Interconnections

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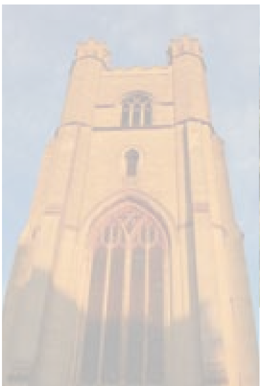
Seeds of change: ethical entrepreneurship




Editorial
The role of the ethical entrepreneur as change catalyst

Bronwen Rees

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It is clear that we are at a point of crisis and transformation. In her introduction to the articles of this issue, Bronwen Rees suggests that not only will we need to challenge basic assumptions in science, but that the committed action of ethical entrepreneurs is required for real change to take place.

THROUGHOUT the last six issues of *Interconnections*, we have been predicting and tracking the effects of the crisis of 2008 across the globe, and UK institutions. What has emerged most clearly has been the need for a deeper understanding of the co-emergent relationship between individuals and the institutions that they create. We have cited several examples where such a shift in the minds of both individuals and groups has created new forms of sustainable businesses and structures, or new ways of being and acting within extant structures. What this has shown is that only when the actions and mindsets of people within institutions change, will the institutions change. Thus if one person changes within a structure, then that impacts the rest of the structure. If this is to be of benefit, then that change needs to be conscious and directed both to the good of the individual and the group in which he or she is acting. Thus, there needs to be value attached to a person's action both in relationship to the individual *and* his/her group in order for positive change to take place.

Many of the writers in this issue argue that the systems that we have created as a society, and as a global network, are letting us down, leading us on a path of economic and ecological destruction. These systems have disenfranchised many of us, in that some don't work, and others do not provide us with what we need. In the face of this, both employees and consumers are left struggling in a quagmire of confusion, trying to get basic needs met in systems that do not deliver.

This feels more like the end of the trajectory of a process of constant growth without thought of whether this is best for society, our species and the planet. The reason for this is that our systems have become so complex that they interact at multiple places, meaning that decisions are made about one part of the system, without recourse to the overall picture. So, both as employees and consumers, the need for thought about the bigger picture has been taken away, and subsumed into abstract systemic processes, or directed by clever marketing experts who create global desire for more and more material 'stuff'. Whilst the overall consideration in practically everything we do, is 'more profit', or 'how much does this cost?' the social, ethical and indeed human considerations get lost. We all know the frustration of being shunted around numerous call centres to get answers to questions, when the person at the other end cannot deviate from their script. It used to be much quicker simply to drive to the bank and get the answer direct. That is no longer possible, and is creating enormous tension, as it takes away a basic human right – directly to take action and solve a problem. In addition , it also takes away the creative input that each individual can make to the whole. So the system begins to breakdown, as we are witnessing day by day.

> *'What is needed, is to find ways of evolving the dying organism into something that more consciously interacts with the environment.'*

But this is not a matter of ideology, nor some Orwellian nightmare. There are some discoveries being made in different disciplines that point to the possibilities of a new reality, one in which we can feel empowered, alive, and creative. If we take an analogy from the new science of living systems, then those systems (or organisms) which can grow and evolve follow a principle of 'autopoesis' – that is they regulate themselves by feedback systems. Within any living system, the components participate in the production or transformation of other parts of the system. In this way, the system continually 'makes itself' (Capra, 1997). Not only that, but in new evolutionary theory, each of these 'organisms' or 'holons' exist within a nested hierarchy of other systems, to create the greater whole. Each molecule, each animal, every human, co-emerges with the environment, the family, the group and the nation, evolving coterminously within multi-levelled systems. In this radical worldview, the universe, and memory is a set of habits that have evolved over billions of years. These habits constantly inform our thinking and behaviour through the resonance of so-called 'morphic fields' (Sheldrake, 1989). They provide us with information all the time that directs our behaviour to the survival of the whole.

Evolving into conscious relationship

Our current economic and organisational systems, and ways of thinking are hierarchical, with a mindset that still maintains that the human being sits at the top of a meaningless, abstract and frightening universe where Darwinian 'survival of the fittest' is the key to life. This is the philosophy that underpins the fetish with growth that has lead to the current crisis where competition is the motivation for most of the businesses that exist today, and in which we train business students. Individuals within the system are limited to the directions that come down from the 'head' of the system, and not encouraged to listen to the multifarious information within the morphic fields. Since this is the basis for action within organisations, then individuals cannot work creatively and provide the feedback mechanisms that are needed for the system to recreate itself. It is thus breaking down all around.

How can we find ways of evolving the dying organism into something that more consciously interacts with the environment? Individuals within the system need to rediscover ways of listening to the constant information coming from the morphic fields so that rather than habitually repeating patterns of behaviour which appear to be leading to disaster, they can break through those which are no longer helpful, and evolve into something different. Breaking any habit is always difficult (which is why there are so few pioneers), as it involves moving into a place of the unknown, which can feel like a process of dying and rebirth. However, in the new evolutionary theory of morphic fields, once one or two people have done it, then it becomes much easier for the rest! Just like those of us old enough to remember Roger Bannister and the first four-minute mile, a miracle in its time, but now repeated thousands of times by the athletes who followed him.

> *'Breaking any habit is always difficult (which is why there are so few pioneers), as it involves moving into a place of the unknown which can feel like a process of dying and rebirth.'*

The new pioneers: ethical entrepreneurs

So, if our systems are to evolve in a positive direction, then it will require pioneers who are willing to take risks with their own responses to conditions, and break through their own conditioned behaviour. The first step that such a pioneer would take would be to look deeply into the inner and outer conditions and to challenge the jaded or non-existent feedback mechanisms. This needs an ethical approach, in that it is an approach that takes into account the broader picture and the individuals within it. It also requires risk-takers, taking steps into the unknown. We could call such an ethical pioneer an ethical entrepreneur, and this forms the backbone of this issue of *Interconnections.* If an entrepreneur is one who takes risks, creates and innovates, and if they are acting from a point of view of ethics, considered as the good of the greatest, then it is possible that action that comes from this perspective can lead to positive and creative regeneration, and thereby change the system. This is slightly different from the notion of the social entrepreneur, who may or may not be driven by the desire to change the system, but who will take risks in his or her business in order to create profit both for him or herself, and contribute to social change at the same time.

From the old to the new

In this issue, some articles highlight the critical and urgent need for such new approaches, others are written by those who are currently already directly taking action and witnessing the feedback mechanism in their successes. Such people, through their critique and/or their action, are finding new ways of breaking through, or highlighting the consequences of actions if individuals remain in this passive type state. They point to the evolution of a new future, one that could be said to be alive, and by this definition 'sustainable'.

In the opening article, Antony Bryant and Michael Lewis enter into a dialogue on the nature of social and ethical entrepreneurship followed by Peter Hayler of Cambridge University who discusses the pastoral entrepreneur. Joel Magnuson concludes this section with a review of current attitudes to 'greening', and a warning that we cannot have change both ways. He suggests that we are fooling ourselves if we consider that there could be a win/win situation where we do not change our habits.

In the 'Views from the field' section, Ed Bentham discusses his work at the Atlantic Whale Foundation (AWF), and developing young people to become pioneers themselves, by providing them with opportunities for both thinking and doing. In the second article, Bronwen Rees interviews Tim Jones and Martin Clark at Allia about the charitable bond, and its implications for change at macro-economic, and social level. In the 'Research and practice' section and as a prelude to our next issue on education, Richard House analyses the effects of consumer capitalism on children – something which is becoming increasingly urgent as an issue. He also indicates the end of the line for a system which does not take responsibility for the future through its thoughtless marketing where the imperative for growth overcomes care for our future. Michael Lewis, Chief Executive of the London Children's Practice, offers his response. As an endpiece, Aled Jones discusses issues of sustainability, and the mission of the new Global Sustainability Unit at Anglia Ruskin University.

'It would only be in the context of a truly multi-levelled dialogue combined with deep reflection and action that their pioneering understandings can be truly embraced.'

AWF project based in Vietnam.

What this issue is pointing to is how our actions have become split off from theory such that a radical reevaluation of our current ways of thinking, social structures, and actions needs to take place if we are to face the current crisis head on. Whilst in their individual disciplines visionaries such as Steiner, Schumpeter and Schumacher

Future ethical entrepreneurs learning the trade with the AWF.

have pointed a way forward, now is the time when their words can be more fully heard. It would only be in the context of a truly multi-levelled dialogue combined with deep reflection and action that their pioneering understandings can be truly embraced. This means questioning disciplinary and individual assumptions. Kuhn's work on paradigms noted the cataclysmic shifts that happened in science. They only occur when fundamental assumptions are challenged. These shifts are happening in all the scientific and humanistic disciplines, and within religious and spiritual groups, but these discoveries as yet remain split off from one another, so that it is difficult to see and acknowledge the seismic nature of this movement. Only when the former silos and their institutionalism are broken down far enough, can a flow of new information lead to growth and life of a different type than that historically offered by the cycles of capitalism. Whether capitalism unfolds into another creative cycle is in the laps of the gods, but we can all make our individual contributions towards a peaceful evolution of the systems that are showing so many signs of decay. We hope this issue interconnects these changes and levels of change to give you some ideas and pointers for both thought and action, whether you be part of an organisation, in academia, or taking risks as an entrepreneur.

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Section 1

Views from the ivory tower

Antony Bryant and Michael Lewis exchange views on **entrepreneurialism** after the crash, whilst Peter Hayler, **Chaplain at Cambridge University**, explores connections between pastoral and ethical entrepreneurship. **Joel Magnuson** examines the cultural lag in understanding **limits to growth** setting up the crucial context for the ethical entrepreneur.

After the crash: entrepreneurialism in 'The Big Society'

Antony Bryant and **Michael Lewis**

Anthony Bryant is Professor of Informatics at Leeds Metropolitan University, UK. Michael Lewis is a social entrepreneur and Visiting Professor at Anglia Ruskin University, Cambridge, UK.

Antony Bryant and Michael Lewis discuss their views and experience on the differing relationships between social entrepreneurship, ethical entrepreneurship, social philanthropy and the Big Society, after the economic meltdown.

The economic meltdown of the first decade of 21st century can be said to have begun with the failure of Northern Rock in 2007 and reached its maximum intensity in the brief and frenetic period from 7 September 2008 (failure of Fannie Mae and Freddie Mac) through to 13 October (effective nationalisation of RBS and Lloyds TSB). In the aftermath of these momentous events, various terms in common parlance such as 'business model', 'economic viability', 'incentives', 'innovative financial instruments', 'public-private partnerships', and variations on the idea of the ultimate 'wisdom' and 'inherent integrity of market forces' 'efficient market hypothesis', were seriously challenged.

Now, however, less than three years later, with virtually all developed economies ravaged by the massive bail-outs and transfers from public finances, one of the most surprising features of the political scene in most of these countries is the re-emergence of much of this terminology, together with the absence or very low levels of public protest. Even Mervyn King, Governor of the Bank of England, recently told the Treasury select committee: 'The price of this financial crisis is being borne by people who absolutely did not cause it… I'm surprised that the degree of public anger has not been greater than it has.'[1]

In the light of these developments, however, debates around entrepreneurship, social philanthropy, and the like have taken on new meanings and enhanced importance. Prior to the meltdown there was an increasingly widespread, albeit limited, argument that business models should take into account more than just a very constrained view of the bottom-line with its focus on relatively short-term prospects and profitability. This lead to the evolution

1. http://www.channel4.com/news/mervyn-king-warns-of-new-financial-crisis

of terms such as 'triple bottom line' (people, profit and planet) and 'Corporate Social Responsibility' (CSR) which were attempts to create business models that could take account of the social and environmental effects of business activities. Such claims were often met with considerable scepticism: on the one hand there were those who argued that the private sector should be left to do what it did best without the encumbrance of a social agenda; while others saw any such claims as mere window-dressing to placate those urging higher taxation and increased regulation.

Ideas about social philanthropy were also divided, extending across a spectrum that encompassed government-based funding at one end, and market-led models at the other. One key contrast was that exemplified by Muhammad Yunus and Paul Polak with regard to the ways in which poverty and marginalisation might be addressed. Whereas Yunus advocated micro-finance for 'zero-loss, zero-dividend' ventures, Polak sought to encourage poor people to become profitably active in the market. One review of their respective writings pointed to weaknesses exemplified in Yunus' championing of a social enterprise to produce yoghurt, while lauding Polak's encouragement of profit-oriented out-of-season cucumber production. Of course it must be understood that in their own distinctive ways, each of them has made a significant contribution to the ways in which we think about entrepreneurialism: Yunus with his model of micro-finance, and Polak in setting up the International Development Enterprise.[2]

At the heart of these debates are the on-going and divisive understandings of the role of the market. A survey of economists at George Mason University (GMU) offered a succinct overview, distinguishing between the Chicago School ('Markets work; let's use markets'); the MIT/Harvard school ('Markets fail; let's use government') and the GMU economists ('Markets fail; let's use markets.').[3] This seeming paradox means, that GMU sees plenty of deviations from the 'perfect neoclassical paradigm, 'which requires 'perfect information, perfect competition,' but that unlike Harvard or MIT, they do not automatically dismiss markets, but assume rather that 'markets come up with solutions to problems of information'. These views also apply to strategies to deal with poverty and inequality, and the role of philanthropy, welfare and international aid, prompting questions such as: are poverty and disadvantage best dealt with by donations, economic stimuli or new forms of value creation?

2. http://en.wikipedia.org/wiki/Muhammad_Yunus
http://en.wikipedia.org/wiki/Paul_Polak

3. http://mercatus.org/media_clipping/virginia-school?id=22330

4. http://www.futurepositive.org/emperor.php
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'The entrepreneurial spirit remains important precisely because it leads to new ways of understanding, and new calls to action. This is precisely why an exploration of "social entrepreneurialism" is needed.'

Even before the meltdown, however, there were those such as Michael Edwards who argued that what he termed 'philanthro-capitalism' was 'Just another emperor', i.e. as lacking in substance as the clothing of the emperor in the fairy-tale.[4] If there were doubts about the extent to which models drawn from the private sector might ameliorate social ills and imbalances before 2008, in the aftermath of the bail-outs, these doubts can only have been exacerbated.

In what follows, we engage in an exchange of views about a number of issues following the crash, exploring our understandings of these new models and terminology, and continuing the debate concerning the extent to which market models are sufficient or indeed appropriate in dealing with social issues of poverty and disadvantage.

Q1

The idea of the entrepreneur developed prior to 2008, such that a variety of models were on offer; has this changed – if at all – in the light of the meltdown, bail-outs etc?

ML: The economic perspective of the entrepreneur dates back to Cantillon (1755) who first recognized the role entrepreneurs played in economic development. Definitions have been abundant since this early usage in the French language as 'one who takes between'. The notion of the entrepreneur has evolved through a number of different writers including: Say (1803), Kirzner (1973), Cole (1959), Schumpeter (1934), Knight (1942), Drucker (1985) and Casson (2003). We can break these definitions down into three perspectives:

(1) Economic perspective – which considers the role of the entrepreneur in the economic development of a nation, region or locality

(2) Sociological perspective – which sees the entrepreneur as a member of a social system and who is influenced by and, through their entrepreneurial activities influence, the social environment

(3) Idiosyncratic perspective – which focuses on the entrepreneur as an individual with a unique combination of personal characteristics and beliefs

The increasing emphasis on the 'social entrepreneur' perhaps brings all these different aspects together. Whatever the type of entrepreneur, however, all entrepreneurs look at systems and processes differently and they approach problems and identify possible solutions in new and innovative ways.

