CONSCIOUS BUSINESS EDUCATION

CONSCIOUS
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Introduction into Conscious Business Education

Our purpose is to educate the current and next generation of business leaders and entrepreneurs in Europe to conduct business consciously. *Consciously* refers to conducting business in a way that is purpose-driven, ethical, human-centered, sustainable, and inclusive, and where all Business Stakeholders (not only shareholders and managers) benefit. For the last 10-15 years, researchers are increasingly demonstrating that consciously led companies create benefits for all stakeholders while prospering financially above and beyond shareholder-driven companies in many cases. Consciously led companies break through the false choice of *either* you are financially successful, *or* you do good. Conscious businesses have shown to be financially highly successful *and* generate benefits for all stakeholders at the same time. However, the practices of conscious business – and what might be different from a traditional view of business – is not yet an explicit part of business education in Europe. The current economic system is under rising pressure because of unsustainable exploitation of resources and increasing pollution of our planet. Climate change, resource exhaustion, societal inequalities in wealth and access to opportunities are rising. These problems are not separate crises – they can all be rooted in fundamental flaws of the current economic system. A conscious business approach implies a fundamental change towards an economy that is sustainable, circular, prosperous, and inclusive.

Many of the challenges Europe faces require businesses, or support from businesses to create innovative solutions. Businesses are the dominant drivers for innovation, jobs, and economic wealth, which in turn address real problems of real people. Conscious businesses can do this while making healthy profits and without causing ‘collateral’ damage to nature, employees, health, equality, or local communities. Currently, too many businesses are still operating in the old paradigm of material gain while depleting resources, making them (major) contributors to some of our biggest problems such as climate change, inequality, public health, and loss of biodiversity.

We believe businesses can be drivers of good, if they design, organize, and create their business consciously. Therefore, it is of paramount importance to educate current and future business leaders regarding how to manage more consciously so that potential damage is eliminated or minimized, and to increase benefits to society and the planet. We aim to address this challenge by creating and teaching an innovative business syllabus which includes Conscious Business Practices for bachelor-, master- and executive-level education. Based upon the Syllabus, Conscious Business Education trains current business teachers how to incorporate the Syllabus into their business education courses and/or programs.

Goals for the complete syllabus on Conscious Business (21 courses):

1. Describe and teach innovative methodologies to help business students become more conscious leaders.
2. Understand tools and methodologies for conscious business.
3. Apply tools and methodologies to manage businesses better.
4. Embed ethics and ethical dilemmas in every course.
5. Stimulate reflection and development of leaders to become more system-oriented, ethical, inclusive, and conscious.
6. Highlight the superiority of purpose-driven companies.

CONSCIOUS BUSINESS EDUCATION

Consciousness

What does it mean to be conscious?

To be conscious means to be aware of our inner and outer worlds, to be fully awake.

It includes self-reflection on one's own beliefs, emotions, motives, values, goals and impact.

Consciousness also includes the capacity for abstraction which allows humans to manage complexity.

Key Source:
Kofman, F. (2008). *Conscious business: How to build value through values* (Vol. 1). ReadHowYouWant. Com.

CONSCIOUS BUSINESS EDUCATION

Definition of Conscious Business

In the context of "conscious business," being conscious generally refers to an approach to business that takes into consideration the direct and indirect impacts of business practices on all stakeholders, including employees, customers, the environment, and society at large.

Being conscious in the context of conscious business also involves cultivating a culture of mindfulness and awareness among employees, promoting collaboration and empathy, and encouraging personal and professional growth and development.

Ultimately, conscious business aims to create a more equitable, resilient and flourishing world by using the power and resources of business to contribute to the greater good.

Key Source:
Kofman, F. (2008). *Conscious business: How to build value through values* (Vol. 1). ReadHowYouWant. Com.

WELCOME TO THE COURSE

COURSE

Strategic Risk and Governance
An ethical approach

Enrique Schonberg
Schwarz

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Overview

An **effective corporate governance**, able to **adapt** to today's fast-paced changes and **needs**, results in an **asset** for all its **stakeholders**.

To achieve this, a company requires to have a **clear path** of **accountability** and a **quick strategy** to respond to stakeholders' needs and concerns.

Company governance refers to the system of **rules**, **policies**, and **practices** that guide and control the actions of a company and its management. It ensures that the company operates in a **transparent**, **accountable**, and **responsible** manner and that the interests of all stakeholders are protected.

