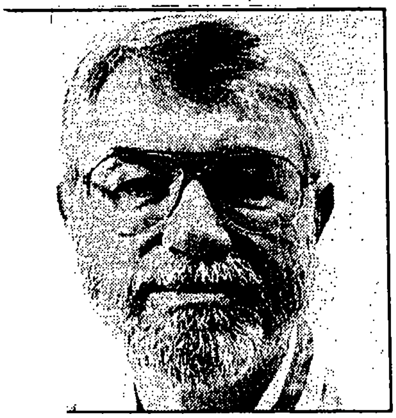
It never fails: Minnesotans in thick of things

Through our eyes



Frank Wright

Johannesburg, South Africa

Remember when the state constitution seemed to require that somebody from Minnesota always be running for president? Stassen, Humphrey, McCarthy, Mondale. It went on and on before finally petering out.

Now, it seems, there's a new requirement: Every international crisis requires the presence of Minnesotans.

In my experience, over the last 10 years of international reporting, it never fails. The Center for Global Education at Augsburg that is forever arranging study tours to Central America, the Middle East, the Philippines and elsewhere. The American Refugee Committee working in Southeast Asia, Africa, the former Yugoslavia and other points of the compass. Numerous corporations with overseas interests. Church organizations. That fellow who is now ambassador to Japan.

You name it, Minnesota is there.

In this case, in South Africa, the most visible representative is Bob MacGregor, the former Minneapolis alderman from the 1960s who now is president of the Minnesota Center for Corporate Responsibility affiliated with St. Thomas University. He has been in South Africa since February on assignment for the International Executive Service Corps, a group of volunteer retirees who work around the world on projects related to business and commerce.

MacGregor is working with the National African Federated Chamber of Commerce in an effort to turn them into the major voice for black businesses. The organization has existed for years but never has played a major role in making policy. The white government's apartheid practices left no room for a black voice in its halls and the economy for generations has been dominated by huge white-run conglomerates.

Now, with the black majority voting for the first time, that may change.

MacGregor has drafted a thick plan of action that calls for a network of regional chambers that would reflect black business sentiment from the grassroots and marshal opinion in the president's office in Pretoria and parliament in Capetown.

He has had experience with this sort of thing. He was Minneapolis' lobbyist at the state Legislature at one point, served as head of a downtown Chicago business organization and was president of the Chamber of Commerce in Kansas City before returning to Minneapolis a couple of years ago.

The biggest problem, MacGregor said, is lack of money. He has had to scrounge for secretarial help, mailing costs and other support. A car was supposed to be part of his deal with the National Federation of Chambers of Commerce, but it didn't become available until last week when a labor group, of all resources, came up with a surprise donation of $17,000.

■

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RISING CONCERN OVER LACK OF PRINCIPLES

World business leaders announce code of conduct

CAUX-SUR-MONTREAUX, Switzerland — A group of senior business leaders from Europe, the United States and Japan, currently meeting here, announced a seven-point world standard against which business behavior can be measured. Published as "a statement of aspirations," it is believed to be the first such code of business conduct for universal application proposed by influential business people from the trilateral regions.

"There is a rising concern in many parts of the world about the general lack of principles for business conduct," said the chairman of the Caux Round Table, Walter Hoadley, senior research fellow of the Hoover Institute and a former chief economist of the Bank of America. "Leaders who have striven valiantly for free trade now begin to wonder about fair trade."

The Caux Round Table (CRT) meets annually in this small Swiss village. It was formed in 1986 by Frederik Philips, former president of Philips Electrical Industries, and Olivier Giscard d'Estaing, vice chairman of the Insead Business School in Fontainebleau, France, out of a concern about the recurring trade frictions between Japan, Europe and the U.S.

Explaining one of the two ethical ideals which inspired the drafting of the document, Ryuzaburo Kaku, chairman of Canon Inc. of Japan, said, "We must be rooted in what Japanese call the 'kyosei' philosophy of living and working together for the common good of all mankind." The other is human dignity as it refers to the sacredness of each person as an end, not simply as a means to the fulfillment of others' purposes.

The CRT code of conduct, officially called "Principles for Business" calls on businesses worldwide to protect the environment and to avoid illicit operations such as bribery and money-laundering. It supports "judicious liberalization of trade," through the General Agreement on Tariffs and Trade and also emphasizes human rights.