AB: Indeed, there is still debate around the term. Say is credited with coining the term 'entrepreneur' in the way we understand this today, although he also used a term that can be translated as 'master-agent'. His view was: 'The entrepreneur shifts economic resources out of an area of lower, and into an area of higher, productivity and greater yield' (1994: 20). Drucker develops this in his extensive and influential writings emanating from the field of business and management, but in fact he can be held partly responsible for some of the confusion surrounding the idea of entrepreneurialism – is it something intimately and inevitably linked to innovation or is it a management issue? One of his premises: 'Entrepreneurs will have to learn to practise systematic innovation…' exemplifies this dilemma. Do managers have to learn entrepreneurship, or do innovators simply act?

This is not the only source of confusion, since there are at least two conflicting strands in Schumpeter's work, perhaps the most inflential writer on entrepreneurialism. One strand centres on the argument that the spirit of the entrepreneur will gradually become obsolete as rational calculation encroaches further into everyday activities. From this it might be understood that we will eventually come to rely less on the insights and innovations of the entrepreneurs. Crucially this implies that entrepreneurial insights make up for gaps or failings in current knowledge, so to an extent the entrepreneur is not only more insightful, but also more knowledgeable – i.e. *supra*-rational. On this basis as innovation, or the potential for innovation, increases, the need for or the call for entrepreneurship decreases.

The second strand is the exact opposite of this. Here the spirit of the entrepreneur will always be needed, because the ability to see things differently is precisely at odds with things as they are. This will apply however well-informed people might be. On this basis entrepreneurial insight is something *non*-rational; knowledge and rational calculation might be available, but there will always be a demand to go beyond the planned and the calculated, or at least to take an unorthodox and unconventional perspective.[5]

Schumpeter did not seem fully aware of this dichotomy, but with the advantages of being able to observe developments in the period since he wrote, it seems fair to say that it is the second strand that is the more critical – the entrepreneurial spirit remains important precisely because it leads to new ways of

5. These ideas are developed further in: A Bryant 'Two Paths for Innovation: Pariah or Parvenu', in *Information Systems – Creativity and Innovation in SMEs*, G. Dhillon, B. Stahl, R. Baskerville (eds), proceedings of IFIP WG 8.2 International Conference, June 2009, Springer, pp.73–9. A shorter version is available as 'Innovation and Entrepreneurs: Creative Destruction and Destructive Creation', paper given at 'Innovating with Information and Communication Technologies: Social and Organizational Engagement and Transformation; 9th Social Study of ICT workshop (SSIT9) at LSE; 20 April 2009 (http://www.lse.ac.uk/collections/informationSystems/newsAndEvents/2009events/SSIT9/TBryantPaper.pdf)

> *'The Quakers and Christian business leaders of the day introduced working practices and structures not only in their businesses, but challenged others to do the same. This changed expectations of what is ethically acceptable in today's workplaces – minimum working ages, limits on hours worked by employees, responsibilities of employers, how suppliers should be treated, etc.'*

understanding, and new calls to action. This is precisely why an exploration of 'social entrepreneurialism' is needed.

In the current context, however, we also need to be mindful that the term 'entrepreneur' also evokes considerable misgivings. The economic meltdown can be seen as a result of the entrepreneurial spirit allowed to run riot – some might argue that whatever the meaning of the term, the direct translation from the German – 'the undertaker' – is all too appropriate. Indeed when it comes to *financial* innovation it is best to recall J.K. Galbraith's dictum 'The world of finance hails the invention of the wheel over and over again, often in a slightly more unstable version.' On the other hand we would argue that in the aftermath of the credit crunch there is an even greater need for genuine entrepreneurialism, particularly in Schumpeter's second meaning of the word.

Q2
Given the role played by the public sector in bailing out private finance, and Mervyn King's point about those who are suffering the consequences of the financial crisis having not been responsible for it – what role can be played by 'ethical entrepreneurs'?

ML: The notion of the ethical entrepreneur is an interesting development. I believe ethics are subjective; they are whatever we as a society choose and shape them to be. For example 200 years ago (after the introduction of company law, local authorities, etc) the slave trading industry was not only deemed 'ethically acceptable', it was pro-actively encouraged on a global scale; and only 10 years ago fair trade coffee was regarded as so irrelevant in the marketplace that Nestlé stated it would never become involved in it – yet recently they've spent millions on launching their own fair trade coffee brand and have turned Kit Kat into a fair trade product as well! Ethics in this sense, seem to me to be trading in an environment of constantly changing fashions and trends.

We could argue that it was the faith-based enterprises (not charities) in the 18th and 19th centuries that directly led to ethical enterprises. The Quakers and Christian business leaders of the day introduced working practices and structures not only in their businesses, but challenged others to do the same. This changed expectations of what is ethically acceptable in today's workplaces

– minimum working ages, limits on hours worked by employees, responsibilities of employers, how suppliers should be treated, etc.

For me, there is a crucial differentiation between an ethical entrepreneur and a social entrepreneur. The issue for the new ethical entrepreneur is, 'What is your major motivation?' 'Are you responding to changes in the marketplace and your customers' expectations and demands, or acting from a deeper desire to influence the "bigger picture?"

Both ethical and social entrepreneurs are, of course, different from charities. As we have seen, entrepreneurs of any type change systems, whereas charities do not fundamentally change systems; they work within them. Since the Quakers and Christian business leaders succeeded in changing systems, then they could have been called 'ethical entrepreneurs'.

"The issue for the new ethical entrepreneur is 'What is your major motivation?' 'Are you responding to changes in the marketplace and your customers' expectations and demands, or acting from a deeper desire to influence the "bigger picture?""

AB: It seems then that there are different ways in which ethical agendas and the commercial agendas influence each other – we might call this a process of co-evolution. A cynical view might see developments in fair-trade, CSR, and the like as merely responding to consumer demands – demands which themselves are highly sensitive to basic ones of price, perceived value, and affordability. So in the current context of austerity, it is harder to push fair trade and related product lines, as consumers move 'back to basics'. Drucker and other writers on business often argue that phrases such as 'business ethics' are misleading or simply detract from the main point of business – making profits. Their argument is that ethical and other issues are not the concern of business, but belong elsewhere – they do not always specify exactly where.

As you say, the Quakers and other faith-based entrepreneurs were pioneering in the evolution of key social and political developments. This, however, does not come without paradox. Andrew Carnegie, for example was someone who made his fortune based on what we would now regard as highly unethical practices and inhuman demands on his workforce. He, however, is now regarded as a paragon of charitable giving.

Q3

Do terms such as 'triple bottom line', and CSR have any value – or should businesses simply be left to get on with creating value for their share-holders, leaving governments and perhaps 'The Big Society' to cope with issues of social inequality and injustice?

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ML: Too many 'polite' terms are being used to define 'The Big Society' to the extent that there is considerable confusion. Social enterprises should have a dual purpose of making money and doing good: and position themselves correctly in relation to the private sector and to voluntary and community groups. The recent Budget has determined further investment in local enterprise agencies and it is to these that social enterprises should seek funding of worthwhile (i.e. profitable) projects for the greater community good. Government should focus on better supporting all ethical entrepreneurs who should embrace social enterprise as part of their new enterprise.

AB: Government policies are certainly an important aspect of any context in which social enterprises are envisaged as key factors. What needs to be discussed – I am not sure if it can ever be finally clarified – is the balance between government policies, legislation, etc. and the specific agendas of those in the private sector which brings us back once again to the complex issue of the role and nature of markets.

Q4

In what sense can market models be applied to the voluntary sector? And how do competing ideas such as those exemplified by Yunus and Polak offer guidance to ethical entrepreneurs?

ML: Muhammed Yunus advocates a social enterprise which is an innovative business that promotes the idea of doing business in order to address a social problem, and not to maximise profit. His idea of a social business is a no-loss, no-dividend company dedicated entirely to achieving a social goal – creating employment, good working conditions, or addresses a specific social goal such as improving education, healthcare, etc. Whilst admirable, this may not always be the same business model as the social entrepreneur who may need/wish to make a profit whilst doing good.

AB: The recent experiences of Yunus himself, together with the ways in which market models may or may not be appropriate as a basis for social enterprises, leaves this as one of the key issues in the developing context of relationships between public, private, and third sectors. The emergence of mega-philanthropists such as Melinda and Bill Gates, Warren Buffet, and so on, complicates the picture, but these should not be seen as the foundation for generic solutions to deep-seated issues.

Q5

Given the critiques like those of Edwards, is there a need for a change in the ways in which we understand and encourage the roles of the state, the public sector, the private sector and the third sector in philanthropy?

ML: On the question of philanthropy, I recently returned from a visit to India where Bill Gates and Warren Buffet were urging India's tycoons to give up some of their newly-found wealth to help the country's millions of impoverished people. Forbes suggests there are 65 billionaires in India this year and the number of millionaires has increased to more than 125,000. Yet charitable giving in India is falling with only 10% of giving in 2009 emanating from individuals and corporates, compared to 75% in the US (Bain and Co). However philanthropy in most countries takes years to mature and India's wealth is still relatively young. India's rich have long been criticised for shirking their responsibilities to the struggling masses. Whilst some of India's tycoons such as G.M Rao, Azim Premji and Mukesh Ambani have established generous foundations to help the poor, it is the rapidly increasing number of the new middle class who have donated most. This poses the questions: Is giving changing? Should everyone donate or is philanthropy the sole preserve of the wealthiest among us?

AB: There certainly does seem to be a rebalancing going on in this area. For example, the Big Society in the austerity context might look like an abdication of responsibility by government; i.e. a move towards small government; big society. Yet the agenda could also be turned towards encompassing more promising developments based around activities and initiatives such as the Open Source movement which encourages a common sharing of ideas without copyright. These, however, rely on a level of transparency and openness not currently ensured or exhibited by government practices; something that applies as much to the basic processes and operations of the public and private sector, as well as to the higher level strategies across both sectors, and their relationships with each other and with the third sector.

'Perhaps the economic meltdown, and subsequent threat to our social structures has shown the limitation of the market models in building and sustaining communities.'

Conclusion

Perhaps we need to develop a fourth term to the three coined by GMU which we looked at earlier. This might read: 'Markets fail, because our models and understanding of them are so poor, partial, and under-developed.' Markets require forms of entrepreneurialism in Schumpeter's second sense, precisely because there is no gradual movement towards more perfect knowledge. As the economic meltdown demonstrated, increased use of technology permitting faster processing of still more information does not lead to better outcomes – on the contrary! Those who pushed the market for financial innovations ultimately were rescued by state intervention – socialism for the bankers. The moral hazard that was used to move people off reliance on state benefits, welfare, entitlements etc. was merely a pale and far less damaging form than that exhibited by the financiers. So for the 21st century, post-meltdown, we need forms of entrepreneurialism that break new ground just as those faith-based entrepreneurs of the 18th and 19th centuries broke new ground in their time. At the very least this necessitates a move away from the simple and simplistic application of the term 'customers' to cover social relationships which embody deeper and differentiated connections such as those formerly found in terms such as 'clients', 'colleagues', and the like. This catch-all market phrase takes us away from the original spirit of what these relationships are about. Perhaps the economic meltdown, and subsequent threat to our social structures has shown the limitation of the market models in building and sustaining communities. Whilst, market models continue to offer a basis for a range of social issues, they are not a replacement for addressing these. We believe that the ethical entrepreneur will be the person who will go beyond market rationality, seek to change the system itself, and in the Schumpeterian sense of the entrepreneur will be able to innovate such that economic and social issues are brought into balance – into a conscious co-evolution.

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Entrepreneur on the loose! …in the ‘pastoral economy’ of a large university

(Photo © Marion Cobby)

Peter Hayler

Peter Hayler is Associate Vicar at Great St. Mary’s, the University Church, in Cambridge and Chaplain to University Staff.

Peter Hayler, Chaplain at Cambridge University, UK, explores his work in the light of what is said about entrepreneurship in business literature, and what the scriptures reveal about effective action. In so doing, he sheds light on the universal nature of entrepreneurialism, and how values-based ethics may inform our current understandings in both contexts.

Picture Cambridge, if you will, and then think about the word ‘Chaplain’. In your mind’s eye you might, very reasonably, see a youngish cleric talking with a troubled undergraduate on the edge of a beautifully manicured lawn in a neo-gothic college court, or processing into chapel behind a choir for choral evensong. Now think of a University in which undergraduate teaching only accounts for fifteen percent of its total business, in which staff numbers exceed nine thousand, and which is made up of people from all over the world; people of all faiths and none. This is still Cambridge, the place where I work as Chaplain to University Staff: partnering with the Equality and Diversity section, networking with the Newcomers & Visiting Scholars group and post-doctoral workers not attached to colleges, facilitating the use of a farm cottage as a multi-faith chaplaincy centre on the West Cambridge site, and delivering ‘multi-faith basics’ through the annual Festival of Ideas and the Cambridge Science Festival. So, then, a new sort of chaplaincy for which my working model is ‘chaplain as pastoral entrepreneur’. In the inter-textual and dialogical tradition of practical theology (Pattison and Lynch, 1997, p.412), I am making a theological reading of entrepreneurship theory to inform and deepen my work. I seek, here, to share the connections and contrasts that are emerging together with soundings of the dialogue that I am raising between this supposedly secular tradition and more consciously theological voices.

The opportunity: climates of change and uncertainty

Joseph Schumpeter (1883–1950) is credited as being one of the original theorists of entrepreneurship. He described stormy changes in the economy as the climate for entrepreneurial action, or 'creative destruction', but without prescribing the limits of either the market, the technology or the goods. So maybe rapid demographic change with respect to religion or belief or even the Equality Act 2010 is the storm in which my opportunity has arisen, and a broader spectrum of pastoral care the goods that are in demand, raising over-arching questions about the pastoral economy of the institution. Richard Swedburg of Cornell recounts that Schumpeter's original writing included the sort of action known today as 'social entrepreneurship', and he goes on to encourage the generic extension and playful adaptation of Schumpeter's full theory (2009, p. 77).

Frank Knight (1885–1972) is quoted in entrepreneurship theory for his mathematics of risk and uncertainty, giving his name to the third degree of uncertainty: that which is beyond either probability or risk. The task of developing some sort of multi-faith process at Cambridge, with no way of knowing the level of uptake or outcome certainly feels very 'Knightian'. I could, perhaps, opt to undertake a sort of market research approach, seeking predictive control over the uncertainty. This would involve the statistical monitoring of religion and belief, which has not yet begun in respect of staff appointments, and is unlikely to be undertaken in respect of student admissions due to the University's commitment to the sole criterion of academic merit. Such an approach would require significant resources and expertise, and I doubt it would feel much like chaplaincy.

In general, change and uncertainty are good descriptors of the sort of climate in which entrepreneurial opportunity arises; as concepts, they readily extend as themes within the wider questions of pastoral economy. Wider than this, change and uncertainty are also besetting difficulties for many of the Christian churches in the UK. Some of these have long bemoaned the tide of secularisation, some explore what it might mean to be a cultural minority, while others acknowledge how difficult it is to keep their entrepreneurial members within their ranks, and some have sought to recognise, equip and set such people free as 'Ordained Pioneer Ministers' to enact 'Fresh Expressions (of Church)', (GS1523, p. 130 ff)) much to the dismay of those who prize 'inherited' forms of church (Davison & Milbank, 2010). On a first examination of church literature on this subject, I found that very little appeal had been made to sources of entrepreneurship theory. What material I did find suggested that 'fresh expressions' should expect to follow causal or predictive-control patterns of development, even under the grace of God (Shier-Jones, 2009, chapters 3 and 4). This seemed to me to run counter to Schumpeter's stormy picture of change, and to ignore completely the stormy birth of the church as powered by the Holy Spirit on the day of Pentecost (Acts 2 ff).

