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## Response to Comments

### Contribution to GTI Forum Corporations in the Crosshairs

Allen White

The diversity, incisiveness, and passion of this discussion attest to the pivotal role of transnational corporations (TNCs) in shaping the global future. Stories of TNC involvement in climate disruption, deforestation, privacy violations, housing crises, human rights, and cybersecurity dominate the headlines. There is every reason to anticipate that these will continue unabated.

Three aspects of corporate redesign emerge from the array of responses in this forum. The first pertains to the *narrative*, both historic and future, regarding the purpose and character of the corporation. Several commenters rightly locate this question against the backdrop of the epochal shift that spawned the modern era of globalization in which the TNC is a principal protagonist. These commenters take a systemic view that understands TNCs as an expression of the larger socioeconomic forces generating the structural conditions leading to a growing concentration of wealth and power.

Sally Goerner stresses the dominance of the “oligarchy”—self-serving rule of the few—which for the last century has deployed the corporation as an instrument for control and accumulation among elites in both North and South. Álvaro de Regil Castilla’s hard-hitting analysis emphasizes the emergence of the global system of commodity supply chains that created “modern slave work” for which corporate social responsibility (CSR) serves as a public relations tool inherently incapable of bringing justice to workers and communities. In his view, corporations are a product of “marketocratic societies,” a force that undermines democracy by enabling capitalist control of the economy and government.

The transformation of the corporation cannot occur without a transformation of societal values, culture, and power relations. What specific design principle should apply? David Korten sees nature as the ultimate arbiter and inspiration, offering a model of the holism and resilience that alternative economies must embody. This requires abandoning industrial dependence on extraction, competition, and commodification. Instead, the purpose of the corporation—indeed, the purpose of all institutions—“must be to serve human well-being and the health of the Earth on which we all depend.” In the same spirit, Sandra Waddock argues that the only viable foundation for organizing human affairs, including corporations, is a vigorous embrace of nature-human interdependency.

Embracing a systemic perspective on corporate redesign can both inspire and paralyze. Epochal shifts—the Enlightenment, the Industrial Revolution, postwar economic globalization—are slow-moving, complex processes. With increasingly dire and accelerating threats to planetary well-being, waiting for the next epochal shift before undertaking interim steps toward corporate redesign is a high-stakes gamble on the planet’s resilience. Thus, we must look to actions that at least buy time, prepare viable options for activation once crises emerge in full force, and, at the same time, disseminate scalable actions with proven capacity to reshape the corporate form.

*Strategy* defines the second cluster of responses. For some, bottom-up approaches focusing on specific TNCs and/or sectors are the starting point. Michael Marx characterizes his decades of leadership in campaign strategies as an exercise in cultivating public outrage and a fear of reputational damage on the part of major corporate brands. Campaigns targeting Nike (sweatshops), Mitsubishi (rainforests), The Home Depot (old-growth forests), Kimberly-Clark (boreal forests), McDonald’s (animal rights), and Apple (toxic waste) illustrate how collaboration across consumers, shareholders, and civil society groups produce measurable, if not transformational, results. Such campaigns have targeted customers, employees, or universities (in their role as talent providers) to force changes in corporate permits, government procurement, and employee recruitment. He makes a strong case for deploying climate change as the strategic frontier for reigniting, expanding, and unifying the CSR movement.

On the investor side, Steve Lydenberg challenges the investment community in all its forms—e.g., pension funds, endowments, sovereign wealth funds—to embed long-term, systems-based sustainability concepts into their investment strategy. Such actions go beyond mainstream

“sustainable” or “ESG” investing by leveraging the power of investors to drive deep and enduring change in corporate behavior. Frank Dixon similarly touts the potential of systems change investing.

In contrast to bottom-up approaches, others offer a wide array of top-down ideas to modify TNC conduct through innovative standards, frameworks, and processes that move the needle toward redesign. These initiatives do not focus on one company or another, but instead seek to change the operating system in which all TNCs do business. As stressed by commenters like Duncan Austin and Yogi Hendlin, voluntarism is not enough: we must change the systems in which corporations operate and the laws that govern them. Alan Willis’s support for next-generation integrated reporting is an example, though Willis also goes beyond the mechanics of accounting to call for reformulating corporate charters, an issue pivotal to the redesign agenda.

Changing TNC conduct will also require institutional innovation. Dorothy Guerrero describes the proposed UN Binding Treaty on TNCs, a five-year process rooted in the view that human rights must displace economic rights as the centerpiece of TNC activity. And Jackie Smith describes how the UN Periodic Review (UPR) of national human rights can activate social movements and help “build new community collaborations [and] foster public discourse and consciousness-raising around human rights as an alternative framework.”

