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The Content of Ethical Impact Reports:

A Two-Tiered Proposal

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What measuring sticks would a healthy, meaning-oriented society use to gauge the performance of its mid-sized and larger-scaled economic entities? Just what information should an "Ethical Impact Report" for corporations contain? Before offering my own thoughts as to specifics on this important question, some general observations about the idea are in order:

First, although the TIKKUN-sponsored Social Responsibility Amendment rightly takes aim at developing criteria for evaluating current corporate practices, it ought to be recognized at the outset that the idea of an "Ethical Impact Report" need not be limited to corporations only: We should also seek to apply these criteria to government entities, as well as non-traditional corporations, such as majority worker-owned firms. An ethical impact report might help spur not only better behavior within some existing corporations, but also provide a means to critically evaluate—and improve—the praxis of the most widely discussed alternatives to the private corporation.

Second, it is clear that a meaningful ethical impact report must simultaneously avoid either *(a)* replicating the assumptions of standard business practice about what is necessary for corporations to do in order to compete in a market or *(b)* proposing wildly unrealistic standards of ethical conduct. Even if everyone in society today agreed it was important to start moving towards a meaning-oriented economy, important vestiges of present practice—such as hierarchy, excessive work stress, competing for prestigious positions—would remain for some time to come. An ethical impact report should aim to set a higher standard than present practice, while also recognizing that an evolutionary process for change will be needed—and that in many circumstances the market itself does place severe limitations on what corporations can do in the area of social responsibility.

Ethical impact reports might help move corporations to the best possible conduct given competitive pressures, but it still will be necessary to engage in a larger critique of those market pressures if the next stage of evolution towards a meaning-oriented economy is to be reached. Ethical impact reports are not the end-all of a long-term strategic vision: Failing to recognize this at the outset could lead to either creating criteria which are simply too "far out" for any present economic entity to relate to; or, alternatively, disillusionment when establishing ethical impact reports results in only partial improvement in corporate behavior.

Third, it should be recognized straightaway that while some corporations may respond favorably to ethical impact reports, especially if backed by the force of law as the Social Responsibility Amendment proposes, others will vociferously resist the reports and make vigorous use of the legal system to fight any punitive measures (such as losing a corporate charter) imposed by the state as a result of what an ethical impact report finds. More insidiously, still other corporations will respond to such reports by making cosmetic changes, or even manipulating their own data, so as to meet the minimum requirements for a decent "grade."

Fourth, it must also be recognized that while legally enforceable requirements regarding corporate behavior will necessarily tend towards quantitative assessments of a firm's impact, the most important criteria from a politics of meaning point of view will often be qualitative assessments—which will be necessarily subjective in some measure. Obtaining the relevant facts and figures about various aspects of corporate policies, both internal and external, is a clearly achievable task, and indeed the New York-based Council on Economic Priorities (CEP) does a fine job of doing just this in compiling its annual assessments for the ongoing *Shop For A Better World* series. But an ethical impact report that aimed to apply PoM-oriented criteria would need to delve deeper, beyond what quantitative data alone can show, in order to evaluate a firm's overall positive or negative impact.

Finally, it is necessary to specify just whom or what a firm is said to be "impacting." In my view, the ethical impact of corporations—including the intrinsic impact of the products it produces—must be approached from at least five distinct angles: Its impact on its own workers, on the immediate geographic community or communities in which it operates, on consumers of its products, on the environment, and on society as a whole. All five angles are important, and we risk missing something crucial by neglecting any of these points. For instance, Anheuser-Busch merits a top rating as a corporate citizen in the most recent CEP evaluation, but the question of whether beer consumption and related advertisements have a positive or negative impact on society as a whole is never raised in the CEP methodology.

The Content of Ethical Impact Reports: Qualitative and Quantitative

Given these initial reflections, my proposed yardsticks for measuring how well economic entities promote human meaning and well-being fall into two categories: "Qualitative criteria", and empirically measurable "quantitative" standards to which firms should be held strictly accountable.

