"Managing for Organizational Integrity": My Take After Three Decades

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When I wrote "Managing for Organizational Integrity" in 1994, I hoped that it would help companies act more responsibly—this is to say, more in line with accepted ethical standards and their own espoused values and commitments.[1] At the time, many business leaders were just waking up to the damaging effects of corporate misconduct not only for the companies involved but also for trust in business more generally. As a result, they were starting to develop ethics and compliance programs to help reduce the incidence of such episodes. But many of these programs were based on flawed assumptions about the drivers of misconduct and therefore seemed unlikely to have their intended effect. A large proportion of the breakdowns in corporate responsibility I had studied could not be attributed to rogue actors or "bad apples," as was typically assumed at the time. Instead, many involved ordinarily decent people either not recognizing the ethical aspects of issues they were dealing with or simply acting in response to organizational pressures and directives. For companies to act more responsibly, managers needed to see ethics as an organizational issue and not just a personal issue, and they needed to design and lead their organizations accordingly—or so it seemed to me.

As I reread the article today, its core ideas strike me as sound and no less relevant than they were 30 years ago, notwithstanding the proliferation of ethics and compliance programs in companies around the world since then. I am thinking, in particular, of the ideas about the origins of corporate misconduct, different ethics strategies, and the role of management in ensuring organizational integrity. At the same time, the article is clearly dated in some respects. I smiled when reading that the Sears Auto Centers debacle that came to light in 1992 cost the company some $60 million in total. For comparison, shareholders suing Wells Fargo in 2020 over its fake accounts scandal have alleged that it destroyed more than $54 *billion* in shareholder value.[2] Fines alone have been put at $4.5 *billion*.[3] Clearly, the stakes for companies are much higher today. Perhaps more important from a practitioner point of view, the article does not address the role of corporate boards. In fact, the term "board of directors" is mentioned only once in passing, and the term "corporate governance" does not appear at all. Yet, it is clear today that organizational ethics is as much a governance issue as it is a management issue.

In the reflections that follow, I begin by reviewing core insights from the 1994 article that seem worth reiterating. In the first section, I share some personal experiences and discuss the organizational origins of corporate misconduct using examples drawn from the decades since the article was written. I then turn to the differences between compliance-oriented and integrity-oriented ethics strategies and review how compliance programs have changed in the last 30 years. I argue that despite these changes, an integrity-oriented approach is still preferable for companies that are serious about earning and keeping the trust of their core stakeholders and society at large. The final section discusses corporate boards and how their role with regard to ethics has evolved in recent decades. I conclude with some thoughts about the board's role in fostering organizational integrity. I continue to hope that these ideas will help companies act more responsibly and urge corporate leaders to take them to heart.

<b> Revisiting the core ideas: The origins of corporate misconduct

When I wrote "Managing for Organizational Integrity," I was drawing on a decade of research and personal experience that had convinced me that a new approach to corporate ethics was needed. In a

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brief stint as a lawyer after graduate school and law school, for example, I had been asked to research insurance coverage for a raft of lawsuits being brought against Johns-Manville Corporation for injuries and deaths from exposure to asbestos. At the time, Johns-Manville was the leading manufacturer of asbestos products and supplier of raw asbestos in the United States. In that work, I learned that company management had known about the dangers of asbestos since the 1930s but had actively suppressed information linking it to cancer to protect the business. I became deeply curious about how respected executives could have made a series of decisions that were so clearly disastrous not only for workers and others exposed to asbestos but for the company itself. Shortly thereafter, in 1982, with its asbestos-related liabilities projected to exceed its assets, Johns-Manville shocked the business world by becoming the largest U.S. industrial corporation ever to declare bankruptcy.

Then, a couple of years later, I was asked to advise on a new Defense Industry Initiative on Business Ethics and Conduct being organized by a consortium of U.S. defence contractors in response to recommendations put forth by the Packard Commission. President Ronald Reagan had appointed the commission to study defence procurement following a series of scandals involving fraud, waste, and abuse in the industry. Chaired by Hewlett-Packard co-founder David Packard, the commission had recommended, among other things, that defence contractors promulgate and enforce codes of ethics that addressed the unique problems of defence procurement.[4] In my work for the initiative, I learned about the origins of these problems and saw that, contrary to public belief, they could not be chalked up simply to unethical individuals—they were systemic and had their roots in management and organizational practices.

By this time, social science research had already shown that people's behaviour is shaped as much by situational and contextual factors as by individual character. The 1963 Milgram experiments by Yale Professor Stanley Milgram had shown people's willingness to set aside their ethical qualms in deference to perceived authority figures.[5] Similarly, the 1971 "prison" experiments by Stanford Professor Philip Zimbardo had demonstrated the power of context to alter people's ethical orientation; after only a few days in a simulated prison context, the individuals assigned to be "guards" became abusive toward the "prisoners," causing the "prisoners" to experience acute stress and anxiety.[6] Role-play research by Professor Scott Armstrong of the Wharton School had shown that mock boards of directors were willing to approve continued sales of a drug known to be lethal to some customers in fulfilment of their assigned role to maximize value for shareholders.[7] And so on. Yet, the insights from this research and their implications for management and business ethics had not made their way into business school classrooms or the ranks of professional management.[8] Most people I spoke with back then thought that ethics was a matter of individual character; that character was fixed and unchanging over time; and that corporate misconduct was the work of bad actors, having nothing to do with management.[9]

In the article, I used the case examples of Sears Auto Centers and Beech-Nut Nutrition Corporation to challenge the view that individual character is fixed and unchanging, and to show how organizational factors—such as the culture, structure, systems, practices, and processes put in place by management —can corrupt the behaviour of both individuals and the organization as a whole. At Sears, for example, management implemented a new goal-setting and compensation system to spur sales at the company's auto repair centres across the United States. Minimum work quotas were introduced, and the hourly wage system was replaced by a system of base pay with productivity incentives for meeting targets. Service advisers were given product-specific sales quotas—sell so many brake jobs, shock absorbers, alignments, and so on per shift—and paid a commission on sales. Those who failed to meet the quotas could be transferred or have their work hours reduced. The unsurprising result is that when employees found themselves unable to meet the quotas, a significant number of them resorted to exaggeration and lying—telling customers their cars' brakes were worn out and dangerous when they were not, for example. In the end, Sears faced charges of fraud filed by the state attorney general in each of more than 40 states. The new quota and compensation system apparently did not help Sears' financial performance. In 1992, the year the scandal came to light, Sears had a $3.9 billion loss, the largest in its then-106-year history.[10]

As this example illustrates, how a company is managed and led can make it harder—or easier—for individual employees to act ethically and for the organization as a whole to meet its responsibilities to its stakeholders and the public at large. Thirty years on, this seems like an obvious point, but it perhaps bears repeating, as corporate misconduct does not appear to have abated over this period. If anything, its scope, scale, and impact have all increased as companies have gotten larger, more complex, and more far-flung, and the pressures to deliver ever greater returns have intensified.

