

Time travel – has big business lost its compass?

■ by Clive Mather



We live in challenging times, when the power of modern digital technologies is transforming the nature of business and indeed the fabric of society. Leadership and regulation in every sphere has been left behind the pace. This is the background to a succession of scandals that has badly damaged the reputation of big business. Other factors have amplified the impact of the digital surge. Excessive remuneration has distorted values and executive behaviours. Ineffective governance and a lack of personal responsibility have allowed many big businesses to deviate from their true compass bearing. Good leadership can restore ethical values, but there are some hard lessons to learn. The Bible is a good place to start and each of us has a role to play.

Time Travel

“Time travel was once considered scientific heresy. I used to avoid talking about it for fear of being labelled a crank. But these days I’m not so cautious.” Professor Stephen Hawking

When I was young, we didn’t have television for a long time and when we did it was black and white. It shut down at 10pm with the epilogue and the national anthem. Now I am not so young and I stand before you conscious that many here will have a colour television in their pocket! It’s called a smart phone and it works 24 hours a day. Many will be switched on now, albeit on silent. It’s nice not to be interrupted by the full range of ring tones, but the texting, tweeting and emailing may still be going on. It’s the same at Board meetings, the dinner table and even in church - no matter that I wish otherwise. The waves of the ether wash over me and like Canute I am powerless to stop them. I go with the flow as best I can - my phone a challenging but indispensable companion.

Time travel has traditionally been the stuff of fantasy – Dr Who and the Tardis or in my childhood Dan Dare and the Mekon¹. However, our understanding of time has changed. Scientists from Albert Einstein to Brian Cox have helped explain that in space, time is not constant, rather relative to where you are and how fast you are going. It is the same for humanity, which over the centuries has moved from primitive farming to the sophisticated cities of today. Progress has not been constant. In some ages innovation has moved at a snail’s pace, whilst in others there has been dramatic change. The drivers for change in say the Renaissance, the industrial revolution and World War II were very different, but each period unleashed powerful new ideas, new technologies and new businesses. Whenever such intense change confronts the established order there is stress and even fracture. Wealth is reallocated, relationships disturbed and religion challenged. Looking back we may see these surges as just bumps on the long road of

The Hugh Kay
Lecture

Houses of Parliament,
7th November 2013

by kind permission of
CABE



▶▶ progress, but at the time they felt out of control and threatening. I believe we are living in one of these surges now, when digital technologies are redefining, even tearing apart, our institutions, businesses and relationships. Every part of society is struggling to adapt, exploit or just hang on...like me with my mobile. It started as a phone, but in a few years has grown to become a communications hub, shopping mall, library, music store, camera, cinema, casino, bank and almost anything you want. It defines your world. If you lose it your life is on hold. My definition of panic is checking that your mobile is in your pocket and finding it isn't!

The ship of Enterprise

Having worked in Shell for over 40 years, it is no surprise that I would like to think about how big business is coping with this scale of change. I have retained a life time interest in ethics and leadership, inspired by my faith as a Christian² and informed by my world travels. I often find myself as an apologist for business and am glad to be so. Doing good business is scripturally rooted and as much part of Kingdom values as family or justice. I share David Livingstone's vision for 'commerce and Christianity'³ as a means to help the poor. Of course he was a heroic explorer and his context was the slave trade. By comparison my travels are benign and the issues of exploitation more complex. But I like to think we share the same biblical view of the worth of every individual and that good business is vital to human flourishing. Business is practical, bridging political and national interests to bring workable solutions. Honed by competition, business innovation is

solving many of today's problems and everyone I have met in business has wanted to do the right thing. Yet all is not well in the mighty ship of Enterprise. Those on board have been as shocked as everyone else at the spate of revelations which has so damaged the reputation of their workplaces.