CONSCIOUS COMPANIES

- **Governance**
- **Risk management**
- **Leadership**
- **Ethics**

CONSCIOUS BUSINESS EDUCATION

Corporation 101:

We will explore:

- Company’s basic overview
- Differences between shareholder and the stakeholders’ perspective
- Why a corporation needs a governance system
- Importance of the separation between ownership and control
- Corporate Lifecycle
- Culture within corporations

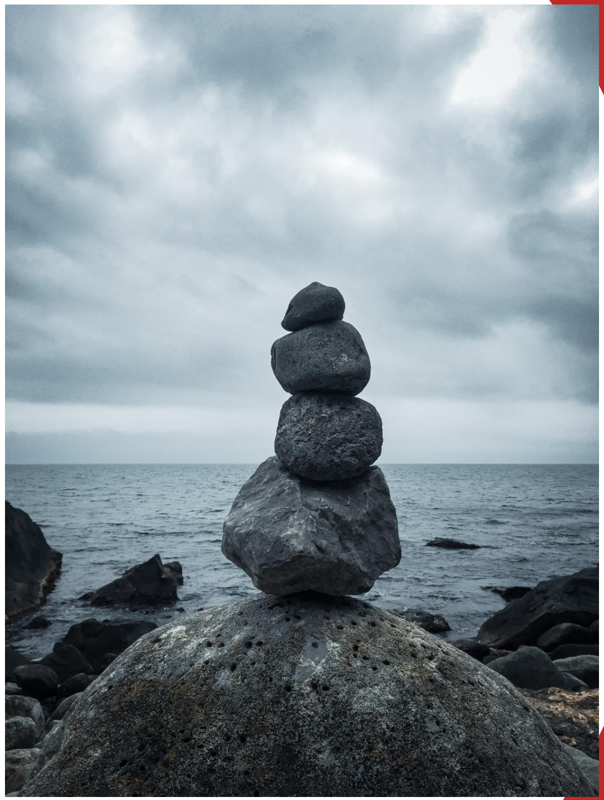
Corporation 101:

We now ask companies who capture and create value to at least **be conscious** about want they do

We are now asking companies to **do good** for the sole purpose of it

We ask ourselves **what the real impact** of these companies **is**

It all goes **beyond** obedience to laws and regulations, environmental responsibility, and financial integrity.



The new concept of this company-driven era was coined by John Mackey and Raj Sisodia as conscious capitalism (Mackey & Sisodia, 2014).

Corporation 101:

According to John Mackey CEO of Whole Foods, if capitalism is a way of organizing economic relationships, **conscious capitalism is** becoming more conscious of those processes so they are **not** merely happening **automatically** through the invisible hand, but we become more conscious of how this all works and the greater system:

> <u>simple things like freedom of contract, freedom of exchange, the rule of law, and property rights (Mackey & Sisodia, 2014).</u>

A conscious capitalistic economy has four key principles:

1. Deeper purpose
2. The stakeholder model
3. Conscious Leadership
4. Conscious Culture

Corporation 101:

What is corporate governance? Why a company needs a governance system?

'The system by which companies are directed and controlled', in other words, is the system of rules, practices, and processes by which a firm is directed and controlled, providing a framework to achieve the purpose (The Cadbury Report, 2014).

So, governance encompasses some of the following:

- What is the greater purpose?
- Whose interests govern and drive the company?
- What does the decision-making process look like?
- Who wields the power within a company?
- What are the limitations of such powers?
- What or who can influence the governance of a company?
- Is there an accountability process?
- How are risks managed?

Corporation 101:

Differences between shareholder and the stakeholders' perspective

Shareholder's perspective: a corporation's main duty is to maximize shareholders' value. From this perspective, corporate governance exists to prevent managers from stealing from shareholders.

Stakeholder's perspective: expects governance system to balance the interest of many stakeholders such as employees.

- Corporation growth in the past couple of decades
- Increased awareness and pressure from stakeholders who may not be directly impacted by a company's business practices
- The role of government in the development of companies globally
- The importance of considering and taking care of all stakeholders in a company's decision making

Consider the role of government in the development of any company almost anywhere in the world.

Corporation 101:

Culture

A company's culture could be understood as its personality which can have a strong impact on the success of a company as it influences how people behave (Flamholtz & Randle, 2012; Wallach, 1983).

The organizational culture provides its members with an idea of what the company represents, and what it identifies with (Collier & Esteban, 2007).