CRT cofounder Giscard d'Estaing, brother of the former French president, will present the CRT initiative at the World Summit for Social Development, scheduled for March 1995 in Copenhagen, the first head of state level meeting on social issues to be convened by the United Nations.

The authors of the Caux declaration stress that their desire is not to sit in judgment, but to focus widespread attention on the consequences of unprincipled activities. They offer the seven-point principles "as a foundation for dialogue and action by business leaders. In so doing, we affirm the necessity for moral values in business decision-making. Without them, stable business relationships and a sustainable world community are impossible."

In a section headed "Stakeholder Principles," the statement sets forth business responsibilities toward customers, employees, owners/investors, suppliers, competitors, and communities, respectively. In relation to employees, management is urged to be sensitive to the serious unemployment problems frequently associated with business decisions, and work with governments, employee groups in addressing these dislocations.

Declaring fair competition ultimately helps make possible the just distribution of goods and services, the CRT proposes, among other things, that businesses foster open markets for trade and investment and that they refrain from either seeking or participating in questionable payments or favors to secure competitive advantages.

In its language and form, the document owes a substantial debt to The Minnesota Principles, a statement of business behavior developed by the Minnesota Center for Corporate Responsibility. The center hosted and chaired the CRT's drafting committee, which included Japanese, European and U.S. representatives.

Copies of the Principles for Business can be obtained from Caux Round Table Secretariat (International MRA Association of Japan).

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Executive Citizen™

The forum for senior management concerned with social responsibility

Caux Roundtable to Promote Its Newly Endorsed Principles on Trade

by Susan R. Sacks

The Caux Roundtable, established in 1986, is an organization of senior business executives from Europe, Japan and the United States. Having endorsed a set of "hybrid" principles for international trade during a meeting in Berlin last February, the group now plans to promote these ideas worldwide. Strategies to "get the message out," including distribution of the principles in printed form, will be the subject of the annual meeting in Caux, Switzerland, this July. The Caux Principles, as they are called, reflect the belief that the world business community should play an important role in solving economic and social issues of global importance.

The principles are a hybrid of Eastern and Western ideas based on the following foundations:

Japan—The concept of Kyosei; living and working together for the common good and mutual prosperity.

Europe—The concept of human dignity, which refers to the sacredness, or value, of each human person, and the potential for the formation of cooperative partnerships among nations.

United States—The Minnesota Principles; a statement of aspirations towards developing global standards for responsible business behavior.

The Caux Principles set forth ideals and articulate a standard against which performance can be held accountable. To stimulate wider discussion, Roundtable members have also endorsed the Minnesota Principles for worldwide distribution. This set of principles represents a practical way to apply the theoretical concept of Kyosei—living and working together for the common good and mutual prosperity.

One effect of the Caux initiative may be the gradual removal of long-standing obstacles to business. According to Bob MacGregor, president of the Minnesota Center for Corporate Responsibility, "If you're in business today, you better think globally. We are more connected today than ever before." MacGregor points to corruption as one barrier to investing in areas such as Russia, South Africa and Latin America. "Corruption is inefficient. Many countries with corruption have very little economic development. If we all followed the same sets of standards, it would be easier to invest in these countries," he says.

MacGregor sees the Minnesota Principles as even more important than the Valdez or Sullivan principles, since the scope of the former is worldwide. He adds, "The time is now for worldwide responsible business behavior in regard to employees, the community and the environment. Companies that want to do global business need a level playing field."

The Minnesota Principles Project was developed by the Minnesota Center for Corporate Responsibility, affiliated with the University of St. Thomas. Since 1978 the group has grown to 200 companies and over 3000 people. Members include Dayton Hudson Corp., Honeywell, General Mills and 3M. The Center encourages and assists the state's business leaders in defining a clear vision of the role business should play in the larger society.

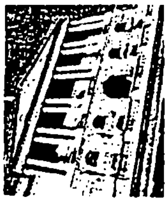
In addition to general principles, the Minnesota Principles outline specific guidelines pertaining to various stakeholders, including customers, employees, owners/investors, suppliers, communities and competitors.

Their message has already been delivered to various groups around the world, including Japanese business leaders, economic development professionals in China, and audiences in Europe, South Africa and Mexico. Endorsement by the Caux Roundtable should generate even more discussion and understanding, ultimately leading to widescale adoption of the principles.