The charge list of the past few years is long and grim - mis-selling of protection policies, phone hacking, bribery, market fixing, insider trading, reckless investment banking, shamed executives leaving with grossly generous pay-offs, tax manipulation, negligence and more. The likes of Apple, Barclays, BA, BP, the Co-op, GlaxoSmithKline, Goldman Sachs, Google, HBOS, HSBC, JP Morgan, Microsoft, News Corp, Nike, Santander, Shell, Starbucks, Tesco and UBS have all been dragged across the front pages - virtually the A to Z of big business.

Why does big business find itself so often on the wrong side of public opinion, when demonstrably it provides goods and services people want? It generates employment, investment income and value for society through taxation and exports. Yet most people prefer the tabloid imagery of fat cats who are unaccountable, self-serving and driven by short-term results. This has been magnified by the financial crisis and resulting economic downturn, which has hit the least well off hardest. The anger generated by the behaviours of those at the top is understandable - not just the brazen bonuses, gambling with our money, tax dodges and resulting debt overhang that will handicap generations to come, but the reluctance to ▶▶



David Livingstone
Commerce and Christianity

acknowledge failings or take personal responsibility. Without those key steps how can we learn from the mistakes so that at the very least we avoid repeating them in the future? Study the Leveson Inquiry⁴ or the Select Committees⁵ which investigated various aspects of the crisis, and you will observe skilled performances by leaders called to account – variously defending their corporations, deflecting criticism or claiming no prior knowledge of the alleged abuses. Oscar Wilde said “If one tells the truth, one is sure, sooner or later to be found out.” The reverse is also true. Spinning the facts will be found out too, but sadly often long after the event, thereby denying the opportunity for the truth to be put to good effect.

The City, the poster child of Maggie Thatcher’s big bang in 1986 and two decades later the accessory to Gordon Brown’s big borrowing and changes in financial supervision, had become the vehicle by which betting had replaced banking. It woke up in the winter of 2007/08 to find bad deals, bad debts, bad accounting, bad Boards, bad practice and bad balance sheets. As the months went by we learned more and more of the mess that had been accumulating over the years, bringing the banking sector to its knees and crippling economies across Europe. After 25 years of almost unbroken economic growth we had the hit the buffers. Even now we ask ourselves, how had boring banking become like this? How had experienced directors and regulators allowed this to happen?

In hindsight the abolition of the key provisions of the Glass Steagall Act⁶ in 1999 in the USA didn’t help, nor in the UK a regulatory framework that was cumbersome and timid. But my premise is that there has been a technological surge that is literally transforming the nature of business and indeed the nature of society. Leadership and regulation in every sphere has been left a generation behind the pace. The resulting void has been hijacked by a remuneration culture which encouraged greed and by a lack of personal responsibility which should have checked the worst excesses.

So has big business lost its compass – to meet the needs of its stakeholders by creating wealth through fair and vigorous competition and by conducting its affairs as responsible corporate members of society? Put simply, business for good as well as good business? Against that charge big business would fail in the court of public opinion today. Now a big business in trouble does not necessarily imply a collapse of ethical values, but when its own leadership admits that the prevailing culture is unable to discern right from wrong, we may surely conclude that it has indeed lost its way.

Ground control

Let’s start with some reality checks. Firstly corruption and scandal are not new. Ever since the Garden of Eden, mankind has fallen short of the standards of honesty and respect which were laid out in the Old Testament and still remain valid. Greed (for wealth, power and fame) deceit and dishonour have walked with



Flora's Wagon of Fools (1637), an allegory of Tulip Mania, the first recorded speculative bubble, by Hendrik Gerritsz Pot (1580-1657)

us throughout history and no society is immune. Dutch Tulips, the South Sea bubble, Mr Charles Ponzi, Robert Maxwell, Nick Leeson, Allen Stanford – the list goes on. What’s new are the opportunities of scale, speed and subtlety which the digital surge has brought about. ▶▶

