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Beyond Corporate Voluntarism Contribution to GTI Forum Corporations in the Crosshairs

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As Allen White said in his opening [piece](#), voluntary corporate social responsibility (CSR) is not enough. I oversaw the sustainability analysis of the world's 2,000 largest companies for many years. After a while, it became clear that no company could get close to full impact mitigation. Reductionistic economic and political systems unintentionally compel all companies to degrade the environment and society. The primary overarching system flaw is the failure to hold companies fully responsible for negative environmental and social impacts. In competitive markets, if businesses attempt to fully eliminate negative impacts, they will put themselves out of business long before reaching full impact mitigation.

It is far more important to hold companies responsible than individuals. If murder laws were removed, most people would not murder anyone. But companies often cannot voluntarily stop causing harm. That is why corporate responsibility must be mandatory. Under our unintentionally destructive systems, businesses often maximize profits by degrading the environment and society. When companies are held fully responsible, acting in a fully responsible manner becomes the profit-maximizing strategy. In the same way that we hold individuals responsible for murder, assault, and robbery, we must hold companies fully responsible for the harm and negative impacts they impose on society.

Over the past forty years, nearly all system change efforts have focused on theory, process, or one part of the whole system, such as the economy. This work has provided benefits, but largely not stopped environmental and social degradation. High-level system change (economic, political, social system-level) can only be achieved through whole system approaches that take all relevant factors into account. Using this approach, [Global System Change](#) identifies the

systemic changes and actions needed to achieve sustainability and the Sustainable Development Goals.

Actions are required in all major areas, including government, the general public, and the corporate/financial sphere. Governments that are controlled by vested interests, like in the US, are unlikely to change on their own. Uniting and empowering citizens to work together on their many common interests is a longer-term strategy. Using investing to engage the corporate and financial sectors in system change is the most powerful short-term system change strategy.

The \$30-trillion socially responsible investing (SRI) market is focused almost completely on addressing symptoms (environmental, social, economic problems) instead of root causes (flawed systems). It is also focused on changing companies instead of the systems that largely control them. [System Change Investing](#) switches the focus of SRI to root causes and system change. It is the most important SRI advancement since positive screening was introduced twenty years ago (i.e., enhancing investment returns by shifting investments to leaders on environmental, social, and governance—ESG—metrics).

Companies and investors can help to evolve systems into forms that require full responsibility (i.e., voluntarily make CSR mandatory). If we do not do this, reality and nature will evolve our flawed systems into sustainable forms (possibly through collapse), as they have done with every other human system that violates the laws of nature.

About the Author



Frank Dixon is the founder of Global System Change, which provides consulting and research services to companies and governments for implementing advanced sustainability strategies. Previously, he was the Managing Director of Research at Innovest Strategic Value Advisors, an ESG (Environmental, Social, and Governance) rating firm. He is the author of the book series *Global System Change: Achieving Sustainability and Real Prosperity* and an advisor to Ethical Markets Media. He holds an MBA from the Harvard Business School.

About the Publication

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