- Culture is the foundation of an organization's success, shaped by its basic assumptions that are so deeply ingrained they become unspoken truths
- The second and not-so-deep components are the values and beliefs which serve as a behavioral compass,

Corporation 101:

Culture

The most noticeable component of a culture is the artifacts: the physical layout, its symbols, and traditions, all that is more visible and tangible for employees and customers alike.

Some examples of organizational cultures are:

- Detail-oriented
- Team oriented
- People-oriented
- Outcome-oriented
- Service-oriented
- Adhocracy culture
- Market culture
- Hierarchy culture

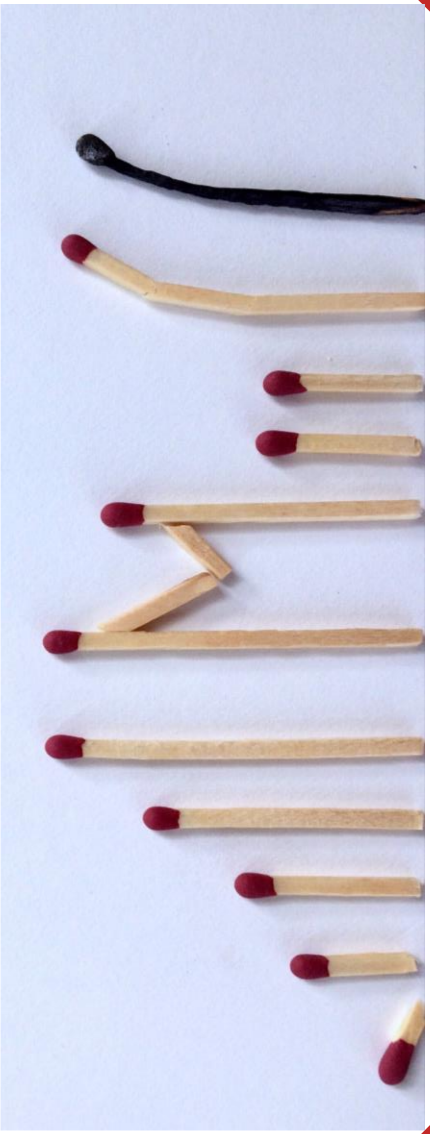
Corporation 101:

The corporate lifecycle of “normal” corporations and the steps towards being a conscious one

A corporation has a lifecycle quite similar to a human’s: somebody with an idea gives birth to what would become a corporation, which then grows (or not) and matures to achieve its maximum development state to be followed by a revival phase (or the middle age crisis) to finally decline and die (Miller & Friesen, 1984).

Not every corporation goes through the phases in the same given order. As a matter of fact, very few do and most perish during their first years of existence:

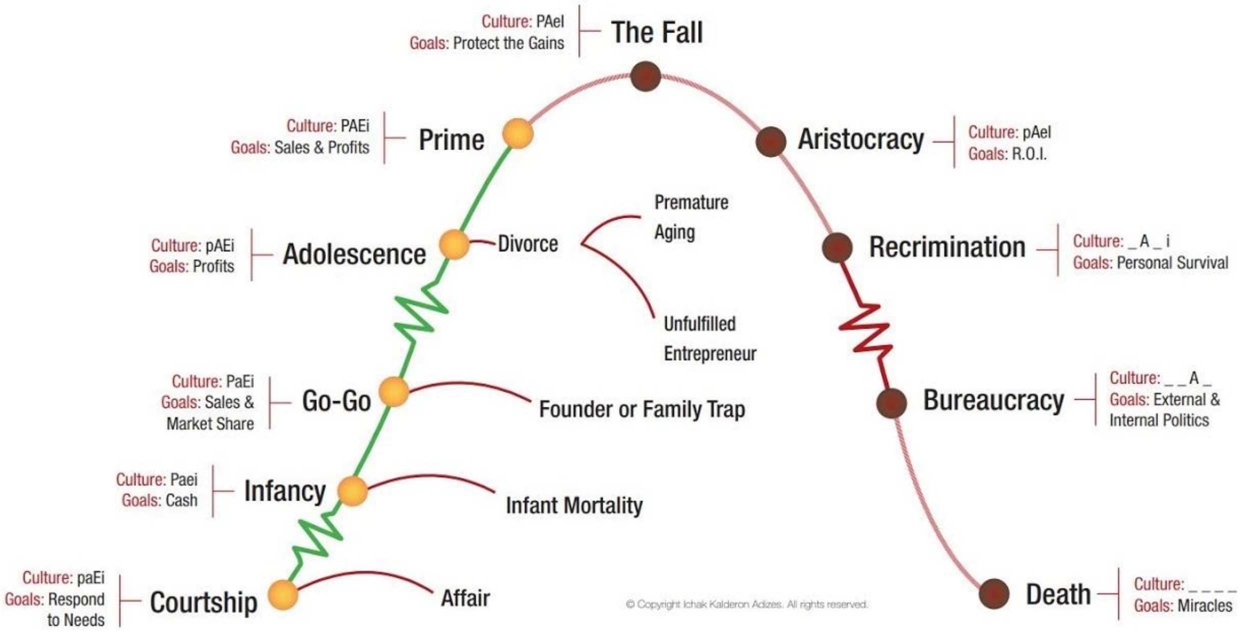
- 9 out of 10 startups fail (Startup Genome, 2022)
- 7.5 out of 10 venture-backed startups fail (Gage, 2012)
- 2 out of 10 new businesses fail in the first year of operations (Kotashev, 2022)