My concept of a World Corporate Charter Organization (WCCO) falls into this category as well. Akin to the International Labor Organization, the World Trade Organization, and the World Intellectual Property Organization, the WCCO would serve as a new global entity for advancing TNC charters that codify redesign principles into specific requirements for TNCs worldwide.

Skeptics could challenge the plausibility of such a venture at a time when multilateralism is under fire and nationalism is on the rise. However, I welcome such skepticism—it tempers my idealism without undoing it. At the same, the implausibility view has a familiar ring. In 1997, my colleague Bob Massie and I, frustrated with the sluggish pace of corporate sustainability reporting worldwide, conceived the Global Reporting Initiative (GRI). Our goal: to create a generally accepted framework and institution to move reporting from an extraordinary to exceptional to expected and mandatory practice. The skeptics asked, why you? Why now? And what legitimacy, collaborators, and resources can you possibly bring to such an ambitious idea?

Today, GRI is the leading global standard for corporate sustainability disclosure, referenced in the law, regulation, or policy in over 60 countries, reflecting its gradual evolution from an instrument of “soft” (voluntary, norm-based) to “hard” (mandatory, enforceable) law. A steady stream of revisions to the standard reflects the dynamics of globalization in which TNCs operate. Still a continuous work in progress, GRI—in concert with other reporting initiatives such as the Sustainability Accounting Standards Board, the Carbon Disclosure Project, and the International Integrated Reporting Council—has permanently altered transparency expectations for TNCs worldwide.

Granted, GRI is not a perfect analogue for a WCCO. Redesign via a WCCO or any other mechanism is far bolder and more disruptive than building a global reporting regime. Nonetheless, in this moment of fragility for multilateral organizations, the GRI story offers a valuable lesson in how the convergence of three preconditions can move a transformative idea from the implausible to the inevitable: determined leadership (on the part of individuals and/or a disciplined alliance of organizations), propitious timing (neither too soon nor too late in the cycle of social innovation), and shared grievance rooted in a widely felt wrong (in GRI’s case, corporate opacity and a yawning accountability deficit) capable of galvanizing disparate parties around a single solution (in GRI’s case, standardized, global rules for disclosure analogous to WCCO’s repurposed corporations).

What, then, are the *prospects* for corporate redesign in the coming decade and beyond?

Disillusionment with the dominant, shareholder-centric corporate form runs deep and wide. With each passing decade, the tentacles of corporate capitalism extend deeper into the global economy with intensifying social and ecological consequences. At the same time, both investor and state-owned TNCs are increasingly intertwined with geopolitical strategy and tensions surrounding, for example, national security, wealth disparities, climate policy, and electoral meddling. It is no surprise that commentators like Simon Zadek believe we may be at a tipping point.

Notwithstanding these conditions, corporate redesign falls within the boundaries of feasibility.

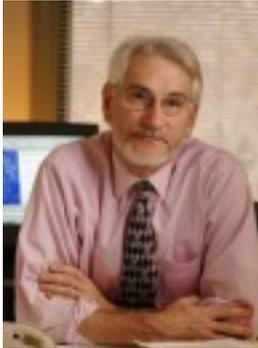
Alternative corporate designs are already in play, as Michael Peck reminds us. Enterprises such as Novo Nordisk (foundation-controlled), Mondragon (world’s largest cooperative enterprise with 80,000 employees), the UK’s John Lewis Partnership (employee-owned revenues of more than 10 billion euros), and the multitude of publicly owned banks in Germany, India, China, and other nations operate with public purpose embedded in their governance and operations. They represent living, replicable

examples of alternative corporate forms, with long track records in delivering social goods while achieving long-term financial stability.

Given the ubiquity of TNCs' influence on planetary well-being, corporate redesign is capable of attracting a broad spectrum of partners, including social movements explored by previous GTI discussions, such as global labor, gender equality, climate, human rights, and nuclear abolition. Such a meta-alliance represents the most promising vehicle for transformational change. Fortified by modern communications technology and engagement with the rising voice of various youth movements, corporate redesign may well be the latent connective tissue capable of mobilizing disparate parties into an irresistible force for driving a Great Transition.

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## About the Author



Allen White is Vice President and Senior Fellow at the Tellus Institute, where he directs the institute's Program on Corporate Redesign. He co-founded the Global Reporting Initiative and Corporation 2020, and founded the Global Initiative for Sustainability Ratings. He has advised multilateral organizations, foundations, government agencies, Fortune 500 companies, and NGOs on corporate sustainability, governance, and accountability. Dr. White has served on boards, advisory groups, and committees of the International Corporate Governance Network, Civic Capital, Instituto Ethos (Brazil), the New Economy Network, Business for Social Responsibility, and the Initiative for Responsible Investment at Harvard University. Dr. White has held faculty and research positions at the University of Connecticut, Clark University, and Battelle Laboratories and is a former Fulbright Scholar in Peru.

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