▶▶ Secondly, we have to go deeper than the notion that it was our institutions that failed society when it most needed them. Yes, the SEC missed the Madoff frauds several times before the pyramid finally collapsed in 2008. And yes, it appears that rigging LIBOR⁷ had been known about on both sides of the Atlantic for some time, before it was exposed in 2012. And yes, the Bank of England, FSA, BBC, Parliament, Press, Police have all had a torrid time, discredited by a decade of scandals. This has provided ready evidence for those who like to point out that for all its centuries of Christian civilisation, the West cannot claim much high ground. However, I suspect the truth is rather different. Much as we may despair of the pluralism of our society; the excesses of our press; the ambivalence of the church or the limitations of our democratic structure, they manage in one way or another to expose the powerful corrupt. My travels to Africa, Asia and South America constantly remind me of the systemic corruption which strangles so many societies. It is openly

lessons of the recent past, prune out the dead wood and let the daylight in, but not to pull them up by the roots.

And thirdly, the standard against which big business is judged is a tough one. Scandal has hit every part of society – sport, politics, entertainment, media, healthcare, the church etc. – but the bigger the business, the bigger the profile, the bigger the public reaction when something goes wrong. (BP in the USA is a current example.) Let’s face it, the media delights in exposing global brands and we lap it up. It is human nature to gloat over the misfortune of the mighty humbled. Schadenfreude meet Robin Hood. The headlines of course never tell the whole story. In some cases the bad news reflects operational failures or even a justifiable risk. But society expects those with the biggest resources to show leadership in every aspect of their business and it judges them harshly if they don’t. This is well understood in the Boardrooms of big companies.

The Digital drive

“The Internet has been the most fundamental change during my lifetime and for hundreds of years.” Rupert Murdoch

Into this reality of human weakness, ineffective regulation and brand exposure came a revolution of such impact that it would bypass national and international regulation and lay bare the inadequacy of corporate governance to control the excesses of market competition and individual greed.

That the “Digital” revolution surged years ahead of the ethical debate and public policy is no surprise. Technology almost always will – just like contraception, stem cell therapy, IVF, GM crops etc. What was different was that the genie sprang out of the bottle from the outset. The technology was not developed in some self-contained laboratory, seeking permission to go to market. It was developed and released in millions of places in real time. It was viral. It is viral. Even totalitarian regimes cannot control it. What happens is in my hands and yours and everyone else’s. ▶▶



Anti-corruption cartoon in a West African newspaper.

Harambee is a Kenyan tradition of community self-help events.

Harambee is the official motto of Kenya and means “all pull together”.

recognised but rarely confronted. So the big, the bad and the ugly just carry on, regardless of the suffering around them. Yes our institutions have struggled with change and decay throughout history, yet by world standards I would contend they are still admirable. The challenge is to learn the

▶▶ According to web sources over the past 20 years mobile phone subscribers have risen from 0.25% of the world population (i.e. 12m) to 2/3rds today (4bn+). Nobody knows the precise numbers, but travelling with Tearfund I am constantly struck that even in the most rural and deprived communities of Africa the youngsters all have phones. Today at least a third of the world is connected to the internet, the vast majority through Facebook. The first



Texting during a meeting

text (SMS) was sent on 3 December 1992 and some 9 trillion are now sent every year. I have no idea what such a number means but I understand many teenagers manage 100 per day – as opposed to my 100 per year. The power of these technologies, their reach, speed and content is beyond comprehension and certainly beyond control. Initially business executives struggled to grasp the implications but they have caught up fast and now are very digitally savvy. But internal and external compliance still lag badly and most worrying of all is the human capacity to exercise sound judgement.

This is indeed time travel - no time for thought, no time for reflection. At the click of a tweet, our leaders in business, the church and politics must have an immediate point of view on every issue or be overtaken by social networks. And a slip of the finger can ruin a career or marriage. It's mad, but it is reality. It's not just that the rules have changed, there simply are no rules. It is dislocation.

We now understand more about the causes of the 2008 financial crisis - excessive borrowing, unsustainable investments, passive regulators, lack of liquidity, lack of transparency and lack of control. Behind it all lay the digital revolution which enabled such risk and scale to accumulate without due oversight. When Lehman Brothers went down, it quickly became apparent that every bank was involved in risky derivative trading.