Corporation 101:

The corporate lifecycle of "normal" corporations and the steps towards being a conscious one

Ichak Adizes proposes a lifecycle with 10 different stages that go from courtship, achieving the prime after adolescence, and finally dying, very similar to the human lifecycle (Adizes, 1979, 2004).



Corporation 101:

The corporate lifecycle of "normal" corporations and the steps towards being a conscious one

The real **first step towards being a conscious and purposeful corporation** starts then **by taking active action** towards making a positive impact through its operations by **encouraging volunteerism**, **contributing** to charitable concerns, and creating a rather **enjoyable workplace culture**. These businesses recognize that investing in social capital and goodwill creates important returns (Havey, 2017).

Lastly, once a corporation has reached its prime, it will fully embody its **purpose beyond profit** which means the company designs its culture and operations to leverage everything at its disposal to fulfill that mission **where growth and profit are means to achieving the said purpose**.

Corporation 101:

What about mission-driven or purpose-driven companies

Nonprofits: Mission-driven organizations with a focus on solving problems and providing a psychic return for donors.

Corporation 101:

What about mission-driven or purpose-driven companies

To be driven by the purpose means:

- Uplift all stakeholders in their supply chain, and even bear in mind the impact on the environment.
- Invest in workers and communities while addressing shared challenges
- To have the power to change the world for the better while creating a sustainable (and enriching) work environment for employees
- To understand why are you building a company? What are you choosing to support through your business and why are you doing that?

Corporation 101:

What about mission-driven or purpose-driven companies

To be driven by the purpose means:

- To believe that it is possible to have a positive impact on a social or environmental issue while considering all stakeholders and staying committed to product development, profit, social responsibility, and sustainability.
- To create a mission statement and actions to drive sustainable change that has a lasting impact on the health of the planet.
- A purpose-driven company stands for and takes action on something bigger than its products and services

Corporation 101:

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Governance and responsibility

This module seeks to explore the wide range of scope of corporate governance:

- The principal-agent problem and its impact on corporate governance
- The role of the board of directors and board committees in corporate governance
- The role of the CEO in corporate governance and its impact on the company's goals and performance
- Different approaches to corporate governance and their effectiveness
- The importance of corporate governance in achieving long-term success for the company and its stakeholders.

Governance and responsibility

The agency problem and the importance of the separation between ownership and control

The (**separation** of) **ownership** of power and **control** is the most sensitive topic within a corporation and where a sturdy corporate governance system might positively impact and mitigate the associated risks.

The **agency problem** is the one describing the **problem that might arise** from a **principal-agent relationship** where one party, the principal, contracts someone else, the agent, to decide on his/her behalf. In corporate governance, the agency problem usually refers to when the interest of a firm's management and its shareholders diverge (Sannikov, 2008; Vaubel, 2006).

Governance and responsibility

The agency problem and the importance of the separation between ownership and control

One of the key elements of the problem relies on the asymmetry of the information that the involved parties have. To avoid managers pursuing their self-interest, corporations regularly create incentives, mostly economic such as stock options, annual bonuses, and perquisites.

Conscious companies are much more productive than their traditional counterparts as it results when people are in a state of flow, producing excellence, creating innovations, and loving what they do. To tap this deep wellspring of human motivation, companies need to shift their emphasis from profit maximization to purpose maximization (Mackey & Sisodia, 2014).