Consider some of the high-profile cases that have made the headlines over the years since the article was published: healthcare fraud at Columbia/HCA (1997), labour abuses in the supply chain at Nike (1998), unsafe tires at Bridgestone/Firestone (2000), related party transactions and accounting fraud at Enron (2001), accounting fraud at WorldCom (2002), corrupt payments at Siemens (2007), mortgage lending abuses at Countrywide Financial (2006) and Wall Street banks (2008), diesel emissions cheating at Volkswagen (2015), fake accounts at Wells Fargo (2016), bribery at Odebrecht (2016), sexual harassment at Uber (2017), misuse of personal data at Facebook (2018), airliner safety at Boeing (2019), fraudulent financial reporting at Wirecard (2020), opioid marketing at AmerisourceBergen, Cardinal Health, McKesson, and other drug distributors and makers (2022)—to name a few.[11] Keep in mind that most cases of corporate malfeasance do not make the headlines.

The particulars of these cases are quite varied and well worth studying in their own right. Each involves a unique mix of individual, organizational, and external circumstances, and its own set of ethical issues. But they all reinforce the first general point I was trying to make in my 1994 article – that corporate misconduct and irresponsibility are often rooted in organizational and management choices rather than in premeditated wrongdoing by malicious individuals (although, to be sure, that exists as well).

If you dig into these cases, you will find organizational features and management behaviours similar to those discussed in the article, such as managers flying ethically blind and making decisions without any thought for the ethical issues involved. We don't know precisely what factors went into the decisions made by managers in most of these companies, but for a few the public record provides a glimpse. For instance, a Siemens manager involved in arranging illicit payments for contracts before the scandal broke in 2007 described his role: "I was not the [one] responsible for bribery. I organized the cash."[12] "I didn't really look at it from an ethical standpoint," he also noted.[13] Similarly, when a top executive of Bridgestone/Firestone was asked by a member of the U.S. Congress about the company's failure to act more quickly on discovering problems with the safety of its tires, he replied: "I am sorry to say that I believe [we looked at it from a financial point of view but not a consumer safety point of view]."[14] In the same vein, lawyers for Enron reportedly reassured executives about certain accounting practices, noting that "no one has reason to believe that it is inappropriate from a technical standpoint."[15] Judging from the overall behaviour of other companies in the ad hoc list above, it seems doubtful that decision makers in any of them put much weight on ethical considerations—if they thought about them at all.

Compensation systems that seem to invite, if not encourage, unethical behaviour also show up again and again. The quota and incentive system put in place by managers of Wells Fargo's community banking division in 2011 is an example. Interestingly, it was quite similar to the quota and incentive system that got Sears into trouble in 1992.[16] Under the community banking division's "Great 8" program, employees were expected to sell an average of eight financial products to each of the bank's customers and, on that basis, were assigned daily sales quotas. For hitting their targets, employees could earn bonuses of up to $2,000 per quarter on top of their quarterly base salary of $7,500. Daily scorecards ranked individual employees against sales goals, and daily conference calls reviewed branch managers' performance against quotas set by their regional managers. Managers falling short were reportedly criticized and embarrassed in front of their colleagues. Between 2011 and 2016, this system seemed to be helping Wells Fargo grow its revenues.[17] In 2016, however, the truth behind the figures came to light. It turns out that employees unable to meet their targets had resorted to opening unauthorized accounts in customers' names and charging them for unwanted and unneeded products without their knowledge and consent. From 2011 to 2016, employees of the division opened more than 3.5 million fake accounts—notwithstanding the company's various compliance programs, ethical business practices initiative, and espoused long-term customer focus.[18] During this period, the bank had a total shareholder return of more than 100%,[19] and the CEO's compensation averaged over $20 million per year.[20]

Weak controls and ethically lax cultures are another feature of the more recent cases as well as the earlier ones. Perhaps the most striking recent example is Odebrecht, the Brazilian conglomerate caught up in Operation Car Wash (*Lava Jato* in Portuguese), the investigation of corrupt payments in Brazil's construction industry launched in 2014. Following its admission of guilt for paying bribes and as part of its settlement with Brazilian, U.S., and Swiss authorities, Odebrecht implemented state-of-the-art audit, internal control, and compliance functions. Prior to the scandal, however, the holding company and some other parts of the Group had not had an internal audit or compliance function at all.[21] By comparison, at Enron or Siemens, for example, compliance and control functions existed while the wrongdoing was ongoing, but these functions were underfunded or understaffed or simply disregarded. Similarly, AmerisourceBergen had a system for reporting suspicious opioid orders, but that system was thinly resourced, and the company's sales personnel reportedly found ways to circumvent it.[22]

I could go on with other examples, but my intent here is not to catalogue all of the organizational and management factors that can lead to corporate misconduct and irresponsibility. My purpose is to show the continuing importance of understanding that corporate malfeasance cannot be written off to rogue actors or bad people. It is an organizational phenomenon whose roots lie in the decisions that managers make in the ordinary course of managing. How managers make decisions and what they decide—what opportunities to pursue, what goals to set, how to measure performance, how to pay people, how much to invest in risk management, technology, training and so on—together have a profound influence on how individuals do their jobs and whether the company as a whole acts responsibly. While I believe this connection is more widely understood today than it was in 1994, the steady stream of cases involving large-scale corporate malfeasance over the last three decades suggests that it is worth repeating.

