

Thought Starter

Good guys don't finish last

*Alan Greenspan on Corporate & Social
Responsibility, 2005*

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“Good guys don’t finish last”¹
-Alan Greenspan. 2005

There was once a classical school of thought: Maximise profits. But now, there is a new one: balance profits with CSR for an even bigger payoff.

For most, if not all firms, profit maximisation is the primary objective of their existence. However, we have seen how this can lead to disastrous consequences when taken to the extreme and corporate greed results in damaging repercussions to society (2,500miles of Alaskan shoreline by Exxon; or wiping out life-savings 401(k) for Enron retirees).

There clearly is a need to introduce more corporate and social responsibility (CSR) into the

management of our organisations, and this is reflected in how hot this topic is for businesses today.

The key is to move away from the Classical dichotomy of Profits vs. the environment and society. Whilst pursuing *profits* is obviously a commendable strategy for a firm, more recent events suggest that by balancing this with CSR is not only a more noble strategy, but can actually lead to a bigger payoff. If Exxon had demanded that it’s oil container fleet use double skinned hulls, or Enron had stuck to more ethical accounting practices then both firms could have averted their management disasters. Exxon would not have lost the millions lost from a boycott of their oil, and Enron would still be around today.

¹ Alan Greenspan speech to graduating Penn’05 MBAs