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The individual; temperament, skills and gifts

Scott Shane and Sankaran Venkataraman argue that entrepreneurship is best understood as an individual-opportunity nexus, both parts of which are objective realities and capable of being studied independently (2000 & 2001). Bill Bolton and John Thompson have developed FACETS, a sort of psychometric acrostic on entrepreneurial flare, as a way of understanding the individual's gifts and temperament: the 'character themes' (or axes) are Focus, Advantage, Creativity, Ego, Team and Social (2003, chapters 7–14). These are important because self-knowledge is crucial, and Bolton and Thompson are as keen to warn against misdirected enthusiasm as they are to encourage the informed deployment of skills and personal attributes. Their schema is also easy for the churches to grasp, for the Judaeo-Christian tradition has always looked to the Holy Spirit as the giver of gifts, for the building up of the people of God (e.g. Isaiah 61:1, Luke 4:16, Romans 12:6, 1 Corinthians 12, Ephesians 4:7).

For me, a retrospective view of nineteen years in full-time Christian Ministry, prior to stumbling into the concept of entrepreneurship, and prior to the church's current fascination with pioneering, shows me that I have been so much more fulfilled when I have been mandated or free to do a new thing. Building a chaplaincy to the Cambridge Science Park (as an Evangelist) or helping to found a new County Voluntary Council in South Wales (as a Deacon) were stimulating and satisfying: a good use of who I was, of what skills and attributes I had, and what role I had in the wider church. By contrast, ministry in a large group of small conservative rural parishes (as a Priest) left very little room for innovation, and I soon began to stagnate.

So I'm finding some real connections between entrepreneurship in business and entrepreneurship in the chaplaincy: in contexts of change and in the face of uncertainty, people with the right sorts of flair can discover and take, create and enact different opportunities. I feel this is as true for boffins and their blue chip technology as it is for me, and my new model of chaplaincy.

Entrepreneurial action

A real epiphany for me (call it serendipity or call it providence – whoosh – there went the Holy Spirit again!) was finding 'Effectuation', the work of Saras Sarasvathy: 'Effectual framing is about transforming the problem space and reconstituting extant realities into new opportunities'" (2008, p. 18). Effectuation is the inverse of causation, and is therefore particularly relevant in the face of 'Knightian' uncertainty. It takes the entrepreneur down to the micro-level, the level of every-day decision-making behaviour, and describes four (or six) principles through which *non*-predictive control may be exerted (2009, p. 5 ff). I use her titles and my own paraphrase for brevity:

- **Bird-in-hand** – innovate with what you've got, including who you are
- **Strategic partners** – make your networks serve the goal – even as customers!
- **Affordable loss** – limit pre-commitments to what you're willing to lose
- **Leverage contingencies** – learn, change and innovate out of difficulties

Through these principles I found I could evaluate the ways in which I had been making my decisions, and know myself to be an effectuator. Coming from the parish setting to a pioneering task within a large and complex institution facing change was

immediately enlivening; I felt like a round peg come home to a round hole (**bird-in hand**). However loosely coupled the networks that I work in, and however incoherent the set of other faiths' chaplaincies, I have been able to start building partnerships. Through collaboration over Cambridge's first multi-faith calendar of festivals, information has been added and awareness stimulated within the default Anglican psyche of the institution.

'…what I have is articulated is perhaps just a Christian angle on something more universal, but nevertheless something that is faith-informed or values-based rather than amoral or self-interested.'

Likewise, through a multi-faith series of talks on scripture as part of the Festival of Ideas 2010, the University has begun a concerted and public celebration of its diversity of faiths (**strategic partners**). I have learnt to ride the wave of this particular annual event, gaining the benefits of all the professional publicity and bookings (**affordable loss**). When the number of bookings for the talks became too large for the limited space I had at my disposal, I was able to relocate, without cost, to a bigger and more prestigious venue because the event was part of the university festival (**leverage contingencies**). Just imagine, forty guests turning up at the Gates Computer Laboratory for a free talk… on the Qu'ran! It was a good result all round, I had delivered the goods; not by throwing money at it, nor by taking reckless risks, but by recombining my strange set of resources, including my network of colleagues and their resources, to good effect.

Pragmatism or ethics?

Sarasvathy has demonstrated under laboratory conditions that expert entrepreneurs prefer to exert the non-predictive control that she now characterises as 'effectuation'. She then frames her findings within the pragmatic tradition of William James (1842–1910), but in so doing makes the sole virtue of effectuation the fact that it works. This is a real sticking point for a theologian: one who searches the 'store rooms' of scripture and doctrine for something more virtuous than utility. In studying and reflecting on the concept of effectuation, however, I have found deep resonances with the biblical idea of 'stewardship': the right (not reckless) deployment of gifts, resources and relationships under the grace of God, for a good return. Interestingly, the word 'stewardship' derives from the Greek: *oikonomia*, which is also translated as 'economy', or literally 'house keeping'. Some of the parables of Jesus also spring to life: the sower (Luke 8:4–15), and the talents (Luke 19:11–27) are familiar examples, and even the parable of the shrewd manager (Luke 16:1–9) might reasonably translate into approbation for the principle of leveraging contingencies.

To go a step further, Sarasvathy's shift into pragmatism is also problematic in that it inverts the role of the institution, making it purely instrumental, whilst the entrepreneur becomes 'everything' (2008, p. 59 ff.). This is reminiscent of the parable of the rich young fool (Luke 12:16–21) who built bigger barns in readiness for a bumper harvest, who planned to eat, drink and be merry, but who couldn't predict his own imminent death. Neither the Church nor the University are merely instruments; rather they seek to be formative, even transformative communities. Furthermore, the basic concept of ministry is inseparable from ideas such as 'agency' and 'service' (Collins, 1995).

I hope it is not too arrogant to have 'rescued' Sarasvathy's otherwise empowering work from its original pragmatic framing. But having begun to hear the powerful resonances between her hard-won principles and the values, stories and doctrines of my own faith I feel that the product is more an ethics of entrepreneurship, which is capable of informing the way I work within the developing pastoral economy of the University. I feel sure those of other faiths might find similar resonances from their own scripture and tradition so, then, what I have articulated is perhaps just a Christian angle on something more universal, but nevertheless something that is faith-informed or values-based rather than amoral or self-interested. I look forward to exploring it further with colleagues in different settings in the course of my doctoral research.

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Great St Mary's Church, Cambridge (Photo © Marion Cobby)

Cultural lag and limits to growth

Joel Magnuson

Joel Magnuson is Professor of Economics at Portland State University, US, and writer of the influential book, *Mindful Economics*.

Joel Magnuson considers some of the solutions that have been put forward in the face of economic and environmental crisis, and argues that solutions framed from within the old paradigm will not work. So-called 'win/win' situations from the green economics school do not take into account the finite resources of the planet.

It seems that the current ecological and social crises that are looming all around are compelling us to find new meaning and definition in our discourse. As many of us are looking for ways to redefine the meaning of 'entrepreneurship' or 'capital' or 'sustainability' or 'economic growth' it might be helpful to reflect deeply on our intentions. As we search for new meaning, does this reflect a genuine desire to develop new habits of thought and new institutions? Or are we merely seeking ways to adapt our old habits and institutions to new conditions? Our deeply entrenched practice of spinning endlessly on the production-consumption treadmill is eventually going to end. The immutable natural and physical limits to growth, particularly the diminishing resource base of our planet, will make certain of this. Given this certainty we are going to have little choice but to break out of our old habits of production and consumption as well, and adapt to this inherited condition of greater scarcity. Yet our very cultures compel us to resist. Lip service and pretence substitute for serious discourse and this only serves to keep us lagging behind the rapidly changing conditions around us.

True sustainability has to be defined in terms of making our production and consumption habits permanently situated within the carrying capacity of our planet. It is no surprise that people resist this because the expectation of an eternal accumulation of wealth has become so familiar to us in the West that most of us have never tried imagining it being any other way. The drive for economic growth is not only a part of how our economic system works, it is a firmly established cultural norm.

Cultural norms, however, are not always healthy nor are they always grounded in reality. Is it truly valid to expect that just because the market value of stocks and bonds have always grown in the past, that they will continue to do so in the future? Is it valid for a person to say that since he grew from 0 to 6 feet tall in the first 20 years of his life, he can expect to grow to 12 feet tall in another 20 years? And grow to 24 feet after that? Human bodies have natural limits to growth and so do economies, though in our culture we tend to believe otherwise.

'Is it valid for a person to say that since he grew from 0 to 6 feet tall in the first 20 years of his life, he can expect to grow to 12 feet tall in another 20 years? And grow to 24 feet after that? Human bodies have natural limits to growth and so do economies, though in our culture we tend to believe otherwise.'

We believe in this because the endless accumulation of money is a very alluring idea. People pour trillions into pension funds, hedge funds, mutual funds, etc., because of the promise that these investments are going to continuously appreciate in value and will provide for us in our retirement, or pay for our children's education. If the grandparents of a newborn child created a £12,000 trust fund on the day the child was born on the condition that the money was to remain invested in the stock market until the child grows up and retires at the age of 65, all the while earning that annual 7 percent real return, the trust fund would be worth nearly a million pounds at retirement. The child could look forward to becoming a successful millionaire at retirement without ever lifting a finger. In our culture, we say that money does not grow on trees; rather it grows in the bank toward an infinite horizon of financial wealth.

By the same logic and cultural norms, businesses expect their earnings to grow and working people expect their pay cheques to grow. For all this growth in money and financial wealth to be appreciable or meaningful to people, the amount of stuff you can buy with the money must also grow—real economic growth. These expectations normalise the growth in real production and consumption because the things you can buy with accumulated money are ultimately the true measure of economic value. Yet ongoing economic growth is not possible. To get a perspective on this, consider economic growth in the United States.

According to the number-crunchers at the Social Security Administration, the US economy is forecast to grow by about 2.2 percent annually, adjusted for inflation, over the next several decades. Though 2.2 percent seems modest, and perhaps even conservative, it is an exponential growth rate. Exponential growth means that the things we produce will accumulate like a rolling snowball and at a 2.2 percent annual growth rate that snowball doubles in size approximately every 33 years. So that newborn child with the trust fund should see the US economy grow from today's $14 trillion to $28 trillion in the first 33 years of its life, and then to $56 trillion by retirement. $56 trillion is larger than the economy of the entire world today. And then it will double again to $112 trillion in the next 33 years.

Of course the finite resources of our planet, particularly oil, will render this impossible. While every economy in the world is plunging deeply into debt in a mad scramble for economic expansion, the resource base of the planet is moving in the other direction. Long before the US economy doubles or triples in size, the resources that have up to now been supporting growth will collapse under the sheer weight of it. We will reach a turning point at which the same mathematics of growth will turn into the mathematics of decay. In fact, with peak oil we are entering into that turning point right now.

So this leaves us at an impasse: our cultures and expectations about money drive continuous economic growth, yet the finite resources of the planet are making its continuation impossible. This discord between our culturally embedded habits of mind and the physical condition of our planet represents a lag in consciousness. This lag in consciousness has merged with contemporary economic discourse to spawn the fantasy of 'green economics.'

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Rethinking green economics

On both sides of the Atlantic it has become quite fashionable to talk about 'sustainable growth,' 'natural capitalism,' 'green collar capitalism,' or 'triple bottom line accounting'. Economists as well as business and political leaders are extremely reluctant to let go of conventional business models and institutions. Rather than face the reality of limits to growth, they have created a fantasy world that promises both ecological sustainability and business as usual. The allure stems from the promise that going green can be fun, easy, and most important of all, profitable. This classic win-win proposition is comforting for people to hear as it suggests that we do not have to change our habits or our cultural expectations about what our economy is supposed to do. It is a strange contradiction to assert that the very same growth-driven institutions that have brought us to the brink of ecological ruin are somehow going to bring long-term ecological sustainability. Green economics is dangerously myopic and potentially gives people a false sense of what is possible.

The fallacy of 'green energy'

As an example consider 'green energy.' Renewable energy is the crown jewel of green economics. It is completely reasonable to contend that a sustainable future depends on harnessing clean and renewable energy sources. But if environmental economists proclaim that solar, wind, and biofuels are going propel America's $14 trillion-dollar growth machine into the future, they are truly living in the make-believe world. Each day Americans burn about 21 million barrels of oil, 2.7 million tons of coal, and 63 billion cubic feet of natural gas. Currently over 84 percent of US total energy use comes from these fossil fuels, another 8.5 percent is from nuclear, and only 7.3 percent comes from renewable sources. The main issue here is scale. It is possible to harness clean energy, but severe physical and financial bottlenecks will prevent us from using it at the scale we currently use fossil fuels. If we tried, the ecological and economic damage that would follow would be devastating: topsoil ruination, deforestation, water shortages, further depletion of just about all resources, and perhaps worst of all, food shortages.

One key difference between fossil and renewable energy is that fossil fuels are dense and ready-to-go sources and renewables are not. Renewable energy has to be produced from something else and that requires building massive and expensive infrastructure such as solar arrays, wind farms, new transmission systems, and biofuel conversion plants. In the case of biofuels, it takes much land, water and energy to get a relatively small amount of energy back.

A recent report by economists at the International Panel on Climate Change (IPCC) projected a number of different scenarios for our energy future. The most optimistic of which is an estimate that renewable energy could potentially make up about 80 percent of the world's energy consumption by 2050. Their forecast is based on two basic trajectories: the steady decline of fossils and the steady decline in the cost of renewables. The assumption is that as technology and innovation in renewable energy develop, costs will fall and renewable energy will become more cost effective. What is unclear in the report, however, is exactly how much energy overall will be consumed by mid-century. It might be possible to have renewables make up 80 of our energy consumption if we cut back that consumption to a quarter of what we use today. They also seem to be forgetting that renewable energy has a low energy rate of return and the infrastructure is itself is built out of scarce resources. For these reasons it is unrealistic to assume that the costs will steadily decline for decades to come. But even with their most glowing optimism, the IPCC economists contend that merely to jump start something like a renewable energy revolution would cost somewhere between $3 and $12 trillion. It would cost trillions more to build this infrastructure up to the scale with which we currently use fossil fuels. The question, therefore, remains: how much damage would we do trying to grow our economies fast enough?

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Let's be optimistic and say that over the next few decades it would require about $20 trillion in various biofuel, wind, and solar infrastructure development to get to the scale we now burn in fossil fuels. The most important question is how to raise that much capital. It is unlikely that we could borrow that much from other creditor nations because there is not that much capital available for us to borrow as countries around the world are struggling with their own debt problems. Coming up with $20 trillion in new capital would have to be siphoned off as national savings from income generated through the regular business of producing and consuming things. National savings is a combination of retained business profits, the savings of individual people, and public savings in the form of government taxation.