And because the exposure and risks could not be quantified, no financial institution was prepared to lend to another lest they might crash just as suddenly. You might imagine that in the succeeding five years pressure from the public and politicians would bring clarity and order. The truth is that progress has been modest - in my view shockingly modest, given that it was taxpayers who had to shore up the balance sheets of the big banks.

In 2008 we were rightly anxious that big banks had become 'too big to fail.' Yet today the big banks are bigger not smaller. And all the time derivative trading continues to grow, powered by the digital or D drive. Financial commentators now say at \$700+ trillion it is ten times the size of the entire world economy. Who would be surprised if tomorrow we woke to find another big bank on the rocks and the dominoes falling over again? Bob Diamond has direct experience of all this and has spoken out⁸ against the fragmented approach to regulation and the need for fresh co-ordination. But I doubt there is the political will to regulate the digital surge effectively in the next few years.

It's the same with tax. Our tax treaties were written years ago for straightforward business transactions between two countries. The D drive has swept them to the margins. Last year I ordered flowers for my wife's birthday. I was in New York so used an American website. The roses were grown in Kenya, distributed via the main flower centre in Holland, paid ▶▶

▶▶ for on my Canadian credit card whose back office is in India and delivered to her in the UK. Now try to work out where any tax should be levied? You get the point. The trading floors of the major exchanges and investment houses process thousands of complex, multinational transactions simultaneously. According to the Economist⁹ over 30% of global foreign direct investment is booked through tax havens and up to \$20 trillion sits in these havens to escape tax, regulation and scrutiny. This is business as usual now.

Google, Apple, Starbucks and others have all been in the news this year for their tax arrangements. Companies operating globally typically arrange their affairs to pay the least tax within the law. Indeed in a free market do they not have as much a responsibility to compete on tax efficiency as they do on operational or financing costs? Faced with public scrutiny this year Apple CEO Tim Cook declared: “We pay all the taxes we owe. Every single dollar”.¹⁰No doubt he will be right by the law, but at a higher standard



others might wonder about both Caesar and God. To my mind what is the business sense of short-changing your corporate reputation? Competitiveness relies upon building a strong brand and strong ties with society. All the great companies which have lasted a century or more know why this matters. It's part of the DNA of long term prosperity. Observing the letter of the law may boost the quarter

but harm the future. Paying almost no tax in a country which delivers major earnings is myopic to say the least.



Internet gambling website

But the D drive has set all our compasses spinning by the sheer scale of the data, the instant global availability, the opportunities and the temptations (tax avoidance, betting, hacking, organised crime, state-sponsored cyber espionage, pornography and worse). Type in a word on a big search engine and in the blink of an eye there are 20 million matches. Can any of us say we understand or truly cope? In business, it has created and destroyed unimaginable wealth. Our empty high streets bear the fading names of once flourishing activity – epitaphs to businesses that the web has hollowed out. Disintermediation is a long word but it's a short death for those who do not adapt to the new channels. The D drive has transformed communications, computing, creativity and cheating. It has brought the sum of the world's knowledge to our finger tips in an instant and any service we can imagine, let alone need. Its power is fundamentally changing every part of science, art and education. New fields like genomics have emerged, opening up amazing opportunities for medicine and agriculture, and testing our ethics. Digital technologies are powerful and instant – but faceless and indiscriminating. Alongside amazing opportunity, they also bring alienation, debt and despair. ▶▶

▶▶ **The rocketfuel**

“Show me the money!” Jerry Maguire 1996

What gave a dramatic boost to the exploitation of these digital technologies and heightened the disregard for traditional regulatory and governance controls, however inadequate, has been executive remuneration. It’s the high octane that fuelled the pursuit of reckless gain – especially in the City. Seduced by increasing influence from USA, big business in the UK worried that it might not attract the best unless it paid at the top of international markets. Two sinister practices then took root which spread from big business to professional practice and even to the public sector.