Governance and responsibility

The board of directors and board committees

- A governance system is necessary to avoid conflicts of interest between shareholders and management.
- The board of directors plays an important role in advising management and overseeing the company's operations.
- The role of the chair is to connect the board and management and ensure the company carries out its duties to shareholders.
- Independent directors are commonly brought onto the board to provide unbiased oversight.
- The purpose of independent directors is to act without the influence of management and to protect the interests of shareholders.

Governance and responsibility

Pillars of excellence in Corporate Governance

Consensus oriented

Independence: No conflicts of interest

Accountability: Answers for the decisions

Fairness: Protecting stakeholders' rights

Effectiveness and efficiency

Transparency: Open and good disclosure

Ethics: Principles of right conduct or a system of moral principles

Governance and responsibility

Corporate social responsibility VS Conscious capitalism

Corporate social responsibility (CSR) usually refers to the degree to which corporate decision-makers are aware of and attend to the impact (internal or external) their organizations have on society.

"The whole idea of CSR is based on the fallacy that the underlying structure of the business is either tainted or at best ethically neutral" (Mackey & Sisodia, 2014).

CSR is not the way conscious corporations relate to their stakeholders. One of the closest approaches is the triple bottom line (TBL): people, planet, and profit by John Elkington:

> "whereas the CSR mindset attempts to graft social responsibility and environmental sustainability onto the profit maximization model as add-ons, the TBL movement wants to make them equal partners in the business with the investors.

Governance and responsibility

Corporate social responsibility VS Conscious capitalism

TABLE 2-1

How Conscious Capitalism differs from Corporate Social Responsibility

Corporate Social Responsibility	Conscious Capitalism
Shareholders must sacrifice for society	Integrates the interests of all stakeholders
Independent of corporate purpose or culture	Incorporates higher purpose and a caring culture
Adds an ethical burden to business goals	Reconciles caring and profitability through higher synergies
Reflects a mechanistic view of business	Views business as a complex, adaptive system
Often grafted onto traditional business model, usually as a separate department or part of public relations	Social responsibility is at the core of the business through the higher purpose and viewing the community and environment as key stakeholders
Sees limited overlap between business and society, and between business and the planet	Recognizes that business is a subset of society and that society is a subset of the planet
Easy to meet as a charitable gesture; often seen as "green-washing"	Requires genuine transformation through commitment to the four tenets
Assumes all good deeds are desirable	Requires that good deeds also advance the company's core purpose and create value for the whole system
Implications for business performance unclear	Significantly outperforms traditional business model on financial and other criteria
Compatible with traditional leadership	Requires conscious leadership

Conscious Capitalism is thus a more comprehensive way of thinking about business; the concept includes the TBL stakeholder approach while going significantly beyond it with valuable insights into how to help evolve the business to a higher level (Friedman, 2017; Saatci, n.d.).

Governance and responsibility

Leadership styles

No matter whether conscious or not, a company leader must always be able to influence others to achieve goals that might differ from what management accomplishes, even when one person can be both. The ultimate purpose of leadership is to produce change and movement whereas the objective of a manager is to produce order and consistency (Greenleaf, 2002; Liu, 2010).

These are the sources that enable leaders to influence others' attitudes and actions:

- Personal power: somebody you admire, like, and respect
- Expert power: somebody perceives to be knowledgeable about a subject
- Legitimate power: associated with formal authority like a CEO
- Reward power: based on the reward of accomplishing something
- Coercive power: associated with punishment

Governance and responsibility

Culturally endorsed implicit leadership theory (CLT)

1. Participative leadership: including others
2. Autonomous leadership: deciding independently
3. Team-oriented leadership:
4. Self-protective leadership: center on the status-conscious and face-saving behavior
5. Human-oriented leadership: compassion and supportiveness
6. Charismatic value-based leadership: inspire people around a vision, creating a passion among them to perform. This includes integrity and decisiveness

Governance and responsibility

Leadership styles

When leading an organization and according to the situational approach, leaders should adapt their style to their employees' development levels giving direction to meet employees' needs to gain skills and support to improve their commitment.

Leadership styles:

- Transformational leadership:
- Transactional leadership
- Leadership member exchange theory
- Servant leadership

Conscious leaders are motivated primarily by service to the firm's higher purpose and creating value for all stakeholders, rejecting a zero-sum, trade-off-oriented view of business and rather looking for creative, synergistic Win approaches that deliver simultaneously value.