<b> Revisiting the core ideas: Different ethics strategies

As noted earlier, the late 1980s and early 1990s was a period in which companies were just starting to pay attention to ethics and values, and to create ethics, values, compliance, and corporate conduct programs. To some extent this development was spurred by stepped-up law enforcement and the adoption, in 1991, of the U.S. Federal Sentencing Guidelines for Organizations, which provided that companies convicted of a crime would pay a lower fine if they could show that they had an effective compliance program.[23] But it was also driven by business leaders' own growing awareness of the damaging effects of misconduct as well as by several popular management books on the importance of culture and values for a company's longevity and financial performance.[24] Ongoing media attention to corporate malfeasance also played a critical role. I remember one manager's succinct reply when I asked why his company was developing an ethics program. His answer: "*60 Minutes*" (the popular television news show known for hard-hitting stories on corporate wrongdoing).[25]

I followed these developments closely and decided to do field research on the new programs companies were adopting. This research revealed that these programs could be grouped into two broad categories. One, which I called compliance-oriented, focused mostly on compliance with law and was geared to preventing individual misconduct. It involved educating employees about the standards they were expected to follow, establishing controls to ensure that they did so, setting up whistle-blower "hotlines" to receive reports of suspected wrongdoing, investigating such reports and, in cases of substantiated wrongdoing, imposing discipline and taking corrective action. These programs tended to be lawyer-driven and typically hewed closely to the template for compliance programs laid out in the Federal Sentencing Guidelines to ensure that, should the company be convicted of wrongdoing, it would be eligible for a reduced fine. Today, we might call this a "defensive" approach to ethics. The approach was also akin to the first generation of quality programs that focused on end-of-line inspection and monitoring of outputs rather than building quality into product design and production processes.

The other approach, which I called integrity-based, focused on acting in accord with the organization's own espoused values and commitments and was geared to enabling responsible conduct. I described an integrity approach as "broader, deeper, and more demanding" than a legal compliance approach. Broader in the sense that it seeks to enable responsible conduct—not just to avoid wrongdoing. Deeper in that it concerns the guiding values and commitments of the organization and the design of all its operating systems and processes—not just the legal standards it is required to follow and the design of its compliance program. And more demanding in that it calls for an active effort to define the company's values and commitments, and (I should have said) to align its activities and operations accordingly. Above all, I emphasized, an integrity strategy sees organizational ethics as the work of management – not as something that can be outsourced to the legal function or even to a separate ethics function.

When I wrote the 1994 article, the term "organizational integrity" was not widely used. In fact, I had not seen it anywhere in the business ethics or management literatures. However, it struck me as capturing the essence of this second approach—in particular, its focus on the behaviour of the company as a whole and not just on the behaviour of individuals, its appeal to aspirational values and not just minimum standards, and its embrace of active self-governance and not just acquiescence to externally imposed requirements. The managers taking this approach were putting forth a positive vision of ethics as a source of organizational strength and not just a tax on the company's operations—something that was decidedly rare at the time both in practice and in academia. In those years, the academic field of business ethics was almost exclusively concerned with corporate wrongdoing and misbehaviour. In assuming that companies can be responsible, law-abiding actors in society, these managers were also (whether they knew it or not) rejecting the view, popular among financial economists, that corporations cannot have responsibilities, let alone purposes, values, and aspirations, because they are "legal fictions" or "artificial persons."[26]

At the end of the article I conjectured that an integrity-oriented approach might, paradoxically, be more effective at preventing misconduct than a compliance-oriented approach even though preventing misconduct is an explicit purpose of most compliance programs. This conjecture was based in part on the inherent nature of compliance programs. They are mostly about individual offenders and typically do not address root causes of misconduct which often lie, as discussed above, in organizational factors or management decisions. It was also clear to me from my professional experience as well as my research that taking the law as your standard of conduct is very risky. As I described in the article by way of example, executives at Salomon Brothers were not legally obligated to disclose the government trading desk improprieties they discovered in 1991, but their failure to do so led to a crisis of confidence and costly loss of trust in the firm and its leadership among all its stakeholders.

I was also well aware that the law is a lagging indicator of society's norms and expectations. A course of action that harms other people but that is not explicitly unlawful today can turn into a calamity for the company down the road when the law catches up. The case of Johns-Manville that I worked on as a young lawyer is a case in point. When the executives in charge decided to suppress information about the health effects of exposure to asbestos, they were not breaking any law. But that didn't stop tens of thousands of plaintiffs from filing lawsuits decades later when their asbestos-related injuries manifested themselves. When juries heard that executives had actively suppressed information linking asbestos to cancer, they increasingly turned against the company and began to award plaintiffs ever greater punitive damages. As described above, mounting asbestos liabilities eventually led to the company's bankruptcy.[27]

From where I sit today, it seems more urgent than ever for business leaders to understand the differences between these two strategies for embedding ethics and to appreciate the inherent limitations of a compliance strategy. To be sure, compliance programs have gotten much more sophisticated over the last three decades, and the criteria used by the U.S. Department of Justice for assessing them have gotten more demanding.[28] Board-level oversight is now considered a basic component of an effective program, and prosecutors today take into account such matters as whether compliance-related factors are included in the company's management performance and incentive system.[29] Among the factors a prosecutor might consider, for example, is whether the company gives promotions or rewards to managers or employees for improving the compliance program or, conversely, withholds promotions or rewards because of compliance failures. Expectations for periodic analysis of compliance data and testing of internal controls related to compliance have also become more rigorous.

Yet, for all the investment in compliance programs in recent decades, it's hard to see much improvement in corporate behaviour.[30] Note that the majority of errant companies listed above actually had compliance and ethics programs in place at the time they were engaged in misconduct. In its 2013 annual report, for example, Wells Fargo made numerous references to its compliance programs and reported that 99.96% of eligible team members had completed the Code of Ethics and Business Conduct annual training that year.[31] Some compliance experts see the solution in better measurement of compliance program effectiveness: whether the hotline works, whether the firm is responsive to allegations, what employees actually learn from compliance training.[32] The case for better measurement certainly has merit—all too often hotlines don't work, investigations take too long, and compliance training is mind-numbingly dull. Nonetheless, better measurement of compliance programs seems unlikely to have much effect on the more fundamental drivers of corporate behaviour seen in the examples discussed above.

Moreover, the law's limits as a standard of conduct have not changed since I wrote the article. The law is still (and in a dynamic society always will be) a lagging indicator of norms and expectations. It is especially problematic as a guide to conduct for companies on the cutting edge of new technologies. There was no law against writing algorithms to maximize user engagement on social media when Instagram was being developed in 2009—or even in 2019 when Facebook's in-house research showed that spending time on Instagram was harming the mental health of teen girls.[33] But the fact that Instagram's algorithms are not unlawful doesn't make them any less harmful. The stunning advances in technology and its applications over the last few decades have presented companies with many new ethical questions. For most of them, the law simply has no answer. And I have not even mentioned the conundrums that arise for companies doing business in multiple jurisdictions with different, and sometimes conflicting, laws and legal systems.