One problem currently is that the national savings rate in the US is negative. This means that not only are we not generating new capital, we are actually losing capital with each passing year. If this were to change and we returned to the robust 5 percent rate that it was in the 1990s, how fast would the economy have to grow and for how long before we accumulated $20 trillion in new capital? If we held to the Social Security Administration's estimate of 2.2 percent annual growth and put all of the 5 percent national savings into a trust fund, it would take about 23 years of continuous growth and nearly all that growth would be powered by fossil fuels. This is, of course, precisely what we cannot do. The reason we cannot is because have already passed the threshold of peak oil and the resource foundation that would support growth will be declining steadily throughout those 23 years. This is the central contradiction that represents the absurdity of the win-win promises of green economics.

Seeking real solutions

The long-term solution is the one that people in Western cultures generally do not want to hear. To achieve true ecological permanence in a way that is also socially just, humans will have to get by with much less production and consumption. There is no question that we can continue building solar arrays, wind farms, biofuel conversion plants, carbon scrubbers, hybrid or electric vehicles, and all the other accoutrements of a green economy. This work can generate good paying jobs as promised and can make returns to investments that will provide capital for further growth. But this can only be done on a very small scale and for only those who already have a surplus of capital to draw from. Otherwise, with a shrinking resource base, any new economic growth would be zero sum growth, which means it will create more prosperity for some and worsen the conditions of poverty for others.

Making a real transition to justice and sustainability must be predicated on breaking loose from our conventional habits of mind and expectations. Rather than pushing for more expansion, communities everywhere must adjust to energy descent and this is a direct challenge to the growth driven system of the last 200 years. Every community will have to begin forming an 'energy descent action plan' and prepare to become more self-reliant and we will have to do it in a way that is fair and stable. Community-based planning and action means making a fundamental transition in the locus of economic activity from a global scale to local. Investment banker and oil industry analyst, Jeff Rubin, argued that this is why all of our worlds are going to get smaller. But simply emphasizing economic localisation by itself is not a solution. The local institutions have to be made anew and cut from very different cloth and that means with a different consciousness and wholly different expectations of what is meant by 'the good life.'

Section 2

Views from the field

Edwin Bentham at the Atlantic Whale Foundation shows how action workshops for youth over the world can help inspire new **ethical entrepreneurs**. The new **charitable bond** developed by Tim Jones of **Allia** can create **shared value** for investors, community members and charities.

Transforming corporate values: taking joint responsibility

Ed Bentham

Educationalist and social entrepreneur.

THERE is a basic conflict in human life between, on the one hand, the need to belong and, on the other, the need to be recognised as an individual. At an individual level this expresses itself as the individual's need to get the balance right, to be able to be him or herself in the context of the group, be it in the workplace, a group of friends, family or wider society. At a societal level it is about the way we need as a society to organise ourselves so that this basic tension is recognized; so that individuals feel both that they belong to society and that, as individuals, they each feel respected by it. Get this balance wrong and conflicts arise.

Ed Bentham discusses some of the frustrations of the current economic system. He outlines a programme of action and inquiry that might help young people in a transformation process, drawing on his extensive experience with education and volunteering.

The growth of corporatism

In my lifetime I have seen the collapse of three societal systems: Feudalism (I remember as a young boy being expected to bow my head to the passing squire – but, as my mother was Irish and somewhat fiery, never being allowed to!); and also of Fascism and Communism. In a very real way, these systems collapsed because they failed, in practice and over time, to reconcile this basic need for individuals to express their individuality whilst feeling the need and accepting the reality of organising for the benefit of the broader society.

What has replaced these systems, is an increasingly dominant and global corporate system (which also supersedes government structures since they increasingly operate in the same way). These systems force individuals to adapt to the regulations, whatever their individual circumstance or need, thereby emasculating individuals in the process as they become increasingly powerless either to affect the corporate system or get their basic needs met. How must students in the UK feel knowing that their protests against student fees (which may be catastrophic for social mobility and push our society back two generations) have been totally ignored? The (Government) system is simply not responding to the voices of individuals they are supposed to be serving. The students have been disempowered and hence alienated.

This does not just affect groups of people. It also affects us everyday in our lives. Let me recount one of several frustrations I experienced on a journey to get to London. I needed to buy a ticket from the ticket machines at the country railway station, which after several frustrating minutes of tapping the screen, seemed not to be working. A couple of railway workers appeared from nowhere to check the machine and they confirmed (unsurprisingly) that it was not working. So I asked how I could purchase a ticket. They said I could cross the tracks to buy one from the machine on the other side, but I pointed out that this would result in my missing the train. I then asked if it was possible to buy a ticket on the train. They advised me that they couldn't tell me whether I could buy a ticket on the train without my possibly attracting a penalty fare. At this point I realised that what they were saying was that the system that employed them did not allow them to offer this advice to customers. How demoralising must this be for employees not to be able even to issue basic common sense advice. In this particular case, they became assertive, even aggressive, although it was clearly a defensive action at being put into an impossible position by the system which employed them. This is a classic example of an employee being alienated by the system they are working for, and creating frustration all-round. So much for customer service.

This inability of the system to listen either to collective or individual needs has grown so much that it is leading to intense frustration – so much so that ordinary people riot on the streets of Bristol because they don't want an impersonal Tesco 'Metro' intruding on their village trading community – but will local government listen? Will Tesco listen? Of course not, everywhere, it appears, the systems are in control, individuals have been alienated and this basic friction will result in tensions that will cause conflict.

We, all of us, can recount similar stories every day of our lives and the situation seems to be getting worse. At a micro level there may well be a collapse of these structures as we, individuals, get increasingly alienated both as consumers and as employees. But there is also an opportunity here and that is to create more sensitive organisations that respond to the needs of individuals both as consumers and as employees. This is at the heart of this article. These organisations need to be smaller and more responsive. I see the analogy with the extinction of the dinosaurs very clearly – these lumbering creatures were destroyed as smaller, leaner, adaptable mammals took over within a very short space of time.

'But there is also an opportunity here and that is to create more sensitive organisations that respond to the needs of individuals both as consumers and as employees'

It is this opportunity that lies behind the vision of the Atlantic Whale Foundation (AWF), a volunteer charity dedicated to the preservation of communities and organisations through creating projects that can respond swiftly and appropriately to everyday needs.

The birth and growth of the AWF

The AWF is a UK registered charity, charged with the mission to provide opportunities for young people around the world to work together for the common good, particularly as regards communities under threat, endangered species and habitats. The hope is, that in the process, not only is positive change affected but also 'better' people developed. The AWF's operating base is running the volunteer programme on the whale watching boats of Tenerife in

the Canaries from where it coordinates a range of projects in countries as diverse as Ghana, Sierra Leone, Vietnam, Bolivia, Sri Lanka and Cape Verde Islands, all inspired by working towards the UN's Millennium Development goals. Over the years the AWF has developed effective processes for inspiring and motivating its volunteers. Ideas adopted are pretty much commonsense and can be found in many different disciplines in their basic textbooks – Business, Biology, Sociology, Psychology. I believe that the techniques adopted and developed by the AWF can be adapted to any organisational structure with equal effect. What is perhaps different from more conventional management and organisational techniques which are ultimately driven by outside stakeholders, is that their prime aim lies in achieving this delicate balance between group and individual through a joint process of taking responsibility – thus creating leaner collectives that serve both.

Process not models

'Man hopes, the Devil smiles...and God looks on!' Such were the opening works of C.S.Forester's 'The Gun', a study of the sin of pride and its inevitable consequences. My life's experiences have taught me, if anything, that whenever we try and do anything 'life', if not the devil, will throw all sorts of random happenings in our path making tenacity, stubbornness, refusal to quit, the key qualities to 'success' whatever that that word might mean in the context of everything needed in the end to achieve it. It has also taught me that we, humans, are not even constants in our own rights; we change dramatically throughout our lives to the extent we could be argued not to be even the same person later in life. Indeed, from my own experience on another level, we change throughout the day although not quite so randomly (by my 40s, I had worked out not to make any decisions before midday or at least until I had downed six cups of tea!)

So, the idea of constructing a *model* to 'explain' how to organise, motivate and inspire people in any kind of organisation to achieve specific goals, given the randomness of life's experiences and the unique and volatile nature of human behaviour, is something of an abstraction and not particularly useful to real life situations. BUT, what can be said is that there are *processes* which can be adopted which are a constant in themselves and that will have positive outcomes. This article will enunciate a process, a way of being, that from my own experience leads to positive action, to change. The process also does something else in that through the experience, whatever it turns out to be and to achieve, we end up with better, wiser people, again an inevitable consequence of the process! Two solid outcomes from one clear process!

> *"'Tell me and I will forget, show me and I might remember', but, 'Let me do and I will learn'"*
> CONFUCIUS

Underpinning principles

There is much thought, supporting theories, philosophies and countless experiments underlying the processes laid out below but no attempt here is made here to construct a logical framework, an empirical model to be studied. What is here is an account of a process that I have seen that is effective in changing individuals and bringing about positive action. So much so that I would feel comfortable replicating it in any situation, with any group of individuals and in any kind of organisation. At the heart of this is the simple notion of experiential learning, developed largely by American psychologists such as Kolb, but actually first promulgated by Confucius more than two thousand years ago: 'Tell me and I will forget, show me and I might remember', but, 'Let me do and I will learn', is the underlying key to these processes, switching the responsibility for learning and with it the ownership of the subject, from the teacher to the student.

My work has switched between education, business and the volunteering sector. The processes I use have been honed in all of these environments and I would argue them to be valid anywhere where individuals group together to take action towards some declared purpose, irrespective of the 'quality' of the individuals involved. The processes developed are not rocket-science; they are wonderfully commonsense, self evident and pretty obvious!

The main objectives when getting a group together are:

1 To create a 'shared vision', a common purpose
2 To energise the group
3 To have the group take action

SHARED VISION + ENERGY
=
ACTION

Quite simple really.

Action comes out of the creation of a shared vision and of energising the group so the processes developed are about how the vision and energy are created. Elements of the process – workshops, activities etc. are needed to achieve both but it is really important to understand that they are two distinct outcomes. It is easy to end up with shared vision and no energy – dinner parties in North London, or plenty of energy but no shared vision – most student activity!

The processes work through three key and progressive elements.

- The first is to create the 'bigger picture' in the minds of the group, an understanding of what is happening not superficially but at a much deeper and analytical level.
- The second is to make the bigger picture personally relevant to both individuals within the group and to the group itself.
- The third is to inspire the group with confidence in their ability to achieve the agreed goals they have jointly drawn up.

Three simple principles

Create bigger picture

Make this personally relevant

Inspire confidence in ability to achieve goals

There is no need to incentivise or bribe the group or individuals into action, only to make it relevant to them personally and to give them the confidence in their ability to achieve results. Delivered in the right way theses processes create an energy and resultant achievements which far outstrip anything that can be achieved through financial incentives or threats to job security.

Youth-in-Action project

Thus, one project we are currently developing is for two- to three-week workshops to bring young Europeans together from different academic backgrounds and cultures and to inspire them to form into teams of five or six individuals to lead their own group's project somewhere in the world the following year. We have a selection of project bases in mind, in Sierra Leone, Bolivia, Argentina, Ghana, Vietnam, Sri Lanka, and Cape Verde. There are also a variety of possible projects: construction of eco lodges; micro finance and business development; food security programmes; education workshops etc. We will approach each project base within the

context of the UN's eight Millennium Development goals and the various groups can pick and choose as they see fit from these globally recognised priorities, giving themselves an almost limitless list of possible projects. Each group will take on board responsibility for everything from researching and acquiring resources needed, planning all necessary logistics and fundraising! Our task is to make each individual and every group feel that this is their task and that they can and should accomplish it, that it is their 'baby', their responsibility. By encouraging and fostering direct action, the young people should learn what it feels like truly to engage with the projects, and this will support them in achieving their potential. And it will cost society nothing; on the contrary, society and communities will benefit.

'By encouraging and fostering direct action, the young people should learn what it feels like truly to engage with the projects, and this will support them in achieving their potential. And it will cost society nothing; on the contrary, society and communities will benefit.'

We will bring all the participants together at our project base in the Canaries, house them in multi-bedded accommodation and immerse them in group activities, to include working with our long-term volunteers on whale-watching boats and organising cooking and cleaning rotas.

As part of the 'process' they will undertake collectively a number of activities, including a fundraising challenge – The Teide Challenge, the third highest volcano in the world, a gruelling hike to 12,000 ft and enough to sap the energy of even the fittest! Although they will be working as teams to achieve the challenge, they will be competing with each other in their fundraising efforts – an interesting dynamic from which a great deal will be learned in the nightly discussion sessions.

For two to three weeks they will eat, sleep, listen, talk, and plan together. Teams will present their developing ideas to the whole group continuously and their finished business plans at the end of the programme. Evening presentations, open debates, reflection and critical examination will be the hallmark of the experience as platforms through which they can develop their thinking, and they will be supported throughout by a series of targeted workshops and a team of experienced mentors to help facilitate them through the process.

The 'process' will send them home at the end of the workshops to work together over the ensuing months to bring their plans, their vision, to fruition (as long as we have done our job right!).

Content of workshops

The practical work will be supported by the workshops we put the group through. These will guide their thinking, and their taking ownership of chosen projects, developing both awareness of the bigger picture and a sense of individual and group responsibility as well as ideas for developing their own contributions. The broad educational themes that underpin the work are the following:

Ethical Enquiry – run by experienced educators and psychotherapists. These workshops develop within the group a sense of ethical purpose, reflection on what it is in life that we truly value, fostering discussion on what constitutes a 'good life'. The workshop will also equip them with life skills to help them keep balance in their lives, handle stress and keep focus on what is important.

Intercultural Communication and Leadership – developing a consciousness of what it is to communicate in different cultures and how an understanding of these ways will help us to achieve our goals.

Global Issues in the Context of the UN's Millennium Development Goals – Our work at each of our project bases is framed within the context of achieving these goals. Individuals/small groups can select projects which help achieve an element(s) from one or more of these goals. UN development goals cover: Poverty and Hunger; Universal Education; Gender Equality; Child and Material Health; Combating HIV/Aids; The Environment and Global Partnership; Access to Technology ;and Fair Trade. These workshops look in detail at the complexities in the underlying issues and use case study materials to learn from the experience of others trying to achieve different goals. They will all look at the complexities at each project base in relation to each of these issues.

Rather than feeling overwhelmed by these goals, participants will be shown that whatever the size of steps that they take, it is a small step in the world's chosen direction to make a difference to the planet. If enough small steps are taken, then it is not a huge mental leap to realising just how much could be achieved by working together. Here the power of the group can reinforce the individual desire to make a difference.

In addition there will be specific workshops honing the following skills:

Project Management – This workshop covers core skills needed in achieving targeted project goals, ranging from team building, critical path analysis, decision making and task allocation. Each group will have to develop a business plan for its own project and present it to the whole group, and the latter will be critically appraising both the logic and schedule on an ongoing level throughout the programme.

Cultural Sensitivity – It has always been critically important to us to make our volunteers culturally sensitive, to help them avoid causing offence. An awareness and understanding combined with ways of being that are acceptable across cultures is critical to developing such projects.

Fund Raising – The groups have to finance themselves and there are a thousand ways in which this can be achieved. Volunteers passing through this workshop will be developing fundraising strategies to be presented to, and argued through, by the whole group.

Risk Evaluation – Each group will have to identify all potential risks and develop strategies to minimise these. This workshop will help them through this process, which has to be specific to each group and its project, by outlining the various types of risks to be covered and ways in which they can be mitigated.

The focus in these workshops will be very much on self learning with discussions, presentations, internet research and case study materials. The aim will be to create a learning environment, as opposed to providing information on a plate, and then critically examine ideas and strategies generated by individuals at the level of the group. The experiential learning approach means that individuals take responsibility and ownership both for their learning and for the ideas they develop.