The Minnesota Center for Corporate Responsibility has also completed a study on "the work and family dilemma," which defines principles for developing a corporate policy on work and family issues. According to executive director Charles Mundale, the report will be available this fall. ■

For more information, please contact the Minnesota Center for Corporate Responsibility: (612) 962-4122.

FINANCIAL TIMES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The search for universal ethics

Tim Dickson on the launch of a new set of business principles

An international ethics code – stressing the need for moral values in business decision making – will be formally launched in Switzerland this weekend.

The Caux Round Table's seven-point *Principles for Business* contains nothing which will surprise enlightened companies. However, it is thought to be the first time a document of this kind has attracted influential supporters from Europe, Japan and the US.

Signatories include Ryuzaburo Kaku, chairman of Japan's Canon, John Charlton, managing director of New York's Chase Manhattan Bank, and a group of senior executives from the twin cities of Minneapolis/St Paul.

The aim of the CRT initiative is to set "a world standard against which business behaviour can be measured", a benchmark which will help more individual companies devise their own codes. "We seek to begin a process that identifies shared values, reconciles differing values, and thereby develops a shared perspective on business behaviour acceptable to and honoured by all," say the authors in their introduction.

CRT, which meets annually in the Swiss village of Caux-sur-Montreux, was formed in 1986 by Frederik Philips, former President of Philips of Eindhoven, and Olivier Giscard D'Estaing, vice-chairman of the Insead business school at Fontainebleau, France, as an attempt to reduce then escalating trade tensions with Japan. The group is concerned with "the development of constructive economic and social relationships between the participants' countries and with their joint responsibilities towards the rest of the world".

The *Principles* are said to be drawn from two ethical traditions: the Japanese philosophy of *kyosei* described by Canon's Kaku as "living and working together for the common good of mankind" and "human dignity" which refers to the sacredness or value of each person as an end, not simply as a means to the fulfilment of others' purposes or even majority prescription.

"What we didn't know at the beginning," explains Neville Cooper, chairman of the Top Management Partnership, a former executive director of STC and a founder of the UK's Institute of Business Ethics, "was whether we could reconcile the three different approaches. The Americans tend to emphasise company rather than state responsibility for community affairs, the Japanese place more importance on the team rather than on the individual, while in Europe there is a strong tradition of individual rights".

The CRT document, which owes a debt to *The Minnesota Principles*, a statement of business behaviour developed by the Minnesota Centre for corporate responsibility, comprises seven general principles and a number of "stakeholder" principles.

It affirms the responsibilities of business towards a range of stakeholders (for example, customers and employees as well as shareholders) and to the countries in which they operate. Suppliers and competitors should expect businesses "to honour their obligations in a spirit of honesty and fairness".

Business behaviour should be governed by a spirit of trust which goes beyond the letter of the law, while domestic and international rules should be respected. Other principles require companies to promote "the progressive and judicious" liberalisation of trade, "to protect and, where possible, improve the environment" and to avoid illicit operations.

Cooper believes the case for corporate ethics is much more widely accepted than it was seven years ago and reckons, for instance, that one in three leading UK companies now has its own code. "People say an ethics code can't make you ethical but then it's only a tool, just as a hammer doesn't build you a house."

He insists that statements of practice are an important way to clear up ambiguities for the "junior people" in an organisation.

Copies of the Principles for Business can be obtained from Caux Round Table Secretariat, Amaliastraat 10, 2514JC The Hague, The Netherlands. Tel: (070) 360-5260, Fax: (070) 361-7209.

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Principles For Business

The Caux Round Table

In a world which is experiencing profound transformations, the Caux Round Table of business leaders from Europe, Japan and the United States is committed to energizing the role of business and industry as a vital force for innovative global change.

The Round Table was founded in 1986 by Frederik Philips, former President of Philips Electronics, and Olivier Giscard d'Estaing, Vice-Chairman of INSEAD, as a means of reducing escalating trade tensions. It is concerned with the development of constructive economic and social relationships between the participants' countries, and with their urgent joint responsibilities toward the rest of the world.

At the urging of Ryuzaburo Kaku, Chairman of Canon Inc., the Round Table has focused attention on the importance of global corporate responsibility in reducing social and economic threats to world peace and stability. The Round Table recognizes that shared leadership is indispensable to a revitalized and more harmonious world. It emphasizes the development of continuing friendship, understanding and cooperation, based on a common respect for the highest moral values and on responsible action by individuals in their own spheres of influence.