By reviewing the limits of a compliance-based approach to ethics, I am not suggesting that companies don't need an effective compliance program. They emphatically do. In most industries, employees cannot be expected to be familiar with all the relevant laws and regulations. But compliance programs can only do so much given their inherent nature and design. And it must be acknowledged that a compliance program is just one of many factors that influence decision-making and behaviour. A company's behaviour is also shaped by the qualities and capabilities of its leaders, the design of its incentive and reward systems, its structure and information flows, its decision-making processes, its members' shared values and beliefs (including those about the company's purpose and responsibilities), and the context in which it operates. It is the interaction among these and other factors that creates a company's ethical climate and drives its ethical performance.

Moreover, organizational integrity cannot be reduced to the individual integrity of the company's members. That is, even if individuals are acting with integrity the company as a whole can have an integrity problem. For example, when the sales force and the delivery team work in silos under different incentive systems, it is all too common for the sales force to make promises the delivery team cannot fulfill, putting the company's reputation for integrity and reliability at risk. Similarly, responsible managers can fail to see an emerging ethical problem for quite some time if relevant information remains dispersed and fragmented across the organization's different functions and divisions as it was at Bridgestone/Firestone in the run-up to the tire recall crisis of 2000.[34] Corporate compliance officers are rarely, if ever, in a position to fix or even see such problems, given their focus on individual misdeeds.

External context also matters. Capital markets pressures, competitive dynamics, macro-economic conditions, the legal and cultural environment—all affect how people and companies behave and the extent to which various ethical norms are observed. [35] Ethical problems rooted in external factors are difficult, if not impossible, to address with standard compliance program tools. Combatting bribery in an environment where corruption is widespread, for example, may require an investment in training to improve employees' selling skills, or innovation to differentiate the company's offerings, or redesign of the company's go-to-market strategy. These activities all go well beyond the standard compliance and ethics program tool kit.[36]

The many conversations I've had with managers over the past 30 years have convinced me that the distinction between compliance- and integrity-based approaches is not well understood. There seems to be a bias or natural inclination toward thinking of ethics in terms of compliance—particularly in the United States, and among managers with training in finance and law. That inclination may reflect those fields' underlying assumption that human behaviour is driven mainly by carrots and sticks—material rewards and penalties—and the related tendencies to discount structural factors that limit or enable action and to minimize the motivational power of leadership, values, aspirations, and other influences. But it might also be related to the fact that when companies experience misconduct, they turn to lawyers for protection and advice – and for good reason, I might quickly add. But the influx of lawyers, auditors, and controllers—most of whom think in terms of rules, standards, and enforcement—usually means that the remediation effort is mostly about strengthening compliance and controls rather than strengthening the company's capacity to operate with integrity. Yet that is what is needed for the company to repair its reputation, earn back trust, and achieve its full potential to create value for its stakeholders and society.

<b> A missing piece: The board of directors

In the 1994 article, I emphasized that "organizational integrity depends on the integration of the company's values into its driving systems." I highlighted five characteristics of companies that at the time appeared to have had some success at implementing an integrity-oriented approach to ethics:

- The company has a set of guiding values and commitments that make sense and are clearly communicated.
- Company leaders are personally committed, credible, and willing to take action on the values they espouse.
- The espoused values are integrated into the normal channels of management decision making and are reflected in the company's critical activities.
- The company's systems and structures support and reinforce the espoused values.
- Managers throughout the company have the decision-making skills, knowledge, and competencies needed to make ethically-sound decisions on a day-to-day basis.

Noticeably missing from this list, at least from my vantage point today, is any mention of the company's board of directors. A fair question is why the role of the board is not discussed in the article since the board is, by law, a corporation's governing body. If ethics is important for the company then presumably it should be of concern to the board. Part of the reason the article is silent on boards is that, back then, the role of the board rarely came up in my field research on companies' ethics programs. The article's discussion of the Martin Marietta ethics initiative notes in passing the role of the board's audit and ethics committee in overseeing the management steering committee for the initiative. But the managers I spoke to in the course of doing this research typically said little, if anything, about their company's board. In retrospect, their relative silence on this topic was indicative of the times.

In the early 1990s, boards of directors were thought by many to be lackeys of management, rubber stamps with little real power to carry out their legally mandated governance role.[37] At the time, the vast majority of large U.S. companies were led by a chief executive officer who was also chairman of the board, and directors were often members of this individual's professional and social network if not friends or fellow CEOs. Even though most boards of major companies had nominating committees for selecting directors, the influence of the Chairman/CEO was significant and often decisive. Many directors were beholden for their positions to the CEOs of the companies they served, and many boards functioned more as clubs than as governing bodies. This state of affairs was of particular concern to institutional investors, whose numbers and clout had increased throughout the 1980s. Seeing a link between weak boards and poor performance, these investors were just beginning to campaign for more effective boards and better corporate governance. California Public Employees' Retirement System (CalPERS), then the world's fourth largest pension fund, was a leader in this regard, using shareholder proposals at poorly performing companies as a tool to "goad the boards into doing their job."[38]

For boards that had a defined role in ethics at that time, it was mainly a matter of helping formulate the company's ethical standards or dealing with crises triggered by misconduct. A Conference Board study of 124 companies in 22 countries found that about 41% of the studied companies' boards participated in drafting the company's ethical standards in 1991, compared to 21% in 1987.[39] Notably, the 1991 U.S. Federal Sentencing Guidelines for Organizations was silent on the role of boards in overseeing compliance and ethics programs.[40] When it came to ethics, values, compliance, or corporate responsibility, the board's role was decidedly in the background—if it had one at all. That would soon change, however.

In 1996, the Court of Chancery in Delaware, legal home to more than 60% of the Fortune 500 and more than 50% of all U.S. listed companies, issued a decision that for the first time ever ascribed to corporate directors a legal duty to oversee corporate compliance.[41] In the *Caremark* decision, which was affirmed by the Delaware Supreme Court in 2006,[42] the court said that a board's failure to ensure that the company has a reasonable information and reporting system for monitoring compliance would be a breach of directors' fiduciary duty of loyalty. Many boards took notice, even though the possibility of director liability for breach of the duty was quite remote, given that liability could be imposed only if directors knowingly and consciously failed to exercise their oversight responsibility.

