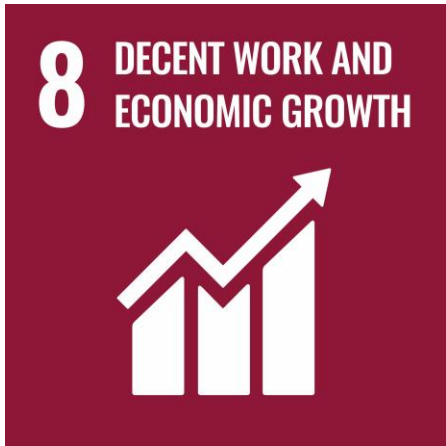
Tripartite Framework

State duty
to protect

Business
responsibility
to respect

Access to
Remedy

Sustainability and shared value creation for all stakeholders



Environmental,
social and
governance (ESG)
goals

Intervention of financial markets

Rise of impact investing

New products and better returns?

Patchwork of standards and
frameworks

Conceptual problems particularly
with 'S' in ESG

Normative
pathways for
business-society
relations

Business and Human Rights

Corporate Social Responsibility 2.0 profits
with purpose

ESG goals and indicators

Sustainability and long-term value
creation for all stakeholders

Mix of accountability and action-driven
norms

Political push

European Commission 2011:

CSR as process whereby enterprises integrate social, environmental ethical and HR concerns into their core

EU Directive on Corporate Sustainability Due Diligence 2022:

mandatory sustainability reporting from FY2023; companies to provide information on effects of activities on people and the environment

Business pushback

Reporting resistance, adverse economic cycle + limited expertise and resources

New directions

The mandatory/voluntary dichotomy

Philanthropy vs core business behaviour

Enhanced HRDD; Beyond Do No Harm

Peace positive actions – B4P, I4P

Improved transparency and accountability

Multi-stakeholder partnering

Human security

Next steps + questions

How can business deliver on the sustainability and responsibility agendas?

What challenges does the private sector face in the new business-society paradigm?

What kind of business strategies will emerge in response?