Creating the 'bigger picture' though the above workshops is quite simple.

The statistics on what is happening to communities, species, habitats, languages etc speak for themselves, and are quite shocking. It is easy to demonstrate the scale and nature of the problem, and it is easy to identify causes and delve into the complexities underlying those causes through appropriate case study materials. This is a straightforward process.

Key to success: creating individual responsibility and skill sets

How do we create a sense of individual responsibility? To a very real degree individuals on the whole do feel responsible and that they should 'do something'; the problem is that they do not know what they can do or even that are capable of doing it, particularly given the systemic conditions in which we currently live. In part, this sense of individual responsibility can be built up through the ethical enquiry workshops, open discussion on how we should behave with a focus on exactly what individual responsibility actually looks like. Case studies looking at what individuals have achieved also helps but the main lever will be group discussions as it is through these that the groups will determine what is appropriate individual behaviour and individuals will support one another and simply fall in line because they want to. Gaining attention, raising awareness are critical first steps and creating a sense of individual responsibility follows quite naturally.

Once the individual/group has a sense of responsibility then the issue becomes one of motivation actually to do something. The workshops in project management and fundraising are critical in providing the necessary skills but the main issue is in convincing people that they have the capacity to actually pull something off (as opposed to making them feel they should try and do something). Building self confidence is critical.

Key aspects of the development process are the way in which individuals work, learn and think in a collective space whilst being encouraged to reflect on an individual level in order to develop their personal contribution. Every evening the entire group has to discuss and critically examine elements of each group's thinking, and individuals have to learn how to harness the value of this activity for their own work.

Decision making is devolved from day one to individuals and groups; they have to decide what they want to do and evolve objectives, strategies and time lines, identifying critical issues, imperatives that they need to consider and work out. Daily, they have to present and defend their ideas to the larger group, learning that critical examination is more valuable than polite claps of approval; that it is important their ideas and strategies have absolute integrity.

Team-building skills are vital as teams have to learn how to identify skills required and how the complex of individual talents can mesh together to provide everything that is required to achieve results. Where skills sets are not adequate they have to demonstrate an awareness of the deficiencies and suggest actions to make the necessary compensations. Taking responsibility for self-learning and project development is critical. In this process they start to take ownership of their work and actions, the fundamental basis of all inspired action.

Facilitation and selection

Facilitation of the programme is critical and support structures and advice/encouragement will be provided by a team of experienced professionals throughout, guiding the learning process rather than leading it. This team will remain in place throughout time as the groups implement their own projects. Selection is important but not critically so. It is easier if participants are selected who are open minded, intelligent, committed to the cause and to giving of themselves for the common good – but it is not essential as in the right environment everybody can be empowered. Further, at a very real level, it can be more rewarding for the teachers involved to work with people whose personal growth has the potential to be commensurately far greater.

Creating a better world

The above programme will create teams of young people who will go out into the world and effect real change, making for a better world but also making more of themselves in the process. They will become better, stronger, more ethical global citizens and it is my strongest belief that, we could do this with any set of young people from any background through adopting the simple processes outlined.

We have arrived at a time in our evolution when the current system is creating high levels of frustration as it serves neither the collective nor the individual who belongs within it. We saw earlier how both customers and employees are continuously alienated by the bigger system in all walks of life. You simply need to look to your own experience – your own employer, the relationship you have with your bank, or your utility providers. And if that is not enough you can hear daily from others' experiences of interacting with systems and government. It is clear that the world has lost sight of these simple, basic ways of being that these workshops will encourage. The key to this is to provide the opportunity for young people to feel a sense of engagement with the world that surrounds them, a sense that not only is that world relevant to them but that it listens and responds to their aspirations (rather than a sense that they have to accept everything as given no matter how irrelevant, unjust or inflexible). With enough young people gaining this sense of themselves in true relationship with the world, then that will be enough for the system to shift yet again. It is also clear that there is a huge potential for organisations that can rediscover these processes, that they can become part of the future and not a dinosaur. Perhaps in my lifetime, I may live to see a further evolution into a newer system where the balance between individual and group brings us all into individual and therefore planetary balance!

"The key to this is to provide the opportunity for young people to feel a sense of engagement with the world that surrounds them, a sense that not only is that world relevant to them but that it listens and responds to their aspirations (rather than a sense that they have to accept everything as given no matter how irrelevant, unjust or inflexible)"

From my own experience of working with groups over the years, I have pulled out the following basic principles, geared to making individuals both responsible and with a sense of belonging:

1. Every individual has a point of view, a perspective that we need to acknowledge and accommodate We have to RESPECT the individual.
2. People like to work in teams but they must feel that their individual contribution is both valued and respected.
3. 'Team goals' need to be 'team' goals. They need to represent a 'shared vision' and there needs to be regular, even daily, sessions to reaffirm this shared vision.
4. Individuals learn through experience and they also develop as people through the process becoming wiser, better people. Reflecting on their experience is a critical part of this process.
5. Failure is a normal part of experience. Obviously we should not fail repeatedly in the same way and reflection should be there to ensure that learning takes place.
6. People like responsibility, it is healthy for them to assume responsibility. Given the 'shared vision' and the agreed schedule of work and delegation of activities, individuals need to receive group recognition for their individual contribution. It is the single most empowering activity.
7. Some people lack confidence. The organisation should build within it sensitive structures to build people's self confidence. This is the single most important element in maximising productivity.
8. Team building means teams socialising together and taking on challenges together so individuals really get an opportunity to know and trust each other, to bond.
9. Individuals need encouragement to initiate future projects, to inspire growth and development. This is the most important element in enthusing group activity.
10. Individuals need to discuss their strategies with the group regularly, even daily, to benefit from group input but also to share the burden.
11. Mentoring support structures are critical as are social networks, to keep individuals 'part of' the group.
12. This process needs leadership – but this leadership can be found from within the group, just leave them to it!

Creating shared value: the charitable bond and its implications

Tim Jones and **Martin Clark**

Tim Jones, Chief Executive and Martin Clark, Deputy Chief Executive of Allia, and Director of Future Business, the business arm of Allia.

Bronwen Rees interviews Tim Jones and Martin Clark of Allia and Future Business on the 'charitable bond' and its growing impact on our social and economic environment.

I'M SURE all of us have numerous stories of growing frustration as the system which we have created dominates our lives, yet often fails us in the simplest of tasks. It seems that at every point of our collective lives, we are dominated firstly by the economic considerations, and only secondly by what it is we want to achieve. If you listen to the TV or radio news for example, debate on current problems is always determined by issues of cost, not the relative merits of different approaches. Our interconnected social and economic systems have become so complex that we have lost sight of how to meet directly our basic human physical and emotional needs even though we may be perfectly aware how to do this. Since the first consideration is the abstract cost of an activity, this seems to take away our abilities to take action for ourselves, leading to a sense of personal powerlessness. This has been exacerbated by the economic crisis and on-going recession, which has highlighted our global interconnectedness, and at the same time, the paradoxical inability of the individual to regulate and maintain basic human needs. So, how could this system evolve so that individuals may regain a sense of confidence in their ability to survive, prosper and be creative in their lives?

As the system is so interconnected, solutions are multi-levelled. Yet one level that appears the most daunting, since it touches all other levels, and is a global phenomenon, is the macro-economic level. This may need complex financial re-engineering. One simple, yet radical solution has been set into motion by the charity 'Allia', headed by Tim Jones as the chief executive. At the core of this charity is the 'charitable bond'. This article summarises the dialogue of two interviews held between myself, Tim Jones, Chief Executive of Allia, and Martin Clark, Deputy Chief Executive, and Director at Future Business, the business arm of Allia. It looks at how the charitable bond originated and its intent, impact and future.

Origins of the charitable bond

The idea of the bond was originally conceived in 1999 by the Cambridge-based think tank Relationships Foundation (later to become Citylife) to tackle unemployment and promote regeneration in cities. The starting point was in Sheffield. There was a growing divide between those who had money, and those in great poverty. It was plain also that the consequences of unemployment went far beyond that of having very little money. It was clear, then, as it is now, that the impact of unemployment affects relationships, loss of self-esteem and eventually mental health. This was a vicious cycle. The goal therefore was to bring in new financial initiatives which could tackle this level of social deprivation. This was when the idea of a 'charitable bond' arose in the form of the first 'Employment Bond'.

I asked Tim whether this was a visionary response to the problem. 'No,' he answered, 'It was a pragmatic response to the particular situation. We had to learn by doing. The principle was quite simple. It was to raise money from local people, companies and politicians who were interested in supporting regeneration, and lend that to a social enterprise that was locally delivering social value. In the case of Sheffield this was a local not-for-profit organisation, part of Places for People Homes, developing social housing. We came up with a financial equation where around 80% of the funds raised was loaned to the social housing provider. We deducted a fraction to cover our costs of administration and promotion, and the remainder was distributed amongst local charities. This was the 'charitable bond'.

After a five-year bond life the social housing provider repaid the loan with interest and the money was returned to the investors in full. They received no interest on their investment, but they knew that their money had been supporting both charities and local enterprise

According to Martin, who was involved in these early stages, raising the money was labour intensive, and took up much time and energy in research, meeting local people and charities, getting to know the movers and shakers, so that they would bring their own networks and expertise to the undertaking. This meant bringing together many aspects of the community – the different faith communities, academics, leaders in civil society, including the then local MP, David Blunkett. It took several months to raise the money, but in so doing it galvanised movement towards building up a local community, all of whom were facing a shared problem. The common factor was their commitment and energy to making this work and this has been the key factor in the charitable bond's success and growth.

HOW IT WORKS: ALLIA'S CHARITABLE BOND

By investing in a charitable bond from Allia, investors can release an up-front, tax-free gift for their chosen cause while making a secure, fixed-return social investment.

Allia pools money from investors and lends it on, just like a bank does, so they can get the same interest rate on very low risk debt finance that the bank could get. The bank would use that profit to pay taxes, dividends, bonuses and its operating costs – whatever's left can be given to the investor as an interest payment.

However, because Allia is a charity they don't pay tax, don't have shareholders to pay, and they don't give bonuses to staff. They only take just enough money to cover their low costs, which means they can give the investors a return if they want it and the rest of the profit can be given to their chosen cause.

Furthermore, since they know exactly how much profit they will make, Allia can give it away to the selected causes on day one.

Some engaged participants:

TTP has a policy of generating and retaining cash reserves against future business needs and sees the Charitable Bond as a mechanism whereby a proportion of these cash reserves can be put to good use to help strengthen the local economy at modest cost and minimal risk.

Gerald Avison, *Chairman, TTP Group plc*

The City of London Corporation's City Bridge Trust invested £100,000 in a bond from Allia. We think this is a 'smart' way of supporting the third sector in times of economic austerity. Now more than ever charities need unrestricted money which the Bond provides upfront. It's great to see a traditional financial instrument used to benefit charities so creatively. It's a win-win all round – at the end of the 5 years we get our capital back which will be recycled to help more organisations.

Clare Thomas, *Chief Grants Officer for the City of London Corporation's City Bridge Trust*

The Bond is a highly innovative financial instrument. It aligns the efficiency and returns of the money markets to social and community goals.

Peter Griffiths, *Chief Executive, Principality Building Society*

Following the first pilot bond, further campaigns were launched in Sheffield, Newcastle and Wales and East London. It was not always necessarily easy. Says Martin, 'In each case, we needed the backing of local companies who were prepared to loan money. In Newcastle we got the support of companies like Gregg's the bakers – but in the case of Wales, for example, where we were raising money for regenerating youth activity in mining villages, there were fewer big local businesses born and bred. We didn't reach the target we had hoped for in Wales, but the funds we did raise went to helping young people gain confidence and launch their own musical careers.'

Unforeseen and growing positive social impact of the charitable bond

This was not, however, merely a financial re-engineering, though the potential consequences of using people's savings in this way, rather than it sitting in banks, is not to be underestimated. The initial projects in Sheffield also included training for young people in building homes. The social enterprise construction company employed local young people from the estate, so they developed skills through the direct experience of developing their own abilities in building houses for local people to live in. Thus, young people were actually engaged in the projects, and could directly experience the outcome of their own work in co-operation with others.

There were further unforeseen benefits. For example, according to Tim, 'It brought about a change in people's behaviours. The process quickly moved beyond the idea of simply "loaning money" to a good cause. Lenders began to engage with what was happening to their money. They wanted to go on outings to the projects to see how their money was being spent. Then they themselves became volunteers, offering mentoring and practical help. There was a rolling feeling that now we have lent money, we can also lend, or even give, other resources that we possess.'

Thus, whilst a simple mechanism, it had a real impact on the people's behaviour, and provided a catalyst for action, both for recipients and investors. According to Tim, 'The real difference was that, by supplying people with meaningful information, then they felt that they were really getting something back. That might be a dialogue, or a site visit. So they felt that they actually get some worth, rather than a look at how the figures have changed on the bank

> *'It brought about a change in people's behaviours. The process quickly moved beyond the idea of simply "loaning money" to a good cause. Lenders began to engage with what was happening.'*

FEATURES OF CHARITABLE BOND

Extract from 'Money in the New Society' by Tim Jones

'The post credit-crunch recession is, I contend, the opportunity and the imperative to look through the lesson of societal well-being at the availability and mobilisation of private capital. It is the opportunity to develop an approach:

- that is 'Safe', where people do not fear the loss of their savings
- which provides 'interest' or 'dividends' measured not only in absolute financial terms but also in well-being terms
- where 'carpet-bagging' cannot happen; where mutuals such as Building Societies no longer demutualise on what was, at best, a misplaced belief that Banks would perform better and, at worst, no more than straightforward greed without risk
- that enhances relationships – that provides connection with and between savers, community and cause
- that is modelled more on the concept of 'company' (Latin: *cum pane* – to share bread) than on financial organisations structured to take bread from the mouths of our succeeding generations
- that is governed by trustees under charity law, with the objective of maximising operating efficiencies and customer satisfactions for the benefit of social and community well-being but where trustee selection is a democratic process of one member, one vote
- that can offer to pay its savers in dividends of their choice where they wish: for instance carbon credits, gifts to charity or LETS such as the Totnes Pound. Yet one that costs the Exchequer the same, or less than, other capital funding alternatives and that can deliver sufficient quantum to be relevant. (Jones, 2010, p. 190)

statements which is the only relationship investors have with a retail bank. Investors felt that they could put value in the communication and contact that they received from the bond. They could and can see the value of their investment which is not merely financial. It became clear that this was the heart of the charitable bond's strength.'

This was further borne out by the fact that of the people who had invested in the second Sheffield bond, nearly half made an outright donation at its fruition five years later. These may be small investors of, say, £100. As Martin noted, 'There were examples of people who, whilst not having much themselves, were happy not to have their money back as they could see the very real benefits that were accruing to their community.'

From these early beginnings in 1999, these charitable bonds have raised around £16 million of investment, releasing funds for activities that have helped thousands into work, enterprise, or out of debt.

Into the future

The last few years have seen a lot of development for Citylife. After having supported employment and enterprise in other cities, in 2005 the organisation bought an old community centre in its home town of Cambridge. The organisation now manages a number of different properties, each providing affordable space on flexible terms to support a range of start-ups, community groups and social enterprises, and keeping local empty buildings in use at the same time. Citylife also developed a range of business support services to help enterprises start up and grow.