The board's role in overseeing compliance and ethics was further elevated following the Enron, WorldCom, Tyco, and other accounting scandals of 2001-2002. The involvement of senior executives in these scandals suggested to many observers the need for both stronger boards and for board-level oversight of ethics. In 2002, The Conference Board's Commission on Public Trust and Private Enterprise, a 12-member group convened by The Conference Board to examine the causes of the scandals and make recommendations for restoring confidence in American capital markets, put forth a set of recommendations on corporate governance that explicitly called for boards to oversee corporate ethics and to strengthen their stance on ethics.[43] (Full disclosure: I served on the commission.) That same year, the U.S. Congress adopted the Sarbanes-Oxley Act, which established new requirements for board audit committees and mandated disclosure of whether companies had a code of ethics for their chief executive and top financial and accounting officers.[44] Two years later, in 2004, the U.S. Sentencing Commission amended the Organizational Sentencing Guidelines to make the board's role in overseeing compliance and ethics programs more explicit and to provide guidance on what that role entails.[45] Since the guidelines apply to many types of organizations, the guidance was necessarily quite general, but it made clear that board-level oversight is essential to an effective program.[46] Notably, the 2004 amendments to the guidelines also changed the terminology for company programs to "compliance *and ethics* program[s]" (from "program[s] to prevent and detect violations of law").[47]

Today, few would question the importance of the board for corporate ethics. It is now written into law and widely accepted.[48] But what, precisely, does that role entail? My impression is that many corporate directors believe it is mostly about overseeing the compliance and ethics program. That typically means reviewing and approving updates to the company's code of conduct and periodically hearing from the company's chief compliance and ethics officer about various compliance and ethics program activities: employee training and communications efforts, the volume and types of alerts received through the hotline, investigations undertaken, allegations validated, disciplinary action taken, and so on. In most companies, responsibility for overseeing the compliance and ethics program is assigned to a committee, often the audit committee, whose chair then reports on its review to the full board. The chief ethics and compliance officer may also report to the full board periodically. This approach to the board's role is thus very much in line with what I have described as a compliance-oriented approach to ethics.

As has become increasingly clear, however, a company's ability to operate with integrity depends on the board taking a broader view of its role. That is in part because the company's ability to operate with integrity presupposes a framework defining the company's purpose, responsibilities, and values, and it is the board that validates this framework. Today, it is widely understood that the board sets a company's strategic direction, establishes its ethical standards and values, and approves critical policies and commitments. In most companies, the CEO and top management team actually develop and propose the framework but it is ultimately the board, as the corporation's governing body, that gives its approval. Unless the board endorses an integrity-oriented framework, it will be very difficult for management to implement one.

Moreover, many of the decisions that boards themselves make are far more consequential for the company's ethics than the ethics program *per se*. Consider the appointment (or removal) of a CEO, which is arguably a board's most important function. As illustrated by a number of the cases discussed above, the qualities and capabilities of the CEO have a profound influence not only on how individuals in the company behave but also on whether the company as a whole behaves responsibly. This influence plays out through all aspects of the CEO role—as decision maker, strategist, role model, and architect of the company's systems, structures, and processes. This is not just a matter of the "tone" set by the CEO, although that is important. Consider the effect of choosing a CEO who doesn't understand that poorly designed incentives can drive misbehaviour (think of the CEO at Sears), who makes decisions without considering ethical issues that may be involved (think of the executive at Bridgestone/Firestone), or who behaves in ways that are disrespectful of others (think of the founder and former CEO of Uber). Large-sample research is also beginning to show how the personal values of CEOs play out in the strategies they choose. Recent work has found, for instance, that materialistic CEOs, compared to those who are more frugal, tend to favour higher-risk strategies and be less sensitive to negative externalities imposed on third parties and the public.[49]

Boards also exert a powerful influence on the company's ethics through the executive compensation and incentive systems they adopt. The Sears and Wells Fargo examples discussed above illustrate the powerful effects of pay systems on the behaviour and ethics of front-line employees and mid-level managers. The effects are no less powerful and arguably more so for senior executives given the very large amounts that are often at stake. Flawed incentives, for instance, played a role in driving the fraudulent accounting practices that came to light at Enron, WorldCom, Tyco, and other companies in the early 2000s.[50] They were also a critical factor in the excessive risk-taking that led to the financial crisis of 2008.[51] A growing body of research is finding links between the design of executive pay and other behaviours with implications for corporate ethics—such as the likelihood of accounting fraud,[52] the management of positive corporate news,[53] or the propensity to invest in stakeholder relations.[54]

CEO appointments and executive compensation are just two examples (out of many) board decisions that have a critical influence on a company's ethical climate and performance. But they are enough to show why directors would be mistaken to see their role in ethics solely in terms of overseeing the compliance and ethics program. As these examples suggest, the decisions directors make in the ordinary course of carrying out their governance function are even more fundamental. A compliance and ethics program cannot make up for a poor CEO or a flawed executive pay plan. If directors want the company to act as a responsible, law-abiding organization whose actions match its espoused values and commitments, the board needs to govern with that objective in mind. Corporate integrity does not happen by accident. Nor can it be driven solely by a compliance and ethics program.

In 1994, I wrote that achieving and maintaining organizational integrity was "the work of management." Today, it would be more accurate to say that while maintaining organizational integrity is the work of management, it is ultimately the role of the board to ensure that organizational integrity is a leading priority for the company and that the company's governance processes and structures fully support it.

<b> Concluding reflections

Much has changed in business and the world since I wrote the article. Companies have gotten larger and more complex, and their activities now span the globe. Digitalization and advances in technology have enabled new business models and transformed the nature of work in many industries. The rise of institutional investors and activist hedge funds has intensified the pressure on companies to deliver ever-increasing financial returns,[55] and the heightened expectations of all stakeholders have brought other new demands—for higher wages, flexible work, environmentally sustainable products. In the early 1990s, few companies saw climate change, racial injustice, or political dysfunction as part of their remit. Today, companies are expected to do their part to address these and a host of other societal problems.[56] In 1994, trade barriers were falling and tensions among trading nations were easing. Today, global trade is slowing and the world is beset by geo-political tensions. And these are just a few changes of the last 30 years.