Governance and responsibility

Leadership styles

Examples of some conscious leader principles:

1. KNOW WHO YOU ARE: Wear One Hat
2. KNOW WHY YOU'RE HERE: Do It Because It's Right, Not Because It's Right for Your Résumé
3. THINK INDEPENDENTLY: The Person Who Sweeps the Floor Should Choose the Broom
4. BUILD TRUST: Care, Like You Really Mean It
5. LISTEN FOR THE TRUTH: The Walls Talk
6. BE ACCOUNTABLE: Only the Truth Sounds Like the Truth
7. TAKE ACTION: Think Like a Person of Action, and Act Like a Person of Thought
8. FACE CHALLENGE: We Are Human Beings First
9. PRACTICE LEADERSHIP: The Big Noise and the Still, Small Voice
10. DARE TO DREAM: Say Yes, the Most Powerful Word in the World

Governance and responsibility

Leadership styles

Some qualities of a conscious leader:

- Strength to endure the path
- Enthusiast
- Love and caring for the need of others
- Flexible
- Long-term orientation beyond one's achievements thinking about the ultimate future for this organization and its people.
- Emotional intelligence to understanding yourself and others.
- System intelligence to understand how the whole system operates
- Spiritual intelligence, which means understanding the role of meaning and purpose in your life, but also in the lives of all the people

Governance and responsibility

Leadership and the governance system: towards building a risk-free profile

Effective leadership sets the tone for the organization, creating a culture that values ethical behavior and promotes compliance with laws and regulations.

Strong leadership also ensures that the governance system is effective in identifying and managing risks.

Leadership also plays a key role in the appointment and selection of board members, and in setting the agenda and tone for board meetings and plays a major role in decision-making, such as strategic planning, risk management, and other important matters.

Leadership can also have a direct impact on the company's risk profile by making strategic decisions that affect the company's operations and financial performance.

Governance and responsibility

Leadership and the governance system: towards building a risk-free profile

A well-governed company typically has a low-risk profile because it can effectively manage potential risks and mitigate them before they become significant issues. This is achieved through a combination of effective internal controls, risk management processes, and compliance with relevant laws and regulations. Strong leadership is positively correlated with good governance and a lower risk profile: "Effective leadership is essential to good governance and risk management" (NACD, 2016).

Governance and responsibility

Code of conducts

Professional values and ethics are often codified in codes of conduct or codes of ethics, which are intended to provide guidance and establish expectations for ethical behavior. These codes may address issues such as honesty, integrity, confidentiality, and responsible decision-making. Conscious capitalism companies often adopt similar principles to guide their operations and behavior and may have codes of ethics or conduct that align with professional values and ethics.

A strong code of conduct helps set clear expectations for how company leadership should lead their organization. In addition, the ethical standards and expectations should be supported by the organization's structure which will be a way to assure that the company’s vision, stakeholder relationship, and communication are aligned with the company's values and purpose.

Governance and responsibility

Code of conducts

Examples of sets of guidelines and principles that promote good governance practices in companies:

- The UK Corporate Governance is an
- The Corporate Governance Principles of the Organisation for Economic Co-operation and Development (OECD)
- The Corporate Governance Code of the Financial Stability Oversight Council (FSOC)
- The King IV Report on Corporate Governance for South Africa
- The Corporate Governance Code of the Singapore Exchange (SGX)

Additionally, as mentioned conscious capitalism companies would also incorporate sustainability, environmental, and social issues into their risk management practices, and engage with stakeholders to identify risks and opportunities. These codes of corporate governance would provide a framework to ensure that their governance practices align with their values and purpose to create long-term value for all stakeholders.

Governance and responsibility

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Governance and responsibility

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CONSCIOUS BUSINESS EDUCATION

Risk

This module explores the following:

- Understanding the concept, sources, and categories of strategic risk
- Importance of evaluating risk in the risk management process
- Understanding the importance of risk control and mitigation through diversification, risk transfer, risk sharing and hedging
- The role of risk avoidance and retention in the risk management process
- The importance of modeling in preventing and mitigating risk

Risk

The most simplistic definition would be to say that risk is the possibility for bad things happening and for things to get out of control as, by nature, the only certainty is the uncertain and that everything changes (Hallikas et al., 2004; Power, 2004).