As noted above, it is assumed that the measurement of this qualitative criteria will be necessarily subjective, or intersubjective; it hence will be helpful to lay out the methodology I have in mind for making qualitative assessments:

Managers, rank-and-file workers, consumer representatives, local community representatives, and finally, an outside, wholly independent team of "auditors" should each write separate "sub-reports" regarding a company's ethical impact. Each of these sub-reports would address "qualitative criteria" pertaining to a firm's behavior such as those listed just below. The idea here is that the best overall insight into what is going on can be unearthed by looking at the firm from multiple angles of vision—rather than trying to come up with a single statement that will inevitably be strongly influenced in its findings by the wishes of top management. By preventing management from exercising control over all of the report's contents, a move towards compiling sub-reports from different perspectives would ensure that ethical impact reports become more than simply corporate publicity or feel-good statements.

What follows immediately below, then, is a check-list of the qualitative criteria which each stakeholding group should address in compiling their respective sub-reports.

Qualitative Measures of a Firm's Ethical Impact:

Honesty/Integrity

How well does the firm promote the values of truth-telling and personal integrity in its day-to-day operations? Are employees encouraged, directly or indirectly, to deceive or conceal the truth from consumers, clients, co-workers, government regulators, etc.? The large number of corporations that now regularly break the law is a testament to the fact that some employees are asked to violate standards of integrity and honesty as a matter of course in everyday economic life. Such violation is anathema to a meaning-centered economic life, whether the breach comes in pursuit of an employee's individual aspirations or the larger objectives of the firm. An ethical impact report then, should ask whether a culture of honesty is present in a given firm.

Participation/Accountability Running in Both Directions

How much say do employees have in shaping what happens at work? Is everyone's brain and intellectual capacity, if not valued equally, at least acknowledged and drawn upon in working life? Are there mechanisms for promoting accountability not only of workers to managers, but also for making the decisions of those at the top of the hierarchy accountable to lower-level employees—or does a middle manager's word carry the day, no matter how wrong-headed, off-base or seemingly arbitrary? Do executives and strategic planners face consequences for bad decisions? Certainly it is not to be expected that total worker control—while still a worthy objective that ought to be pursued in alternative forms of economic organization—is likely to be found within the everyday operations of present-day corporations; but those firms which do allow for genuine participation and send the message that everyone's input is valued and worth hearing ought to receive appropriate credit in the ethical impact report.

The Impact of Work on Health, Stress, and Self-Worth

Does the experience of work contribute to each employee's sense of self-worth, growth, and personal development? Do the employees care about the work? Are there unhealthy levels of stress generated by the job? Does the work of the corporation damage the physical or mental health of its employees? Are workers forced or encouraged to adopt an unhealthy lifestyle—insufficient sleep, poor eating habits, caffeine addiction—to maximize productivity at work, or to stay "competitive" with fellow workers? An ethical impact report should critically probe each of these questions.

Critical questioning, however, must be accompanied by some view as to just what a healthy workplace looks like. Sociologist Robert Karasek suggests in his important book *Healthy Work* that the two prime characteristics of a healthy work experience are *(1)* work that is intrinsically interesting and that engages the mind in some matter (as with a skilled craftsman); and *(2)* autonomy given to the employee(s) in the carrying out of that work. Obviously it is not possible that all jobs in the foreseeable future could fulfill both or even one of Karasek's conditions—but his research does suggest a useful normative standard for the redesign of work experience to promote a meaning-oriented economic life.

A related issue is the question of how much time work takes up. Recent books by Juliet Schor and Arlie Hochschild have vividly portrayed the problem of work life gradually consuming more and more time in many Americans' lives at the expense of family and civic life. One useful suggestion for addressing this problem comes from none other than Scott Adams, author of the popular "Dilbert" comic strip, in his book *The Dilbert Principle.* Adams suggests a return to an "Out at Five" standard of the workday for most offices, not only to promote the mental health of employees and their families but also to put an end to insidious forms of competition between employees within a firm to see who can be