What has not changed, however, is the need for corporate integrity. Not only is corporate integrity essential for each and every company to achieve its own potential to create value for its stakeholders and society, it is also the basis of a well-functioning economy and public trust in business. My hope is that the research gathered in this volume will contribute to advancing our understanding of this important topic.

[1] Paine, L. S. (1994, March-April). Managing for Organizational Integrity. *Harvard Business Review*, 72(2), 106-117.
[2] *In re Wells Fargo & Co. Securities Litigation, Consolidated Amended Class Action Complaint for Violations of The Federal Securities Laws*, No. 1:20-CV-04494 (GHW), (S.D.N.Y. Nov. 9, 2020), p. 7 ("All told, investors lost over $54 billion in market capitalization, including a drop in Wells Fargo's share price of over 22.5% after the conclusion of the congressional hearings.") https://www.cohenmilstein.com/sites/default/files/Wells%20Fargo%20-%20Consolidated%20Amended%20Complaint%2011092020.pdf
[3] Flitter, E. (2022, June 9). Federal Prosecutors Open Criminal Inquiry of Wells Fargo's Hiring Practices. *The New York Times*. https://www.nytimes.com/2022/06/09/business/wells-fargo-fake-interviews-investigation.html, accessed June 2022. See also Stempel, J. (2021, October 1). Wells Fargo must face shareholder fraud claims over its recovery from scandals. Reuters. https://www.reuters.com/business/finance/wells-fargo-must-face-shareholder-lawsuit-over-compliance-with-consent-orders-2021-09-30/, accessed January 3, 2022.
[4] President's Blue Ribbon Commission on Defense Management. (1986, June 30). *A Quest for Excellence, Final Report to the President*, at xxix. https://dair.nps.edu/bitstream/123456789/3705/1/SEC809-RL-86-0106.pdf
[5] Milgram, S. (1963). Behavioral Study of obedience. *The Journal of Abnormal and Social Psychology*, 67(4), 371-378. https://doi.org/10.1037/h0040525
[6] Haney, C., Banks, W. C., & Zimbardo, P. G. (1973). Interpersonal dynamics in a simulated prison. *International Journal of Criminology & Penology*, 1, 69–97.

[7] Armstrong, J. S. (1977). Social Irresponsibility in Management. *Journal of Business Research*, 5(3), 185-213, at 204. https://doi.org/10.1016/0148-2963(77)90011-X

[8] A few business school faculty were beginning to do research on these issues, however. See, for example, Treviño, L. K., & Youngblood, S. A. (1990). Bad apples in bad barrels: A causal analysis of ethical decision-making behavior. *Journal of Applied Psychology*, 75(4), 378-385. See also Gaertner, K. N. (1991). The effect of ethical climate on managers' decisions. In R. M. Coughlin (Ed.), *Morality, Rationality and Efficiency: New Perspectives on Socio-Economics* (pp. 211–223). M. E. Sharpe.

[9] Opponents of ethics education in business schools typically held this view as well.

[10] Brooks, N. R. (1993, February 10). Sears Closes Book on '92 With $3.93-Billion Loss: Retailing: Unusual one-time charges combine with red ink to give the company the worst results in its 106-year history. *Los Angeles Times*. https://www.latimes.com/archives/la-xpm-1993-02-10-fi-1393-story.html

[11] The dates shown are meant to indicate the rough time frame for when the misconduct was acknowledged or revealed to the public, or when related legal charges were filed or settled. In most cases, the underlying behavior in questions would have started many years before the date shown.

[12] Schubert, S., & Miller, T. C. (2008, December 20). At Siemens, Bribery Was Just a Line Item. *The New York* Times, https://www.nytimes.com/2008/12/21/business/worldbusiness/21siemens.html

[13] PBS *Frontline*. (2008). Archives December 2008. *Bagman-in-Chief*. https://www.pbs.org/wgbh/pages/frontline/story/2008/12/

[14] *The Recent Firestone Tire Recall Action, Focusing on The Action as it Pertains to Relevant Ford Vehicles: Hearings before the Subcommittee on Telecommunications, Trade, and Consumer Protection and The Subcommittee on Oversight and Investigations of The Committee on Commerce*, 106th U.S. Congress. (2000). https://www.govinfo.gov/content/pkg/CHRG-106hhrg67111/pdf/CHRG-106hhrg67111.pdf

[15] Quoted in Cummings, J., Hamburger, T., & Kranhold, K. (2002, January 16). Vinson & Elkins Discounted Warnings By Employee About Dubious Accounting. *The Wall Street Journal*. https://www.wsj.com/articles/SB1011138485584391040

[16] The description of the quota and incentive system at Wells Fargo's Community Banking Division is based on Glazer, E. (2016, September 16). How Wells Fargo's High-Pressure Sales Culture Spiraled Out of Control. *The Wall Street Journal*, https://www.wsj.com/articles/how-wells-fargos-high-pressure-sales-culture-spiraled-out-of-control-1474053044; Reckard, E. S. (2013, December 21). Wells Fargo's pressure-cooker sales culture comes at a cost. *Los Angeles Times*, http://www.latimes.com/business/la-fi-wells-fargo-sale-pressure-20131222-story.html; and Independent Directors of the Board of Wells Fargo & Company. (2017, April 10). Sales Practices Investigation Report. https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/presentations/2017/board-report.pdf

[17] Between 2011 and 2016, revenues grew from $73.1 billion to $84.5 billion, the bank had a total shareholder return of more than 100%, and the company's market value grew by $111 billion. Source: Wells Fargo & Company (NYSE:WFC) revenue 2011 to 2016, and market capitalization and total shareholder return data January 3, 2011 to December 30, 2016, Capital IQ, Inc., a division of Standard & Poor's, accessed June 2022.

[18] See, e.g., Wells Fargo & Company. (2013). *Wells Fargo & Company Annual Report 2013*, p. 9 (compliance programs), p. 26 (ethical business practices), and p. 51 (long-term customer focus). https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/annual-reports/2013-annual-report.pdf

[19] Wells Fargo & Company (NYSE:WFC) total shareholder return January 3, 2011 to December 30, 2016, Capital IQ, Inc., a division of Standard & Poor's, accessed June 2022.