Strategic risk

Operational risks

Sources of risk

- Poor communication
- Low cash flow
- Unsuccessful merger
- Change in senior management
- Consumer demand
- New technologies
- New market entrants
- New technology
- Economy
- Culture
- Environment

Risk

Strategic risk

- Change risk
- Competitive risk
- Regulatory risk
- Economic risk
- Management risk
- Reputational risk

A strategic risk comprehends those losses a business may incur based on decisions made at the strategic level impacting the business strategy

Risk

Operational risks

- Business disruption and system failure
- Clients, products, and business practices
- Damage to physical assets
- Employment practices and workplace safety
- Execution, delivery, and process management
- External fraud
- Internal fraud

Are much more predictable than the strategic ones which can also be called pure risks, downside risks, or internal risks, where there is a possibility that an adverse event will occur usually turning out worse than expected and not better but can be controlled through internal controls or insurance.

Risk

Risk cycle approaches

1. To establish the context
2. To identify the possible risk and its sources
3. To analyze the risk
4. To evaluate
5. To treat
6. To monitor
7. To mitigate through planning
8. To implement the mitigation plan
9. To report

In this sense, risk management is the process of managing all the risks involved in the operation of a business which considers the culture, structures, and processes needed to achieve new business opportunities but could also lead to potentially unwanted results.

Risk

No risk,

no opportunity

As for The Cadbury Report (1992), risk management is “the process by which executive management, under board supervision, identifies the risk arising from the business . . . and establishes the priorities for control and particular objectives” (The Cadbury Report, 2014).

Risk

Risk and the board of directors

The board is responsible for deciding the company's business model and risk strategy and the appetite of the company and all its stakeholders for it whether highly tolerant or rather averse to tough conditions of the market.

It should oversee the implementation by management team of a strategic and operational risk management system where strategic risks are within the limits that shareholders would expect, and operational risks are avoided on at best controlled.

Risk

Towards a risk management framework:

- Do a self-assessment
- Gather Information
- Make quantitative decisions
- Empower employees
- Model and adjust
- Have a backup plan
- Have an efficient system of communication and information
- Create a culture of risk awareness

The risk manager plays a key role in keeping information up to date, providing assistance, and advice, and encouraging the adoption of risk management practices.

Risk

Risk management in a conscious capitalism environment: pulling away from mainstream actions

"Conscious businesses seek mutually beneficial lasting relationships of integrity with their suppliers. Benefits include lower costs over time, higher quality, a better fit with the company's requirements, greater resilience in bad times, reduced risk for both parties, and more opportunities to innovate. By developing better relationships with suppliers, a business creates more value for itself, its suppliers, and its other stakeholders" (Mackey & Sisodia, 2014).

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Risk

Risk management in a conscious capitalism environment: pulling away from mainstream actions

Some ways to approach risk management in a conscious capitalism environment are:

- **Integrate sustainability into risk management** (Eccles & Serafeim, 2013),
- **Engage with stakeholders to identify risks** (Conscious Capitalism, 2021).
- **Prioritize long-term value creation**
- **Embrace transparency and accountability** (NACD, 2016).

Risk

Risk management in a conscious capitalism environment: pulling away from mainstream actions

Strategic risk management differs in several ways from mainstream companies and a conscious capitalism environment:

1. Priorities
2. Time horizon
3. Stakeholder engagement
4. Transparency and accountability
5. Sustainability
6. Governance
7. Risk management
8. Leadership
9. Ethics

Risk

SUGGESTED READINGS

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Professional values and ethics

This module explores ethical theories concerning (corporate) social responsibility and how this is no longer what shareholders and stakeholders are looking for but rather the creation of value for all parties involved where theories inform professional practice and codes of ethics, as well as the decision-making process. It will also go through professional practice and codes of ethics, conflicts of interest and ethical conflict resolution, and codes of good governance to finally understand what ethical and unethical companies look like, and what is involved in an ethical decision-making process.

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Professional values and ethics

Conscious capitalism companies prioritize ethical considerations in their business practices and decision-making…

- Fair labor practices
- Environmental sustainability
- Community engagement

Professional values and ethics

Ethics and morals

Ethics are based on principles and values that originate, typically, from religious and cultural ideas, which is why an ethical decision might change from one country to another.

Ethics

Morals

Professional values and ethics

Before diving into what is an ethical organization, let us explore what should not be mistaken as ethics (Hallikas et al., 2004; Markkula Center for Applied Ethics, 2021) :

1. Ethics is not following culturally accepted norms.
2. Feelings
3. Ethics is not a religion since it applies to everyone neither it is following the law
4. Ethics is not science since it provides reasons for how humans ought to act

When it comes to business, ethics refers to the code of conduct that guides the actions of the people who are engaged in business activities

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Professional values and ethics

Ethics in conscious companies

When thinking about conscious corporations, those decisions are connected to company values, beliefs, and enforced patterns of conduct (Henning, 2017).