At the same time, as the charitable bond became more successful, other charities started approaching them to enquire about raising funds through the bonds. At first, Citylife was concerned about drifting from its mission on unemployment and regeneration. However, it became clear that the experience and expertise of issuing charitable bonds that they had developed could be used to achieve even greater social impact.

In December 2010, after two years of development, a new, streamlined on-line fundraising service was launched to help raise funds through charitable bonds for any charitable cause working to give people a better future. Instead of one-off campaigns, a rolling series of bonds will be offered with three issue points a year, and charities seeking support from the investment can sign up on the webpage at any time. The hope and belief is that this mechanism can help to transform philanthropy in the UK and release many millions of pounds to projects all over the world.

At the same time, it was decided that the name 'Citylife' was confusing as the focus was no longer solely on urban regeneration. The organisation therefore rebranded as 'Allia', while its business support arm became 'Future Business'.

Now, both sides of the business are working together in a campaign to raise funds for Cambridge itself. The new 'Future

'From these early beginnings in 1999, these charitable bonds have raised around £16 million of investment, releasing funds for activities that have helped thousands into work, enterprise, or out of debt.'

'The hope and belief is that this mechanism can help to transform philanthropy in the UK and release many millions of pounds to projects all over the world.'

Business Centre' will provide over 3000m² of affordable office and workshop units to support the start up and growth of businesses that want to make a social or environmental difference. The Centre will be part of The Hive, a multi-million pound enterprise and education park dedicated to developing sustainable solutions for building, and for youth training in eco-solutions.

The charitable bond as mainstream?

The charitable bond has now evolved so that people can also receive different rates of interest. The streamlined, on-line bond now provides investors with a choice of variable interest rates, depending on how much and whether people want to receive. This is a move away from the initial bond loan, where no interest was paid. I wondered whether the social engagement which Tim had said was at the heart of the bond's strength would be lost. 'I don't think so. I think people will see that they are getting more benefits from investing in us. In a way, it is creating value for the donors and well as the recipients.'

Given the success to date of the charitable bond, I wondered too, whether Tim saw this as a possibility for getting the ideas to translate into mainstream banking. Tim answered, 'I would like to see it happen, but I don't think that the banking system will self-regulate or be regulated to a new paradigm. The notion of profit and bonuses is so embedded that I can't see how such a complex industry can change – at least not in our lifetimes. It would be naïve for us to think that we could change such a large institution as, say a high-street bank. The investment banker has his own clients and they all want substantial remuneration and variable emoluments! For example, the scale of bonuses alone paid by banks to staff far exceeds the scale of the losses that triggered the financial crisis. Consider a loan transaction to a housing association: as a 'plain vanilla' Bond Issuing Organisation all we do is pool investors' money, sell it on to the borrower for a fixed term at a fixed rate, donate the profit to civil society (instead of ourselves) and return the bond (at par or with interest as required) to the investor on the due date. Contrast this with a borrowing chain where the housing association borrows from a Bank, which borrows from a Structured Investment Vehicle which borrows from a Hedge Fund which borrows from an Investment Bank which borrows from a Bank.... (Kaletsky 2010, p. 134) Transparency? Bonuses? Risk trail?

Form your own conclusions! What the charitable bond can do, above all, is offer an alternative, so that the money does not go to staff, to government or to shareholders, as it does with banks . This, as we have seen, is very appealing for investors of any size. Remember that what we offer is tiny in respect of the finance systems as a whole. It's a question of scale and time. It would be great if this were to happen quickly.'

Towards shared value: evolving the system

This story of the charitable bond shows how, by taking direct action at a certain point in the system, changes can happen that become amplified as they connect with the different parts of the system. From a simple and pragmatic idea of wanting to effect regeneration, the bond's effect has spread throughout the country, affecting different counties in different ways. Whilst, in banking terms, the £16 million pounds already raised is a drop in the ocean, the work has affected many thousands of people, and the ripples are still on-going with the growth of the on-line charitable bond. The extract from the *Guardian* article opposite shows the impact that the bond has already had.

This is a clear example of how taking conscious and focussed action can actually alter and transform even, or perhaps especially, a complex system. We may be seeing the early stirrings of the butterfly effect.

The butterfly effect was first noted by one of the early proponents of chaos theory, Edward Lorenz, and refers to the idea that a butterfly's wings might create tiny changes in the atmosphere that may ultimately alter the path of a tornado or delay, accelerate or even prevent the occurrence of a tornado in a certain location. The flapping wing represents a small change in the initial condition of the system, which causes a chain of events leading to large-scale alterations of events. Had the butterfly not flapped its wings, the trajectory of the system might have been vastly different. While the butterfly does not 'cause' the tornado in the sense of providing the energy for the tornado, it does 'cause' it in the sense that the flap of its wings is an essential part of the initial conditions resulting in a tornado, and without that flap that particular tornado would not have existed.

Whilst at one level, the problem and frustration that I noted earlier is endemic and appears impossible to solve, the actions, vision and determination shown by Tim and his colleagues are

Beneficiaries of the Bond

(extract from *The Guardian*, October 2010)

SOCIAL HOUSING provider Places for People got the money to build affordable homes on two big estates: Manor, where £900,000 completed a funding package for 10 houses; and Norfolk Park, where £700,000 paid for nine bungalows. Both developments came with training schemes in building skills for local people.

The bond was given extra muscle by £1,000,000 in match-funding and Citylife had no hesitation about issuing a second offer in 2005. This bond focused on financial inclusion, a challenge whose scale is obvious when you visit the offices of Sheffield Credit Union and its loan partner Moneyline. The queue of customers winds out of the door and along to the stairwell. These are just some of the 5,000 clients whose tie-in with the service keeps them out of the hands of loan sharks and, potentially, the courts and debt bailiffs.

Moneyline's chief executive, Eric Thompson, says: 'The £110,000 grant we've been given thanks to the second bond has been invaluable. We decided to treat it as capital and, with our average loan standing at £350, you can imagine how many people that is helping.'

The group says it has helped 500 people to create a savings pool of more than £150,000. The sum is such a substantial part of Moneyline's overall pot that it has given its loan system the nearest thing to a continuously recyclable fund. 'With no interest due, and no paying back of the grant, we think we can keep it intact through modest interest and repayments, and so keep paying out loans indefinitely. I reckon the original £110k has already turned over at least three times,' says Thompson.

The city's Centre for Full Employment benefited from a loan for 12 months, during which it helped almost 2,000 people, 694 of them out of work for more than 12 months, with job applications and mock interviews. Mavis Turner, 60, says the scheme rebuilt her confidence: 'I thought I'd never work again, but they were fantastic. I always felt welcome and nothing was too much trouble.'

Her success in getting back into catering was mirrored by another 695 people who found jobs and 185 who started in newly-created posts. Those helped include 143 ex-offenders, 22 homeless people and 95 refugees.

already creating a small whirlwind in some parts of the UK. Tim began our interview by telling a story of one of his first projects, in the 90s, which was to produce a water dispenser for offices thus removing the necessity for office workers to buy bottled water. Having got the patent, carefully prepared the ground, lined up customers, the recession then hit, and his promised clients cancelled the order. He sold out for far less than he had hoped – but now, he noted, water dispensers are ubiquitous. 'Ideas,' he wryly commented, 'need to find their time.' Maybe this time, the flapping of the wings represented by the charitable bond, will be able to effect a change in the macro system quicker and faster than Tim Jones modestly expects. Already the number of beneficiaries is increasing exponentially, and highly influential experts are beginning to see the wider benefits, viz the following letter in the *Financial Times*, from Sir David Varney:

Letters THURSDAY NOVEMBER 19 2009

Inspired funding tool in a recession

From Sir David Varney.
Sir, With reference to the Lombard item "Socially useful finance" (November 14): We are living in times when those in both public and private sectors are having to cut budgets. Yet with recession hitting the most vulnerable hardest, the funding needs in the third sector are greater than ever.

The charitable bond is an inspired tool to break this deadlock and allow finance to be released to where it is needed – every company with a genuine commitment to corporate responsibility should be looking seriously at investing in this way.

David Varney,
London SE1, UK

With no corporation daring now to ignore the call for social responsibility, the charitable bond offers up a possibility that could transform the economic and social climate. It is a wonderfully elegant solution that transcends the problems highlighted at the beginning of this article. This is because it is a solution that is applied directly to the problem. It tackles the macro-economic climate by calling on funds that are sitting in banks; at the same time it releases this capital for use in direct action on urgent social and economic problems, and creating processes of on-going change. It could mark a real shift from consumer capitalism – whereby desire is created – to conscious capitalism – whereby the market mechanism is used to tackle and meet human needs directly, rather than simply yielding value to money-rich shareholders from a system that is already overloaded and crumbling.

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Section 3

Research and practice forum

This section provides a space for dialogue between business and academics, and for building a community of people engaged in breaking down the divide between theory and practice. Any comments on, or contributions to, this section will be warmly welcomed.

Children's well-being and the commercialisation of childhood: some ethical considerations for business

Richard House

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Richard House draws on developmental theories to show the impact of commercialisation of childhood on children's mental health, and suggests that this needs to be addressed at the level of culture and the evolution of consciousness. A first step would be a meaningful dialogue between educators, psychologists and business.

> *Materialism is correlated with low self-esteem,… higher rates of anxiety and depression,… [and] psychological distress and difficulty adapting to life… Consumer culture undermines children's well-being… The children who are more involved in consumer culture are more depressed, more anxious, have lower self-esteem, and suffer from more psychosomatic complaints…. And less involvement in consumer culture leads to healthier kids….*
>
> Professor JULIET B. SCHOR

THE main focus in this article will be the currently highly topical issue of children's experience in hyper-modern (or is it 'late-modern'?) culture. Many early-years commentators on childhood believe that possibly immense damage is being wrought in our modern technological and overly permissive culture through children being inappropriately 'dragged into' adult consciousness at far too early an age. Britain's very high teenage pregnancy rate is arguably just one of the many unfortunate symptoms of this damaging process.

The British government's preoccupation with learning 'outcome targets' and cognitive learning biases for England's pre-school-age children via the Early Years Foundation Stage is arguably a particularly damaging aspect of this cultural trend (e.g. Ellyatt, 2009), which is robbing children more and more of their right to a childhood relatively free of adult anxieties, preoccupations and intrusions.

Given the widely acknowledged existence of this 'toxic' cultural trend, and the behavioural and social consequences arising from it unfolding all around us, it should arguably be government's central task to do all it can to reverse, or at least halt, this pernicious trend – and certainly not to exacerbate it in its policy-making interventions. This article considers the role of business in these issues, aiming to open up creative space for thoughtful engagement with these vital issues.

'Growing up too soon' and its consequences

Elsewhere I have drawn on the inspiringly insightful writings of paediatrician and psychoanalyst D. W. Winnicott (1896–1971) to show how modern culture's uncritical treating of children as if they were 'mini-adults' may well be perpetrating untold harm with regard to children's development (see House, 2009). I maintain that Winnicott's more narrow clinical concerns can be generalised to a cultural level, in that the kind of *premature awakening of the mind* in children that Winnicott put down to a failure in the individual child's 'facilitating environment' (his term) can actually be observed as a rapidly sedimenting cultural norm in terms of the way that young children are treated and related to in modern technological culture. Moreover, the 'over-sexualisation' of childhood experience (Bailey, 2011) can similarly be seen as a premature and inappropriate awakening of *the body* – with at least equally damaging health and developmental effects.

My arguments are not grounded in 'research' as conventionally defined in a positivist framework. Rather, the kind of 'research' upon which my contentions are based is derived from my own direct personal experience and observation working as a Steiner early-childhood teacher over many years; from speaking to many early-years practitioners; and from the perennial wisdom about child development built up over many decades, both within the global Steiner Waldorf community and by holistic educational approaches more generally.

For some years now, a number of childhood campaigners (including myself) have been predicting a major increase in child mental-health and behavioural problems, if both current approaches to early education and learning, and cultural trends towards 'adultifying' young children, continue unchanged; and these grave predications seem now to becoming true in a way, and with a ferocity, that hardly anyone foresaw. On 20 June 2007, for example, the NCH charity (now called Action For Children) reported a research project, the results of which were headlined in the *Daily Mail* as 'a million children now suffer[ing] from mental health problems' (Anon, 2007). This Nuffield-sponsored research 'found evidence that escalating mental health problems were the result of real changes in behaviour and *not* increased reporting of problematic behaviour' (Anon, 2007).

The theme of children's 'growing up too soon' is certainly one that is threaded through all of the debates about 'toxic childhood' (e.g. Elkind, 2007; Postman, 1996). One key argument is that human development is a complex holistic process – one that simply cannot be mechanistically broken down into controllable, planable, measurable 'outcomes' (Ellyatt, 2009).

The argument linking Winnicott's clinical work and children growing up prematurely is relatively straightforward to articulate. Winnicott wrote about what he called the 'mind-psyche' (Winnicott, 1949), subsequently developed into the notion of the 'mind object' by Corrigan and Gordon (1995). This refers to a pathological psychological phenomenon in Winnicott's patients which he put down to ***precocious intellectual development*** in very young children. Put simply, some children are exposed to such noxious early environments that they have to find a way to survive such overwhelming environmental impingements. If no reliable and consistent attachment figure is present in their lives, some, and possibly many, children respond by developing their own minds (or the 'intellectual function' – Winnicott, 1949) to rely upon, in a way that is developmentally out of balance and highly inappropriate, as intellectual/cognitive capacities are then developed out of harmony with the 'going-on-being' of 'psycho-somatic' development that Winnicott saw as an indissolubly holistic early experience.

There are also interesting parallels here with the work of Professor Guy Claxton, who graphically shows how children (and sometimes adults) learn most effectively in a non-self-conscious way through their whole psycho-somatic organism; and when learning is made reflectively and cognitively conscious in the young mind, then the learning process is often compromised and substantially disrupted (Claxton, 1997).

On this view, then, to 'wake children up' into self-conscious cognitive (self-)awareness of their learning experience is developmentally inappropriate and potentially very harmful. Claxton's approach privileges space for 'just' being, for reverie and authentic (i.e. unstructured) play, and environments conducive to unhurried imaginative elaboration (cf. Isaacs, 1930) – or what he calls 'slow learning' (cf. Honoré, 2004). Young children, it is argued, need to be left space and freedom, unimpinged upon by the adult world, to engage with the world at their own pace, and not to be exposed to anxious adults (with teachers themselves being monitored and assessed on their children's 'outcomes') guiding children towards what *adults* think they *should* be learning.

In his archetypal developmental cosmology, and similarly to Winnicott, Rudolf Steiner argued that if the feeling realm or the mind are unduly emphasized in the first 7-year period of life, then the child's development is interfered with, and becomes unbalanced – and this in turn commonly leads to life-long health problems, both emotional and 'psycho-somatic' (the various chapters in Corrigan and Gordon [1995] give ample clinical examples of such phenomena). Tellingly, then, this is exactly the kind of argument developed by Donald Winnicott, based on the latter's many thousands of clinical observations from working therapeutically with both children and adults.