[20] Wells Fargo & Company. (2014, March 18). Form DEF 14A. https://www.sec.gov/Archives/edgar/data/72971/000119312514104276/d663896ddef14a.htm#tx663896_31 and Wells Fargo & Company. (2017, March 15). Form DEF 14A. SEC.gov, https://www.sec.gov/Archives/edgar/data/72971/000119312517083591/d305364ddef14a.htm#toc305364_50

[21] For a description see Srinivasan, S., Paine, L. S., Costas, R., & Cal, M. (2021). *Odebrecht's "Transformation Journey."* Harvard Business School Case No. 320-002. Harvard Business School Publishing.

[22] *State of Tennessee, ex rel., Herbert H. Slatery III v. AmerisourceBergen Drug Corp.* (2019, October 3). Circuit Court of Knox County, Tenn. Case No. 1-345-19. https://www.tn.gov/content/dam/tn/attorneygeneral/documents/pr/2019/pr19-50-complaint.pdf

[23] United States Sentencing Commission. (2022, August). *The Organizational Sentencing Guidelines: Thirty Years of Innovation and Influence*. https://www.ussc.gov/sites/default/files/pdf/research-and-publications/research-publications/2022/20220829_Organizational-Guidelines.pdf

[24] See, e.g., Peters, T., & Waterman, R. H. (1982). *In Search of Excellence: Lessons from America's Best-Run Companies*. Harper & Row; Kotter, J. P., & Heskett, J. L. (1992). *Corporate Culture and Performance*. Free Press; Collins, J., & Porras, J. I. (1994). *Built to Last: Successful Habits of Visionary Companies.* Harper Business.

[25] For this and other reasons given by executives for starting these programs, see Paine, L. S. (2003). *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance*. (Ch. 1, pp. 4-27). McGraw-Hill.

[26] See, e.g., Jensen, M., & Meckling, W. (1976). Theory of the Firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305-360, at pp. 310-311. https://doi.org/10.1016/0304-405X(76)90026-X (emphasizing that firms are "legal fictions" and warning against falling "into the trap" of asking what their objective should be or whether they can have a social responsibility); Friedman, M. (1970, September 13). The Social Responsibility of Business Is To Increase Its Profits. *The New York Times Magazine*. ("Only people can have responsibilities"; corporations cannot have responsibilities because they are artificial persons.)

[27] For more details, see Paine, L. S., & Gant, S. B. (1993). *Manville Corporation Fiber Glass Group (A)*. Harvard Business School Case No. 394-117. Harvard Business School Publishing.

[28] See U.S. Department of Justice [DOJ]. (Updated 2020, June). *Evaluation of Corporate Compliance Programs*. Criminal Division. https://www.justice.gov/criminal-fraud/page/file/937501/download

[29] DOJ, 2020, pp. 13-14.

[30] See Chen, H., & Soltes, E. (2018, March-April). Why Compliance Programs Fail And How to Fix Them. *Harvard Business Review*, 96(2), 116-125 (citing various sources estimating the prevalence of fraud and misconduct). See also Dyck, A., Morse, A., & Zingales, L. (2023). How Pervasive is Corporate Fraud? *Review of Accounting Studies*. https://doi.org/10.1007/s11142-022-09738-5 (estimating that 10% of large publicly traded firms commit securities fraud each year and that 41% of companies commit accounting violations).

[31] Wells Fargo, Annual Report 2013, p. 26 for figures on Code of Ethics and Business Conduct training.

[32] Chen & Soltes, 2018.

[33] Wells, G., Horwitz, J., & Seetharaman, D. (2021, September 14). Facebook Knows Instagram Is Toxic for Teen Girls, Company Documents Show. *The Wall Street Journal*. https://www.wsj.com/articles/facebook-knows-instagram-is-toxic-for-teen-girls-company-documents-show-11631620739, accessed January 13, 2022. See also, Peters, J., & Brandom, R. (2021, September 29). This is Facebook's internal research on the mental health effects of Instagram. *The Verge*, accessed October 17, 2021, https://www.theverge.com/2021/9/29/22701445/facebook-instagram-mental-health-research-pdfs-documents

[34] For more details, see Paine, L. S., & Bettcher, K. (2001). *Recall 2000: Bridgestone Corp. (A)*. Harvard Business School Case No. 302-013. Harvard Business School Publishing.

[35] See, e.g., Paine, L. S., Deshpandé, R., & Margolis, J. D. (2011, September). A Global Leader's Guide to Managing Business Conduct. *Harvard Business Review* (online exclusive). https://hbr.org/2011/09/a-global-leaders-guide-to-managing-business-conduct (employees in emerging markets countries report larger gaps between the standards of conduct they think their company should follow and what the company actually does).

[36] Paine et al., 2011.

[37] See, e.g., Lorsch, J. W., & MacIver, E. (1989). *Pawns or Potentates: The Reality of America's Corporate Boards*. Harvard Business School Press. See also Lorsch, J. W., & Young, J. (1990). Pawns or Potentates: the reality of America's corporate boards. *Academy of Management Executive*, 4(4), 85-87. https://doi.org/10.5465/ame.1990.4277214, and Lorsch, J. W. (2013). America's Changing Corporate Boardrooms: The Last Twenty-Five Years. *Harvard Business Law Review*, 3(1), 119-134.

[38] CalPERS General Counsel Richard Koppes, quoted in Light, J. O., Lorsch, J. W., & Sailer, J. E. (1991). *California PERS (A)*. Harvard Business School Case No. 291-045, p. 7. In 1991, for example, CalPERS launched shareholder proposals at 12 U.S. companies.

[39] See Berenbeim, R. E. (1999). *Global Corporate Ethics Practices: A Developing Consensus.* Research Report 1243-99-RR. The Conference Board. By 1998, the figure was 78%.

[40] U.S. Sentencing Commission. (1991). Sentencing of Organizations (chapter 8, pp. 347-383). In *United States Sentencing Commission Guidelines Manual*. https://www.ussc.gov/sites/default/files/pdf/guidelines-

manual/1991/manual-pdf/Chapter_8.pdf. The original guidelines called for oversight by “high-level personnel” and defined “high-level personnel” in such a way as to include a director, but they did not require or specify any particular role for directors or the board as a whole. For discussion, see McGreal, P. E. (2018). *Caremark* in the Arc of Compliance History. *Temple Law Review*, 90(4), 647-680, at p. 655. https://www.templelawreview.org/lawreview/assets/uploads/2018/08/McGreal_90-Temp.-L.-Rev.-647.pdf

[41] The case was *In re Caremark International Inc. Derivative Litigation*, 698 A.2d 959 (Del. Ch. 1996). For a discussion of the history, see McGreal, 2018.