For this to happen a company must communicate ethical values, reward ethical behavior or punish unethical activities, provide training, and, depending on the size of the company, there might be an anonymous hotline where employees can report unethical or abusive behaviors (Grace, 2022).

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Professional values and ethics

Ethical leadership

Refers to the way a company directs its actions and, along with the culture, supports and promotes ethical decision-making where both leader and employee consider the impacts of their decision over their shareholder.

Some benefits of ethical decisions are:

- More trust from stakeholders
- Higher levels of customer satisfaction
- Increased profit
- Better reputation
- Employee loyalty

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Professional values and ethics

Theories of ethical Decision-Making

- Consequential
- Utilitarian approach
- Non-consequentialist theories
- Justice approach

In this sense, unethical companies are those that lack or ignore every ethical component there is to have and even cause harm either actively or passively, meaning that not taking action against unethical conduct could also mean having an unethical perspective (Trudel & Cotte, 2008).

- Risk of lawsuits or fines
- Negative public image
- Difficulties attracting or retaining customers, investors, and even employees.

Professional values and ethics

Morale

Since ethics and morale are two different concepts in theory and practice, moral philosophy is the field concerned with explaining the nature of ethics and morality and with justifying actions that are taken by individuals or organizations there are two opposing theories to take into consideration.

- Moral absolutism
- Moral relativism

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Professional values and ethics

Overall, conscious capitalism companies and professional values and ethics share a common goal of promoting ethical and responsible behavior in business. These companies often align their operations and decision-making with professional values and ethics and may have codes of conduct or ethics that reflect these principles.

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Professional values and ethics

SUGGESTED READINGS

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STUDY CASES

What conscious capitalism is

STUDY CASES

What conscious capitalism is not.

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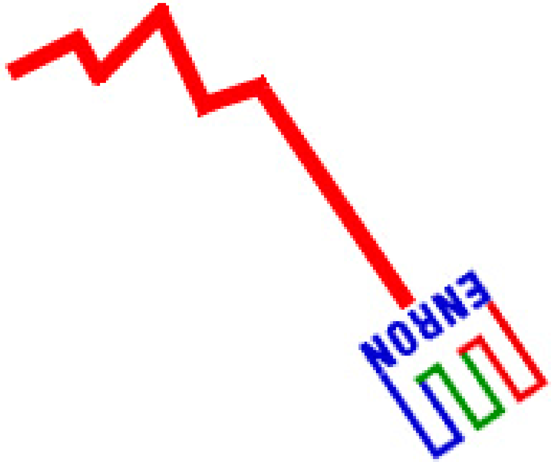

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CONCLUSIONS

Conscious capitalism is a way of doing business that prioritizes ethical considerations, creating value for all stakeholders, and making a positive impact on society and the environment.

A conscious business is one that is empowered and actively seeks to contribute to economic development while also taking into account social and environmental impacts while creating win-win situations where all stakeholders

Conscious capitalism is not just a “feel-good” concept, but rather a pragmatic and profitable way of doing business in alignment with the current reality and needs of the world.

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CONCLUSIONS

- **Higher Purpose**: the foundation of conscious capitalism, as it drives the business's decisions and actions. A clear sense of purpose beyond profit-making, aligns the business with a higher goal that creates value for all stakeholders.

- **Stakeholder orientation**: businesses should create value for all stakeholders, not just shareholders. This principle is closely linked to the higher purpose principle, as it ensures that the business is creating value for all stakeholders

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CONCLUSIONS

- **Conscious leadership**: leaders should act with integrity, transparency, and a sense of stewardship. The principle is closely linked to the stakeholder orientation principle, as it ensures that leaders act with integrity, transparency, and a sense of stewardship, creating a framework where leaders are responsible for the impact of their decisions on all stakeholders and act in their best interest.
- **Conscious culture**: businesses should create a culture of respect, inclusivity, and diversity where businesses promote ethical behavior and fosters a positive work environment for all employees.

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CONCLUSIONS

- **Conscious communications**: businesses should communicate transparently and honestly ensuring that the business communicates transparently, honestly, and openly with all stakeholders.

Strategic Risk and Governance
An ethical approach

Enrique Schonberg
Schwarz

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