The first practice was to set the market match for executive pay at the Upper Quartile (UQ). Many large companies adopted this. The mantra ran that we are at least an UQ company and we desire to be a top performer, so we must pay at this level to ensure we attract the best. After two decades it is now being challenged. It should be, because it is flawed.

The general flaw is that market surveys are insufficiently comprehensive and precise to support such conclusions. They are at best limited snapshots in time and the quartiles derived from them scarcely correlate with desired individual performance.

Other, much more important factors are at play - motivation, supervision, health, cultural fit, economic circumstances and events! The specific and quite predictable flaw is that if every company sets the UQ as their pay target, the market will just keep ratcheting up. And that is exactly what has happened.

The second practice was to view bonuses not as something extra for special performance, but a large and regular part of total remuneration. For senior executives in America and Europe such bonuses are now

the norm and the rest of the world is catching up. Nowadays it is considered good practice by analysts and investors that “pay at risk” (reward for performance) forms the large majority of a senior executive’s total pay, all of which will be transparently noted in the annual report. It makes sense – it sounds so right. And yes I fully subscribe to the transparency, but I have major concerns about the consequences of these incentives at the top of big business and in investment banking. Sticking with my compass analogy, they are a strong magnetic force that can pull even the most grounded of executives from their true bearing. They stroke their *hubris* - the bigger the rewards the stronger the pull. Bonus plans are designed to focus attention on the formula they contain, rather than any more general precept like long-term value to the stakeholders. From the evidence of the past years they really work!

Put the two together, the market comparisons and the bonuses, and you have created a powerful incentive that will test to the limit the capacity of Remuneration Committees to manage it and CEOs to resist its lure. Packages in the multi-millions of pounds per annum feed ego and distort relationships. “Because you’re worth it”¹¹ - really? Really worth so very much more than the teams that support you? Top packages are now hundreds of multiples of those lower down the ▶▶



Because you’re worth it!!

▶▶ organisation. This breeds cynicism and alienation, rather than cohesion and shared values. I well understand the right and indeed responsibility of employers to attract whom they consider is best for the job. But I push back at the seemingly remorseless increase in the total quantum of executive compensation and the end of contract payouts, regardless of results. Too many top earners have left under a cloud, clutching their golden goodbyes. And before you know it the cycle starts againwe had to pay top dollar to attract x but he or she failed, so now we need someone better – who of course will cost more!

The highest paid executives today have eye-watering packages. There have been times when I felt the behaviours that went with them were equally astonishing - wringing every last drop out of the system by avoiding paying taxes and taking massive termination benefits on losing their job. At these pay levels there should be no pay-off for failure.

Why did the brakes fail?

“There is more to life than simply increasing its speed.” Mahatma Gandhi

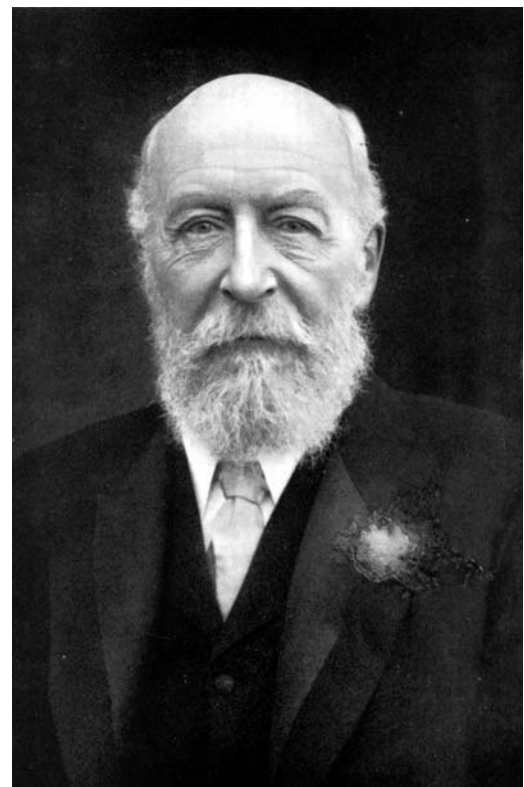
If the D drive provided the means, and executive remuneration the booster fuel, why did the brakes fail when these mighty enterprises strayed or lurched off track?