[42] See *Stone v. Ritter*, 911 A.2d 362, 370 (Del. 2006). For recent cases reaffirming the duty, see, e.g., *Marchand v. Barnhill*, 212 A.3d 805 (Del. 2019) and *Teamsters Local 443 Health Services & Insurance Plan v. Chou,* No. 2019-0816-SG (Del. Ch. Aug. 24, 2020). See also *In re the Boeing Co. Derivative Litig*., No. 2019-0907 (Del. Ch. Sept 7, 2021).

[43] The Conference Board. (2003). *Commission on Public Trust and Private Enterprise, Findings and Recommendations* (Part 2: Corporate Governance; Principle VI: Ethics Oversight, p. 32). https://www.conference-board.org/pdf_free/SR-03-04.pdf The commission was co-chaired by Blackstone Group co-founder Peter G. Peterson and CSX Chairman and CEO John W. Snow. The commission also made recommendations on executive compensation, audit and accounting, and a number of other controversial board issues such as board leadership, board self-evaluation, and shareholder engagement.

[44] Sarbanes–Oxley Act of 2002 (Pub.L. 107–204, 116 Stat. 745, enacted July 30, 2002), see, e.g., §301 Public company audit committees, §407 Disclosure of audit committee financial expert, and §406 Code of ethics for senior financial officers. https://www.congress.gov/bill/107th-congress/house-bill/3763/text Sarbanes-Oxley did not mention boards in connection with the ethics code for chief executive and financial officers, but the following year the New York Stock Exchange and Nasdaq both modified their listing standards to require companies to adopt a code of conduct for *all* directors, officers, and employees, and made clear that board approval was required for any waivers of the code. See Pillsbury Winthrop LLP. (2004, January 28). *Client Alert: SEC Rule Changes Require New York Stock Exchange and Nasdaq- Listed Companies To Adopt Codes of Conduct or Ethics Policies For All Directors, Officers and Employees*. https://www.pillsburylaw.com/images/content/2/6/v2/2601/3B440EB3356461C853C814386738BAEA.pdf

[45] Sentencing Guidelines for United States Courts, 69 Fed. Reg. 28,994 (May 19, 2004). https://www.federalregister.gov/documents/2004/05/19/04-10990/sentencing-guidelines-for-united-states-courts The U.S. Sentencing Commission held a number of public hearings prior to adopting the amendments of 2004. I participated in a Plenary Session on November 14, 2002. See Bednar, R., et al. (2003, October 7). *Report of the Ad Hoc Advisory Group on the Organizational Sentencing Guidelines*. https://www.ussc.gov/sites/default/files/pdf/training/organizational-guidelines/advgrprpt/AG_FINAL.pdf

[46] U.S. Sentencing Commission. (2021, current as of January 2023). Sentencing of Organizations (Chapter 8, pp. 509-553). In *United States Sentencing Commission Guidelines Manual*, stating at §8B2.1(b)(2)(A): “The organization’s [board of directors] shall be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program.” https://www.ussc.gov/guidelines/2021-guidelines-manual/annotated-2021-chapter-8

[47] These changes are discussed in McGreal, 2018.

[48] Stout, J. H., & Li, R. (2004). Corporate Governance and Organizational Integrity. *University of St. Thomas Law Journal*, 1(2), 925-950. See also Elms, N., & Nicholson, G. (2013). The Role of the Board of Directors in Ensuring a Culture of Integrity. In: Amann, W. & Stachowicz-Stanusch, A. (Eds.), *Integrity in Organizations* (pp. 526-540). Humanism in Business Series. Palgrave Macmillan. https://doi.org/10.1057/9781137280350_27

[49] Bushman, R. M., Davidson, R. H., Dey, A., & Smith, A. (2018). Bank CEO Materialism: Risk controls, culture and tail risk. *Journal of Accounting and Economics,* 65(1), 191-220. https://doi.org/10.1016/j.jacceco.2017.11.014

[50] Rezaee, Z. (2005). Causes, consequences, and deterrence of financial statement fraud. *Critical Perspectives on Accounting*, 16(3), 277-298. https://doi.org/10.1016/S1045-2354(03)00072-8 See also The Conference Board. (2003). *Commission on Public Trust and Private Enterprise, Findings and Recommendations* (Part 1: Executive Compensation, pp. 5-14). https://www.conference-board.org/pdf_free/SR-03-04.pdf

[51] See, e.g., Dobbin, F., & Jung, J. (2010). The Misapplication of Mr. Michael Jensen: How Agency Theory Brought Down the Economy and Why it Might Again. *Markets on Trial: The Economic Sociology of The U.S. Financial Crisis. Research in the Sociology of Organizations*, 30(B), 29-64. https://doi.org/10.1108/S0733-558X(2010)000030B006
[52] Johnson, S. A., Ryan, Jr., H. E., & Tian, Y. S. (2009). Managerial Incentives and Corporate Fraud: The Sources of Incentives Matter. *Review of Finance*, 13(1), 115-145. https://doi.org/10.1093/rof/rfn014
[53] Edmans, A., Goncalves-Pinto, L., Groen-Xu, M., & Wang, Y. (2018). Strategic News Releases in Equity Vesting Months. *The Review of Financial Studies*, 31(11), 4099-4141. https://doi.org/10.1093/rfs/hhy070
[54] Flammer, C., & Bansal, P. (2015). Does Long-Term Orientation Create Value? Evidence from a Regression Discontinuity. *Academy of Management Annual Meeting Proceedings*, 2015(1), 14785. https://doi.org/10.5465/AMBPP.2015.14785abstract
[55] See, e.g., Bower, J. L., & Paine, L. S. (2017, May-June). The Error at the Heart of Corporate Leadership. *Harvard Business Review*, 95(3), 50-60. (discussing the rise in shareholder power in recent decades).
[56] See, e.g., Bower, J. L., Leonard, H. B., & Paine, L. S. (2020). *Capitalism at Risk: How Business Can Lead.* Harvard Business Review Press. (discussing large-scale societal problems and how companies can help address them).