Winnicott describes at length the kinds of pathological symptoms that such patients display in later life. To illustrate this phenomenon, I will quote from Corrigan and Gordon (1995). The authors acknowledge that while such patients often have gifted minds and unusual intellectual ability, they display a range of chronic symptoms:

> …some are narcissistic, some depressed, some boringly obsessive, while others are wonderfully quick and humorous. None of these patients are on particularly good terms with their instincts or their bodies in general…. Somatically, all… suffer from a variety of serious [medical] conditions…. They cannot relax into just being, but must be constantly stimulated and enlivened by something or someone outside themselves. Yet, essentially fearful and negativistic, they do not surrender to any relationship…. We have come to view each of these patients as fiercely attached to their mind as an object, an object whose use is overvalued and exploited, whose existence is vigilantly protected, whose loss is constantly dreaded. Striving to disavow reliance on others, they have empowered the mind as the locus of self-holding and self-care…. (p. 3)

Do we recognise any of these relatively non-specific symptoms? – 'ADHD' immediately comes to mind (e.g. Timimi and Leo, 2009). To the extent that we are indeed living in a culturally ubiquitous *waking up* of young children intellectually and in terms of desire in a way that is unbalanced and lacking in a broadly based developmental foundation of 'body–soul–spirit–mind' unity, then it seems at the very least plausible, if not highly likely, that **the well-documented explosion of children's mental-health problems is directly attributable, at least in part, to this premature and unbalanced waking-up of our young children.** And if childhood campaigners are anything like right about this, then the implications for the well-being of this and the next generation are grave indeed.

Cultural conditions of growing up and 'toxic childhood'

Signs are certainly present all around us of a hyper-active, materialistic culture and adult-driven intellectual agendas impinging ever more relentlessly on the lives of children at ever younger ages (cf. House, 2006; Palmer, 2006). Anyone working attentively with young children will be all too aware that already in the first months of life, the 'cultural attack' on the young child is very considerable, especially in terms of the child's delicate emerging senses (House, 2005). As modern culture's assaults upon young children become ever-more strident and difficult to avoid, key questions must surely be faced about just how we might protect our young children from these toxic forces.

If the views expressed by the likes of Sue Palmer and other childhood campaigners are anything like right, then it is tantamount to 'fiddling while Rome burns' to be sitting around indulging in the academic's familiar, pusillanimous refrain that 'The evidence is equivocal…' etc.; and I believe that a strong 'precautionary principle' needs to come into play where children's well-being, and what it means to be human in the modern world, are at stake. More of that later.

Palmer and colleagues are also saying something that is very important about the overwhelmingly materialistic age in which we live, and the impact this is likely to be having on children's experience and development in all kinds of subtle ways that narrow empirical research cannot get anywhere near to illuminating. What is also central here is the way in which children learn about *desire*, and about *their own* desire. Commercialisation, markets and consumerism are all about desire, and about feeding, and even manipulatively generating or *awakening*, children's materialistic desire.

Impact of the market and consumerism on childhood

What is urgently needed in the debate on the so-called 'commercialisation of childhood' experience is a major philosophical, psychoanalytic and psychotherapeutic perspective on children's development, and on what is actually happening to them in their development through this radically new 'toxic mix' of the market and consumerism, and all the associated new technologies (House, 2012). We surely need to be taking very seriously indeed the kinds of issues raised by neuroscientist Baroness Susan Greenfield (2008) that these marketing-driven technologies may well be interfering with the child's developing brain, with all manner of quite unpredictable consequences for children's identity development. There is also a long history of philosophers of technology grappling with the complex impact on our very Being of such technologies – Adorno, Heidegger, Postman, Roszack – (see House, 2012), and – dare I mention him – Karx Marx himself, articulating the impact on human consciousness of what he called 'commodity fetishism'. It is surely a major omission that such thinking does not seem to have been taken into account in mainstream and academic accounts of the commercialisation of children's experience (Buckingham and others, 2009).

Given this backdrop, I wish to make the case for a **precautionary principle** here: namely, that if there is any doubt at all about children's well-being being compromised by the kind of world that we are creating for them, then a precautionary approach should be informing the very heart of business practices and the governmental policy-making process. Interestingly, concerns about the commercialisation of children's experience constitute an issue that is uniting the political right, the centre and the left; for this is by no means an issue that is the preserve of one part of the political spectrum alone, with people from all sides uniting around this area of concern.

Shifting from content to process

There is also an important distinction to make between *process* and *content* in all this. It is probably not surprising that most of the conversations that are had in this realm are to do with content. I want to shift that debate, and to talk about *process*, i.e. that there is something about the *process* of the experience of commercialism, consumerism and their associated technologies that needs to be looked at first, rather than getting lost in the minutiae of focusing upon content. Dr Aric Sigman's work is certainly very pertinent here (e.g. Sigman, 2005).

A kind of unarticulated fatalism also commonly holds sway in this field – i.e. the view that, 'Well, the commercial world we have is just the way it is, so we have to accept and make the best of it; we can't turn the clock back to some mythical, nostalgic past' – and so on. I see this as a fundamentally fatalist, victimhood-driven viewpoint – i.e. the view that we are all somehow victims of modern technology and corporate capitalism, rather than having the will and the choice to choose different kinds of values and life-styles for our children. In reality, we are *not* helplessly subject to huge technological processes over which we have no control. Rather, we possess the capacity to make informed decisions in these areas of human experience, and to address our human tendency to become addicted to all manner of ephemeral, superficial 'experience-hits' – if only we will consciously exercise the morality and the will for making those healthy and informed choices. It is imperative, then, that we raise questions about materialism, consumerism and its place in modern culture, by considering recently published empirical research, the results of which confirm campaigners' worst fears about the profound harm that a materialistic culture does to our children if we, as parents and educators, fail to protect them from its worst excesses (e.g. Kasser, 2002).

The construction of childhood through consumerism

At the start of the 21st century, then, the dominant world-view is still overwhelmingly that of materialism and consumerism. In her disturbing book, *Born to Buy: The Commercialized Child and the New Consumer Culture*, Professor Juliet Schor exposes the worst manipulative excesses of modern American consumer culture, and the way in which modern corporate capitalism is actively 'constructing' modern children and childhood in its own image. The book relentlessly outlines the manifold ways in which children are deliberately manipulated by advertisers and marketers for the sake of corporate profit. Schor reports the results of her major survey of consumer involvement amongst some 300 American children, who answered her 157-question survey. Using structural equation modelling, helping her to distinguish causation from mere statistical correlation, she unambiguously found that **crass materialism and consumer capitalism are bad for your physical, psychological and spiritual health** – and this is especially so for young children. For example, Schor found that television 'induces discontent with what one has, it creates an orientation to possessions and money, and it causes children to care more about brands, products, and consumer values'. Moreover, she found that higher levels of consumer involvement result in worse relationships with parents; and that as these relationships deteriorate, there is then a secondary negative effect on measured levels of well-being.

In attempting to account for these findings, Schor speculates that consumerism and materialism *actively create* 'strong feelings of dissatisfaction, unfulfilled longing, and a keen sense of social comparison'. In line with many spiritual traditions, moreover, it seems that 'Desiring less, rather than getting more, seems to be the key to contentment and well-being'. Next, there is also an opportunity cost to the consumer culture, in that it detracts from other, more beneficial behaviour, with children being 'less oriented to socializing with their peers, siblings, parents... They may be less engaged in satisfying, creative, and educational activities... [and] they may have less rich fantasy lives.' In sum, Schor concludes that 'the more enmeshed they are [in consumer culture], the more they suffer for it. The more they buy into the commercial and materialist messages, the worse they feel about themselves, the more depressed they are, and the more they are beset by anxiety, headaches, stomach aches, and boredom.'

There are, of course, a whole list of possible antidotes to a toxic consumer culture – indeed, in her Chapter 10, Schor discusses many of them: viz. government regulation of advertisements and the media; an advert-free schooling system; increased social co-operation; and the decommercialisation of culture itself – food, media, and outdoor space. There is now a steadily growing world-wide movement to oppose what Schor calls 'corporate constructed childhood', and it is a movement which modern corporate culture is eventually going to have to take notice of.

All of the evidence, then, points to the conclusion that modern culture possesses a thoroughly *un*healthy, self-destructive relationship with materialism. In the necessary future re-enchantment of the world (Berman, 1981), we will need to launch challenges at every level of the personal and the political – from the mundane day-to-day life-choices that we all make from minute to minute, through relentlessly challenging the values and behaviour of governments and corporate enterprises, right up to the global geopolitical level.

Lack of information and real dialogue

Last year I was asked to speak at a conference looking at the major government-commissioned report by Professor David Buckingham on the commercialisation of childhood (Buckingham and others, 2009). The latter event was heavily populated by marketing and business delegates, but seemingly comparatively few psychologists, doctors or educationalists. One of the speakers, Dr Aric Sigman, spoke against the bias of both the event and of Buckingham's report, strongly challenging the view that professors of marketing can somehow know more about the impact of their activities on children's well-being than other professionals working with children. The marketing speakers tried to argue that the alleged negative impact of childhood commercialisation on children's well-being had been substantially exaggerated. As a tantalising taster, we read in Buckingham's report, for example, that 'The validity of these [toxic childhood] arguments... rest[s] on a series of broad assertions about the changing nature of childhood and family life that are in many cases highly debatable'. Yet we are not told in what ways they *are* debatable, and how, methodologically, one might go about producing 'evidence' that is not 'debatable'.

Thankfully, at least some students of marketing have a different point of view. I occasionally get contacted by students researching into subjects related to children's well-being, and particularly those in the 'toxic childhood' field. I was particularly delighted to be contacted last year by a student studying for a university degree in Advertising and Marketing, who was doing a project linking back to the 'toxic childhood' open letter to the *Daily Telegraph* in 2006 (House and Palmer, 2006), with specific reference to modern marketing and its impact on children's well-being.

The student asked me to consider and respond to a series of questions. She first asked me whether I believed that modern marketing was at fault, at least in part, for rising mental-health problems amongst children in the UK. As mentioned above, commercialisation, marketing and consumerism are all about *desire*, and, often, manipulatively generating materialistic desire. In general terms, where one has a prevailing free-market system driven by the profit motive, and within which marketeers/advertisers quite avowedly seek to cultivate, manipulate, and even *create* consumer tastes and desires, then wherever there is a new potential market, entrepreneurs will exploit it for their own self-interest. This latter phenomenon of capitalistic societies becomes highly problematic when it is combined with children generally loving to imitate adults, and to feel that they are 'grown-up' before they actually are (but when they're not, as yet, in any position to make maturely discerning, informed choices about what is, and what is not, good for them).

For childhood campaigners, this 'toxic cocktail' is a recipe for disaster – in which marketeers have a vested, commercially driven interest in precipitating the premature 'adultification' of children and childhood (House, 2009). Consequently, the essential 'formative space' of childhood is ever-more invaded by consumerist, adult-centric values and desires. It is then but a small step to children's healthy, unrushed developmental journey being severely disrupted and distorted by these adult-centric incursions into childhood. Indeed, I believe that the many symptoms of disturbed child development that are now observable, and the 'delinquent', 'anti-social' behaviour that is manifesting at younger and younger ages, can be accounted for, at least in part, by the role that advertising and marketing are having on children's experience. However, I wouldn't wish to argue for a simple linear cause-and-effect relationship here, as such complex realities can never be adequately described in those terms. Not least, capitalistic values and practices are part of a much wider materialistic, 'modernist' *Zeitgeist*, and it is arguably more at the level of culture and the evolution of consciousness that these issues need to be addressed.

Linking marketing to ethics

A rapidly growing literature exists on the commercialisation of childhood and the negative effects it has on children's well-being (not least, the recently published Bailey report on the sexualisation of childhood – Bailey, 2011); so no-one has any excuse for not being fully informed about it –and especially when their own work has a direct impact upon children. Marketeers therefore surely need to act more responsibly – but how might this come about? I'm not at all sure that didactic codes of ethics or statutory regulatory regimes are necessarily the answer.

First, marketeers need, *as an ethical professional responsibility*, to acquaint themselves fully and non-defensively with the arguments that show the damage that is routinely caused to children (at least up to age 12–13) by casual over-exposure to adult desires and life-styles.

There also seems to me to be an irresistible case for all marketeers being educated and informed about *age-appropriate child development*, and the harm that can be done when children's development is distorted by adult-world desires and behaviours. In this way, they could hopefully align themselves to a new kind of 'ethical capitalism', which should have as one of its fundamental axioms: '**I will do no harm to those who buy my products** – and least of all to those who are, as yet, not old enough to make informed decisions about their own healthy needs, wants and desires'. This should perhaps be in the curriculum of all business schools offering modules on marketing, and if so, at a stroke, it could change many business practices.

Unusually, perhaps, for someone on the political left, I am ambivalent about the role of state regulation in these realms. If a process of consciousness-raising, wide-ranging public and media debate and discussion and, through this, appealing to the higher ethical nature of the marketing world fails to do the necessary job, then perhaps state intervention and regulation do constitute an ultimate sanction that can and, *in extremis*, should be used.

The research student next asked me how I felt about the familiar marketeers' argument that they are simply producing products and services that 'the market-place' wants and needs, and marketeers shouldn't be blamed for what the market-place wants. I find this a vacuous argument. Do we believe that it is appropriate that people should always have whatever they want or desire? Do we feed children on diets of chocolate and coke, just because, if left free to make their own choice, that's what they would choose? Or do we allow them unregulated access to television and adult videos, knowing that if we did, they'd probably watch them assiduously? Of course we don't! Young children need mature adults to take full responsibility for the cultures of experience to which their young are exposed, and to accept that adults are the creators of culture, and not its helpless victims. So once *the principle* that 'it's appropriate to allow people to have whatever they desire' is shown to be inadequate, only then does the really interesting work begin, as to how we can make informed decisions about what *is* age-appropriate for children and what isn't, and also how we can help children negotiate what is a highly complex transition from childhood to adulthood.

I was next asked, 'What concerns you most about the link between marketing and children, and why?' The issue that would concern me most is that marketeers are commonly driven by motives (and most prominently, the profit motive) that don't need to take any account of the impact of their activities on children's or consumer well-being – drawing on the self-justifying but delusory fiction that they're commonly schooled in, that the magical 'hidden hand' of the 'market' is somehow 'neutral' and 'value-free'.

There's no such thing as a value-free market-place – this is a mythical throwback to neoclassical economics that doesn't stand up to the slightest intellectual scrutiny. Rather, ethics are primary, and are everywhere; and if we pretend that they aren't, we are deluding ourselves, in order to create post-hoc rationalisations for an economic theory whose existence and alleged legitimacy serves the interests of the powerful. In my view, learning about ethics and ethical philosophy should be at the heart of any training or education for people seeking to work in marketing and business. Certainly, in fields like children's well-being where the effects are subtle and highly complex, and which is still in many ways little understood by modern science, this kind of values-denying, ethically barren approach is no better than playing Russian roulette with children's well-being.

In conclusion, the 'toxic childhood' debate is addressing something that is very important about the overwhelmingly materialistic age in which we live, and the impact this is having on children's experience and development in all kinds of subtle ways. At the very least, a strong 'precautionary principle' needs to inform business practices and the policy-making process, wherever children's well-being is at stake. There are major forces throughout modern society, fed by all kinds of commercial vested interests, that have a material stake in children growing up as quickly as possible into 'savvy little consumers', from whom money can then be made at ever younger ages. These influences are even now spreading into the nursery (House, 2012); and this is something that surely has to be of very major concern to us all. Business people, politicians and policy-makers, after all, have children, too.

'In my view, learning about ethics and ethical philosophy should be at the heart of any training or education for people seeking to work in marketing and business.'

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Response by Professor Michael Lewis

Chief Executive of the London Children's Practice

I agree with much of what Dr House talks about, although I don't think everything can be based on what he refers to simply as a 'cultural trend'. I also don't think children can remain totally unaffected by the adult world, as he suggests. I think 'what sort of adult world?' is the more important issue. Greater parental responsibility is my main scream!