As noted before, the abolition of the key provisions of the Glass-Steagall Act which had separated investment banking from commercial (or High Street) banking and an ineffective UK regulatory framework had weakened two key checks. I wonder too about the volume of codes and regulations governing corporate behaviour that had been accumulating - Governance Codes, Stewardship Codes, Company Codes, Accounting Standards and so on. What the last few years have exposed is that we didn't need more compliance requirements – we needed more personal responsibility.

We needed it firstly amongst the Boards of non-executive Directors whose experience,

diversity and independence should provide the ultimate safeguard. Their role is not to chart the daily journey of the enterprise, but it most certainly is to authorise major new ventures and to step in when things go awry. They hold the ignition key and the hand brake. Whenever I read of the crises at Barclays, BBC, BP, News Corp etc., I think where were the Boards in all this? What can we learn from them?

Good governance is characterised by a strong bond of moral responsibility and sound business sense, exercised through formal structures and individual relationships. Over the recent past this bond has all too often broken. Being clear who is responsible for what and following through with effective



George Cadbury

Moral responsibility and sound business sense

oversight does not seem hard to grasp, but in practice requires effort and skill. CEOs are typically strong characters - determined, confident and successful – why else would they be in the role? If they use their ability to manage and influence well, the organisation ▶▶

▶▶ and the society it serves will prosper. But if not there is danger and it is the Board’s job to turn or stop the ship before it crashes. Let’s face it, whistle-blowing is a tough call for a middle-aged employee with family and financial commitments, but it’s what the Board and especially the Chairman is there to do, with all the encouragement of the stakeholders, statutes and moral authority. Hence my frustration that in so many cases we still don’t know why those charged with governance failed to step in sooner.

And secondly we needed personal responsibility amongst senior executives - individually and collectively. Now I admit that derivatives, collateralised debt obligations, credit default swaps and other complex financial instruments are hard to understand. But cheating, rate rigging, stealing, phone hacking etc. are not. For executives to turn a blind eye is profoundly disturbing.

Peter Heslam¹² recalled that Bob Diamond, Barclay’s ex CEO, was questioned by the Treasury Select Committee¹³ about his role in the LIBOR scandal. In a hostile atmosphere Mr Diamond was asked by John Mann MP if he could recall the three founding principles of the Quakers who set up Barclays? Mr Diamond could not. The MP reminded him they are ‘Honesty, integrity and plain dealing’.

The new CEO of Barclays, Antony Jenkins, has since said ¹⁴“The biggest driver of change in the behaviours of banks has to come from within the banks themselves - they have to come to a realisation that they will be better businesses commercially and ethically if they change their behaviour.” I agree and if Mr Jenkins is to achieve that change, it will be through his leadership and a greater focus on personal responsibility. Many major firms that have had issues with compliance and

public trust, find themselves knee deep in the bureaucracy of ethics – the codes of conduct, the training, the online compliance certification and so on. Post Enron, Sarbanes Oxley was the cumbersome and all-embracing response which in hindsight did little to address the original issues. Time will tell but I suspect it will be much the same with ethical compliance – a necessary public demonstration of intent, but at best a supporting role. To change a culture you have to go back to fundamentals. We don’t need more regulation or codes. We need better leadership and clearer consequences. In my experience of corporate life, actions speak and words are mute. Dismissal for petty theft in the mail room is more likely than for negligence in the executive suite.

Shell was a pioneer when it launched its code of ethics in 1976. I found the Shell General Business Principles a good place to start a discussion with new staff and an invaluable fall-back if suppliers or customers hinted at straying into murky territory, but they are by no means sufficient. What matters more in all big businesses is how senior leaders act -



Bob Diamond being questioned by John Mann MP

who is promoted, what happens when a breach is discovered and how learnings are embedded. If behaviours reinforce the company code then ethics quickly take root. If they don’t, then everyone understands that the code is just words. ▶▶

Where should we be heading?

