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Creating the Virtuous Organization

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Creating the

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Much more is being expected of the places we, as employees and consumers, spend our time and our money. People see careers and conscientious consumption as ways to express their personal values and to build a better society. Historically, we trusted nonprofits, governments, churches, and families to care for society's problems. While trust in those institutions has decreased, the expectation for business to care for society has increased. The spotlight is bright on Elon Musk as he uses companies to address energy and transportation issues. Organizations like Starbucks, NBA teams, and Silicon Slopes companies are announcing policies, leading trainings, and making partnerships that take on complex social issues ranging from racism, domestic violence, and gender discrimination to living wages, gentrification, and privacy.

by Alyssa Clark

As the expectations for businesses to engage with societal needs evolve, we, as consumers and employees, are not just talking about companies doing service projects anymore.

In August 2019, close to 200 CEOs convened as the Business Roundtable and released a Statement on the Purpose of the Corporation. In contrast to Milton Friedman's dominant shareholder primacy doctrine, which has asserted that businesses exist to maximize profit for their shareholders, this new statement asserts that in order to both survive and thrive, corporations must expand and adapt to be good and take better care of customers, employees, suppliers, and communities by increasing the value (social and financial) provided to them.

The Statement on the Purpose of the Corporation is part of a larger movement aimed at re-shaping the norms of business in more socially beneficial ways. This movement is fueled by engaged customers and employees, and has been largely directed by organizations and practices like B-Corps, Conscious Capitalism, and

corporate social responsibility (CSR) initiatives, among other factors. Creating the Virtuous Organization seeks to be a key part of shifting the narrative about the purpose of business and mobilizing its immense power to elevate society.

What is a virtuous organization?

Virtuous organizations establish a vision, mission, and values that seek to elevate society, and then mobilize their core competencies to strategically achieve social good. They recognize that business is more than what pays you or gets you stuff; it is a force to create the world you want to live in.

In Utah, it is difficult to go a day without seeing the slogan "DO GOOD" splashed across the back window of a car, the waterbottle of a coworker, or the laptop or backpack of a fellow student. This phrase is pulled from Cotopaxi's mission statement, which reads, "We create innovative outdoor products and experiences that fund sustainable poverty alleviation, move people to do good, and inspire adventure."

Customers are drawn to Cotopaxi products because they inspire adventure. Their signature backpacks are always ready to be put to work on a cross country road trip or hauling around rock climbing gear, even though they are also commonly used for school books and laptops. Hopeful employees flock to apply for job openings because it's not just a job, it's a job where they are collectively working to alleviate poverty. Employees get to say, essentially, "I'm doing that," as they talk to others about their day to day work. Both employees and customers receive a language and action for a value, like poverty alleviation, that they may have never known how to activate. Investors get to be part of the innovation and lead a good, energy filled idea. Supply chain partners get exposed to how sustainable and responsible practices might work for them and how it might look to commit to similar practic-



How can I be involved?

Students and business professionals interested in forwarding this work by joining the Creating the Virtuous Organization project at the Marriott School of Business are encouraged to contact Eva Witesman:

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The unique perspective of all types of students can reshape the business world, expand the vision of the project, and design, create, and shape the communication of this idea to the broader business world.

es. To take away any part of the mission statement is to strip away value that comes as individuals and groups—the stakeholders—are empowered to articulate and activate their own values. As a result, all are elevated for their individual and collective gain.

Beyond having a purpose and mission that elevate and empower stakeholders like Cotopaxi's, virtuous organizations also work to maximize their social and financial value creation, be accountable by self-evaluating and transparently reporting, and using their power to mobilize other organizations to engage in virtuous practices.


What have we done so far?

A group of BYU students and faculty, organized as a think tank consultancy hybrid, has come together to thoughtfully re-envision how to shape the norms of business in socially beneficial ways. This project was born out of a joint effort between the MPA & MBA programs to try to answer the question: How can we ensure that we are part of creating good in the world through one of the most powerful mechanisms of our time – business?

Each semester, a cross-disciplinary cohort of

students joins the team to make key contributions to the thought, materials, and experience of becoming a virtuous organization. In the first three semesters, these cohorts helped draft a book, drilled-down key definitions, interviewed and collected data from 70 companies, and consulted three businesses on how to implement virtuous practices in their organizations.

The Winter 2020 class will be the fourth offered in the Creating the Virtuous Organizations project. This cohort will work in collaborative teams to create a portfolio of outward facing materials, including videos, social media and blog posts, and presentations to pull attention and engagement from companies. They will also study what individuals can do - new to a company and lacking traditional social capital - to push organizations effectively.

Creating the Virtuous Organization is inspired and encouraged by the efforts of companies to fairly compensate their employees and suppliers, transparently report their shortcomings and impact, and actively apply their unique strengths to doing good. Businesses have the power to create immense social value when they mobilize with the intent to elevate and empower society. 

Notes

¹Porter, Michael, and Mike Kramer. "Creating Shared Value: How to Reinvent Capitalism - and Unleash a Wave of Innovation and Growth." *Harvard Business Review* 89, no. 1-2 (n.d.): 62-77.

²Murray, Alan. "America's CEOs Seek a New Purpose for the Corporation." *Fortune*. 19 August 2019. <https://fortune.com/longform/business-roundtable-ceos-corporations-purpose/>.

³Impact. Cotopaxi. Accessed 7 November 2019. <https://www.cotopaxi.com/pages/impact>.