There are also other unfortunate societal issues that have a huge effect on children's well-being including the increasing number of single parent families, absentee parents, no male role models in the family, and time-pressed parents anxious for their own careers as well as those of their children, and long-term unemployment, to name but a few. For example, in South Wales it is common to see four or five generations of unemployed people who have only known how to live off social benefits. This means that the only apparent viable option/ambition for many teenage girls is to get pregnant and claim council housing and any other benefits they can get. Given the generational role models within which they have been brought up, other options simply do not present themselves.

Media affects us all, and can define the way we all look and live our lives, but it is often blatantly targeted at unsuspecting children who pressurise their parents into buying the latest fashion item or whatever. Cosmetic breast surgery, facial lifts, stomach nips and tucks for school children all make me cringe despite the standards imposed by the Advertising Standards Authority or, for example, the Code of Practice/Ethics from the Chartered Institute of Marketing. I would have been interested in knowing Dr House's views on this. Further, the increase in the use of technology aimed at children – mobile phones, social networking sites, application, with too ready access to the internet (including explicit music videos and even access to pornography) is frightening. It would be interesting to see how communities, such as, for example, the Amish, cope with these issues as the internet as yet defies governmental and media regulation.

Even for those who are not parents, issues about the conditions in which children grow up are critical – these are the people who will be responsible for the long-term sustainability of planet and species. It is good to see that this has lately become prominent in our media. In the week in which I am writing, I have come across at least three articles concerned about the impact of different conditions on children, for example:

The Times, June 23rd, 2011 – a two-page article on 'Boarding School syndrome', a feature two-page article which brings to light the growing anti-boarding school movement that began over a decade ago with Nick Duffell's seminal work, *The Making of Them: The British Attitude to Children and the Boarding School System* (Lone Arrow Press, 1999)

In 'Letters to Prof Tanya' in *The Times*, Prof Tanya refers to Reg Bailey's recent review *The Commercialisation and Sexualisation of Childhood*, published on 6th June 2011 which called for business and broadcasters to take responsibility for, and remove, the sexualised 'wallpaper' which surrounds them.

In *The Times* magazine, Joan Bakewell, in 'The Railroaded Children' argues that peer pressure to buy starts young and costs money.

All food for thought, and in a journal dedicated to looking to changing the future positively, issues relating to how we bring up and educate our children are of the most critical importance.

Next year will see an issue of Interconnections *dedicated to 'Education' supported by a workshop. Please contact the editor for further information.*

Endpiece

On ethical entrepreneurship and the new Global Sustainability Unit at Anglia Ruskin University

Dr Aled Jones

Director, Global Sustainablility Unit

Aled Jones outlines his view of ethical entrepreneurship, and how this ties in with work of the new Global Sustainability Unit at Anglia Ruskin University.

THIS issue of *Interconnections* has focused on the emergence of the 'ethical entrepreneur' as a way of reconnecting business, values and science. But what exactly do we mean by 'ethical entrepreneur'? To be able to unpack what we mean by ethical entrepreneurship and how it should relate to our ways of innovation and creation is key to building an economy that we desire, as opposed to one that we just end up with.

Stripping everything back to basics, our moral compass, at least the one that defines our 'global north' economies, could be argued to have economic growth at its heart. Using this as a way to measure our ethics then leads to us to a place where all entrepreneurship (as long as you are not an entrepreneur who wants to throw money away) is ethical as it will contribute to economic growth. However, our economy is also very risk adverse, despite the recent turmoil in the finance sector. We play at the margins of risk – we create complex financial structures that hide simple and risk free processes. There is no risk in lending too much money to someone who will never pay you back – they will never pay you back. This is not true risk taking but merely the building up of small, simple certainties into a mountain of crisis.

If we were truly a risk-taking economy we would face our most serious global challenges and take risks in creating the solutions that are needed. We would not have a system which measures success in terms of pure economic growth such that the response to real crisis, for example, that of the devastation caused by Hurricane Katrina, actually adds to economic growth. It will take a bold leader who can turn our economies away from the dependence on fossil fuels, tackling both climate change and a large part of embedded corruption in our partners across the Middle East and Africa. The Arab Spring could be fully embraced and deliver true global change if we weren't quite so reliant on some of the existing structures.

So perhaps using our current definition of ethics we actually mean risk-free entrepreneurship. The ability to create and innovate without the risk of losing everything we own or losing the respect of our colleagues if we get it wrong.

However, when working closely with entrepreneurs this definition of entrepreneurship also doesn't hold up. Entrepreneurial activity is rarely led by the desire to make money but by an underlying desire to create something new. So we need to widen our definition of entrepreneurship beyond the 'moral' drivers of our current economy and bring it down to the individual level. What drives an entrepreneur forward? If an entrepreneur is driven by their own desire to create and innovate and is not operating in the machinery of the economy, then are they ethical?

Thomas Edison was someone who was at the heart of his society – who understood some of the big challenges of his day and someone who knew that to succeed you needed to fail first. Edison also believed in the supremacy of nature – 'nature made us – nature did it all'.

When considering the term 'ethical' we need to take into account our indirect impacts on the wider social and natural system. While it may be true that our ability to see and experience other cultures enriches our life and contributes in some way to our feeling of wellbeing, is low-cost aviation an example of ethical entrepreneurship? A core part of how we define ourselves as a society is now built around our freedom to travel but does the ability to fly to Spain for the weekend really underpin our morality?

We need to be able to take ourselves out of everyday existence and attempt to set our ethical compass around our *future* morality and not just our current one.

Therefore we need to start by using a different definition for our underlying economy. The Global Sustainability Institute at Anglia Ruskin University defines the economy as one that meets sustainability principles where 'sustainability envisages a just society of innovation, opportunity and wellbeing which manages the full diversity of environmental risks'. If we use this definition to describe our ethics then ethical entrepreneurship innovates and creates opportunities and products that have no negative impact on the environment and have a positive impact on all people. No small task – this is risky entrepreneurship.

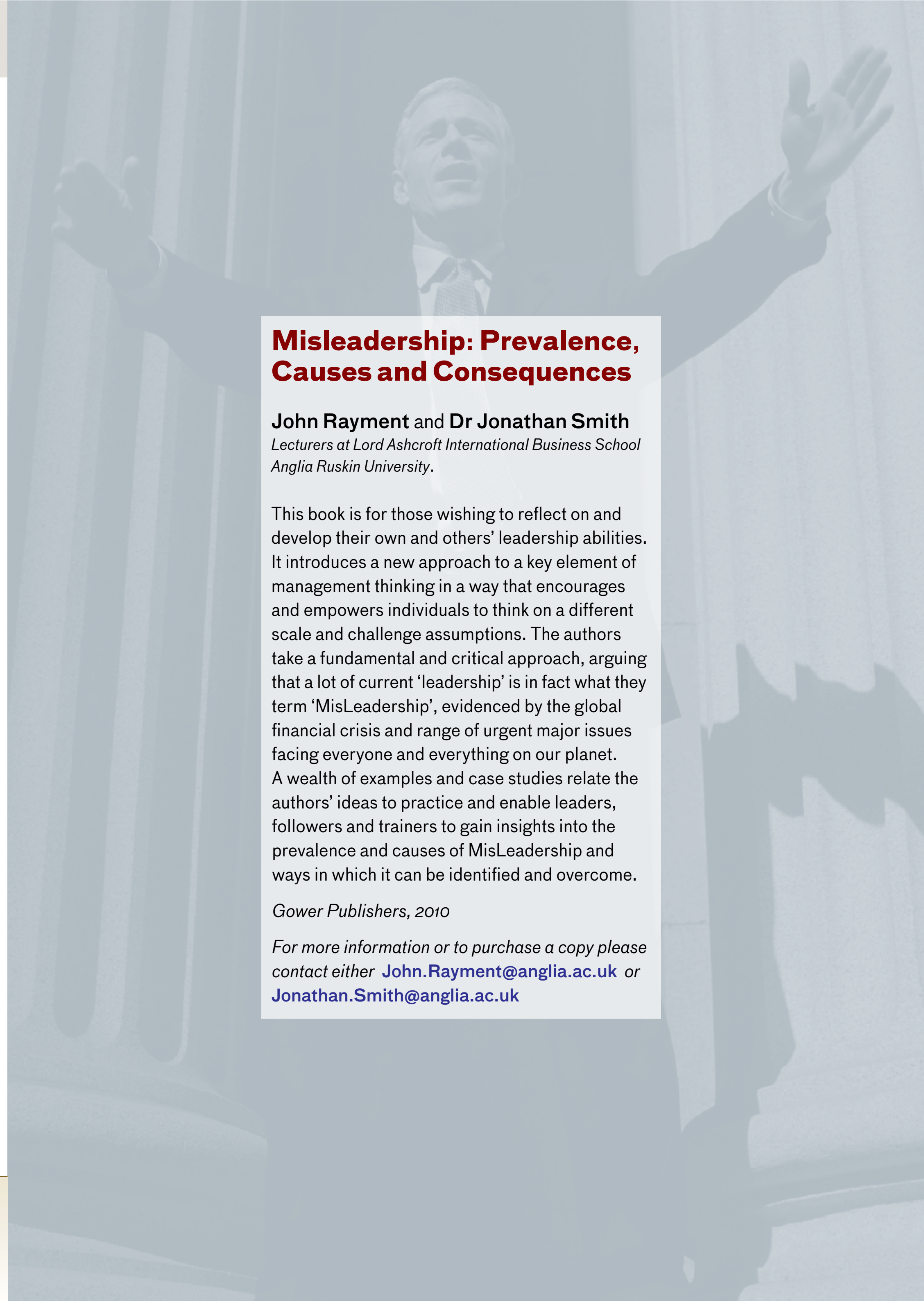
To really tackle this type of entrepreneurial activity needs an interconnected view of the world and its systems. It is difficult for an engineer sitting alone in their shed designing a fantastic new widget to come up with something that meets these criteria without having first engaged with society to see what challenges exist and whether it needs a new widget or not. In our drive for ever more complexity our academic disciplines have become ever more specialised. We have lost the ability to think more widely about how we fit into the 'system' and how what we do can influence change. We have lost the ability for individuals to be cross-disciplinary in their approach to problem solving.

Ethical entrepreneurship needs an engagement with society's needs – not at the society level but at the human level. If we define our ethics by society's drivers today then we end up with a risk-free churn of at best useless, at worse damaging, ideas and inventions. We also need to be open to new ideas and challenges from other disciplines. By building cross-disciplinary expertise and an understanding of how our economic system is not only linked but dependent on the natural system we can then be true entrepreneurs. To meet today's challenges interconnectedness is critical.

Today's challenges needs entrepreneurs operating at the individual and community level. Entrepreneurs who are real risk takers. Whether this is through social enterprise, individual craft or something else there are still plenty of challenges to be overcome before we end up with a just and environmentally benign society. There are many opportunities for failure and without finding all of these opportunities, and then stumbling across the solutions, we will never be true ethical entrepreneurs.

Any comments on these articles are most welcome, as are offers of contributions to our next edition.

If you wish to become part of the *Interconnections* community, and informed of any forthcoming seminars and opportunities for dialogue, please contact the editor, Bronwen Rees: dr.bronwenrees@ntlworld.com



Misleadership: Prevalence, Causes and Consequences

John Rayment and **Dr Jonathan Smith**
Lecturers at Lord Ashcroft International Business School Anglia Ruskin University.

This book is for those wishing to reflect on and develop their own and others' leadership abilities. It introduces a new approach to a key element of management thinking in a way that encourages and empowers individuals to think on a different scale and challenge assumptions. The authors take a fundamental and critical approach, arguing that a lot of current 'leadership' is in fact what they term 'MisLeadership', evidenced by the global financial crisis and range of urgent major issues facing everyone and everything on our planet. A wealth of examples and case studies relate the authors' ideas to practice and enable leaders, followers and trainers to gain insights into the prevalence and causes of MisLeadership and ways in which it can be identified and overcome.

Gower Publishers, 2010

For more information or to purchase a copy please contact either John.Rayment@anglia.ac.uk *or* Jonathan.Smith@anglia.ac.uk

Funded scholarships for field-based Ph.Ds in ethical and social entrepreneurship

Offered by the Atlantic Whale Foundation as part of a programme of research in social and ethical entrepreneurship at the Centre for Transformational Management Practice, Anglia Ruskin University

The subject areas offered are:

Introducing ethical inquiry into business practice
This would build upon the work carried out in the centre on ethical inquiry, and would entail setting up and carrying out cross-cultural workshops in ethical inquiry, particularly for young people so that they can become ambassadors of new ways of relating and understanding business. The candidate for this will be expected to have an already established reflective practice from either a spiritual or therapeutic tradition, or preferably both.

The preservation and dissemination of ancient medical traditions
This would entail working in the field in selected areas of the world, finding ways of integrating and sustaining ancient health practices and finding them a voice in the modern world through the creation of sustainable business practices.

This would require careful study of the practices within the community context in which such practitioners operate and exploring the human and natural processes which underpin such practices – and translating these into a dialogue with the globalising forces of the West.

New theoretical frameworks for understanding the relationship between macro economy and social enterprise
This Ph.d would examine the new theories of chaos, complexity and their applications in the ethical unfolding of sustainable business. The area for investigation would be the global work of the AWF, and understanding its growth in a world faced by environmental, economic and ecological disaster.

Candidates will be expected to be open-minded, strong, critical, curious, and with a desire to find ways of bringing new ways of thinking and doing into the mainstream. All candidates will be interested in developing new methods and ways of validation for their work that helps evolve the current scientific paradigm.

Terms and conditions

Fees will be paid up to £5000 per annum by AWF at Anglia Ruskin University, Cambridge. Candidates will be expected to follow the full research training. The projects will be agreed with and initially supervised by Dr Bronwen Rees, Director of the Centre for Transformational Management Practice, and editor of Interconnections. Thereafter, a dedicated supervisory team with expertise in areas of social enterprise will support and guide the work.

Candidates will be additionally supported for travel and conferences and can be accommodated throughout the period at the AWF earth centres. This will provide them with basic food and accommodation, and they will be expected, where necessary, to support the AWF projects.

Please apply in the first instance to
dr.bronwenrees@ntlworld.com *or*
edb@whalenation.org

Centre for Transformational Management Practice
Director: **Dr Bronwen Rees** (Senior Research Fellow)
The work will build upon research that has been developed over the past 10 years in the areas of ethical work and finding new methods for sustainable business practice. The Centre is developing new, interdisciplinary ways of thinking and practice in business, science and education. The Centre's vision is to develop, seek out and promote the latest management, business and educational practices integrating progress in science and social science. Its philosophy is based on a holistic paradigm that understands that businesses and organisations are connected to the environment, to culture, to nature and lived in by people, and that the most important economic consideration is not purely profit but well-being – of both people and planet.

AWF
Founding Trustee: **Ed Bentham**
The AWF is a UK-registered charity charged with creating opportunities for young people from around the world to work together in creating a better world, a world of the future, their world. The AWF has operating bases in Asia (Vietnam, Malaysia, Sri Lanka), West Africa (Ghana, Sierra Leone, Cape Verde), South/Central America (Bolivia, Argentina, Honduras) and Europe (Spain, Poland, Romania and Hungary). AWF projects work towards achieving the UN's Millennium Development goals and range from micro financing, nature conservation, alleviating poverty and providing educational opportunities.