"I wish it need not have happened in my time," said Frodo. "So do I," said Gandalf, "and so do all who live to see such times. But that is not for them to decide. All we have to decide is what to do with the time that is given us."
J R R Tolkien, Lord of the Rings

Never waste a crisis. The recent scandals and shame scream out for our attention. Whatever the damage they caused, it will be worse if we do not seize the opportunity to change. A crisis gives permission to act decisively, but not forever. It is good news that modest economic growth is returning and that the banks have healthier balance sheets, but it is vital that we learn from the mistakes before complacency dulls the memory. Boiling frogs spring to mind.

We can't slow down the D drive and we know it will take years before there is any meaningful international agreement on compliance and scrutiny. Since by then the issues will almost certainly have moved on, we need to focus on ethical behaviours and effective governance.

To achieve effective governance, we need to stiffen the backbone of Boards to challenge inflated remuneration systems, to challenge headstrong CEOs and to challenge organisations to live up to their published codes. It will take explicit, personal leadership. In my experience there are three things which really promote good governance at Board level. Firstly when the Board knows and interacts with executives below the top team. Such communication channels offer a vital early warning of dangers ahead. Secondly when Board members spend time at the front line of the organisation seeing what is going on – not meticulously choreographed royal tours, but informal visits. You can learn a lot about leadership styles and current issues. And finally using in-camera sessions to tap into Directors' concerns, without executives present. It is time very well spent.

In the Bible, the prophet Ezekiel describes Sodom's sin as arrogance, affluence and

callousness to the needy. Sounds familiar? "They were overproud, overfed and underconcerned – a very modern sounding list of accusations."¹⁵ The lessons of the Bible are unchanged in 3,000 years but they are not dated. They teach that personal and collective responsibility within relationship is the basis of a just and peaceful society. Each of us is accountable to ourselves, to each other and to our creator God¹⁶. Accountability brings everything into sharp relief and it relies upon clarity and consequence.

In the 18th century, London was growing fast as a commercial centre. Credit was vital to the development of business but there were no credit agencies. Traders had to judge if the counter-party was good for his word. The stakes were high, for if their judgment was wrong, they would go under. As in every age, charlatans abounded, but there was one powerful incentive to honest dealing – the stocks. This was not the wet sponges at today's village fete, but an hour or a day chained in the square to face those who had been defrauded. It was not unknown for the rogue to die as the debtors took their revenge with vegetables and excrement. Clarity and consequence!



18th century stocks, as drawn by Hogarth

Last July we learned that responsibility for LIBOR, one of the core interest rates in global finance, had been entrusted to the New York Stock Exchange, rather than to London which bears its name. I found that a timely reminder to the City which has long prided

itself on integrity and fair dealing. Yet as far as I know, nobody has had to face in any meaningful way those who have been defrauded. I am not in favour of bringing back the stocks, although there have been days when I was tempted. Nor do I believe that creating new criminal offences for negligence will work. But we must reinstate the moral hazard with clarity and consequences - bankruptcy, legal prosecutions and compensation. A good start would be to ensure that where existing rules and controls are breached the consequences are brought to bear publicly and promptly. There is plenty of scope now for justice to be seen to be done, if the regulators, politicians and enforcement agencies choose to act.

The D drive has not made life easy. Electronic messages spread quickly such that many can know, yet no-one be accountable. Worse, many communications are anonymous without the natural constraint of human feedback. It is hard to find clarity or consequence, hence trolling, viruses, scams and drones proliferate. My travels have taken me to scores of countries and I have seen corruption in many guises. In the worst cases it seems almost everyone in positions of power is bent, making it almost impossible to do honest business. It's why I support the Department of Justice in the USA in its drive to eradicate corruption around the world¹⁷ and why I try to highlight the plight of those unable to speak out. There is much that we can all do to refocus leaders on their true bearings. As customers, shareholders or tax payers we certainly can make a difference. Christians and others of principle should use every means to strengthen relationships in business and challenge corruption. And every little does help! Companies may be interested in compliance, but they are fascinated by sales figures and market share. If we find the tax arrangements of a company offensive, we should stop buying their products! If we care about an issue, we should lobby our MP, attend AGM's, vote our shares or join a protest. A well-timed letter or email works, especially when it arrives alongside thousands of others. Tearfund is terrific at marshalling support for campaigns in this way.

None of us are impotent nor can we lightly discard our personal responsibility. There is a story in the bible about talents.¹⁸ Talents can be interpreted as money or other assets such as our skills and experience. Everyone has talents and the story instructs us to use them to the full. For some that might lead to a public career on the world stage, for others



The parable of the talents, as depicted in a 1712 woodcut. The lazy servant searches for his buried talent, while the two other servants present their earnings to their master

seemingly modest but still vital roles in their local community. In using them we feel valued and fulfilled, but the parable directs us to consider our personal accountability and this is serious stuff.¹⁹ In the same way that leaders of big businesses are accountable for their decisions and behaviours in the corporate world, so everyone is accountable at a personal level for the abilities they have. The finger we point at those named in the recent scandals, points straight back at us.

I feel that accountability sharply. At every Board meeting in Tearfund, we are acutely conscious of those of little means who give sacrificially to our work. I stand ready to account to each one personally for every pound we spend. It's the same with the Board of the Shell Pensions Trust, who are responsible for generating investment returns to pay 40,000 pensions every month. The lives of widows and orphans depend on our stewardship. Personal accountability, with clarity and consequences within human relationship, is the best lodestar I know.

Conclusion

“Yesterday is gone. Tomorrow has not yet come. We have only today. Let us begin.”
Mother Teresa

Big business - ‘Starship Enterprise’ - is vital to our future. Through its innovation and efficiency we can expect solutions to many of the world’s material needs. But we are living in a time of dislocation, for the most part due to the extraordinary surge of the digital revolution. The last decade has exposed many failings where recklessness and greed have not been checked. The price for society has been high and the reputation of many major companies has been tarnished.


I am sceptical that big business will now ‘boldly go’ to address the worst mistakes of recent times, because the memory is already fading as economic recovery brings comfort and inertia. Hence I urge Boards and shareholders to give urgent attention to reducing the octane rating of remuneration and reinstating personal responsibility. It will do much to hold the corporate compass bearing true to its obligations.

And all the while policy and regulation will be trying to catch up – but I doubt it ever quite will. It travels in a different space time to technology. Which is why the moral compass will always depend on you and me – my character and yours and everyone else’s – whether in big business or beyond. If we want some help, then we can go back to the 10 Commandments or if that sounds a lot, the condensed version which Jesus gave us. Those few words succinctly direct us to the personal responsibilities which will enable each individual and even the biggest business to flourish.

In the parable of the Talents, the Master chastises the lazy servant who did nothing with his talent, saying “Well then, you should have put my money on deposit with the bankers, so that when I returned I would have received it back with interest.”²⁰ It is the only reference to bankers that I can find in the bible. You might conclude from this that you should only invest in banks, if there is simply no other option. Or you might conclude that investment banking is a legitimate business after all. Either way, I take comfort that there is salvation and hope for everyone – even bankers! ■

Clive Mather is Chairman of Tearfund, of The Garden Tomb (Jerusalem) Association, of Shell’s Pensions Funds in the UK and Iogen Corporation, a Canadian bio tech company that is the leading producer of cellulosic ethanol - a carbon neutral, renewable fuel.

Clive retired from Shell in 2007 after a career of 38 years which included assignments in Brunei, Gabon, South Africa and the Netherlands. He became Chairman of Shell UK Ltd and Head of Global Leadership & Learning in Shell International in 2001. He was appointed President & CEO of Shell Canada Ltd in 2004.



- 1 Mekon was the arch-enemy of the cartoon hero Dan Dare, first appearing in 1950 in the Eagle comic.
- 2 See “Leadership and learning - in decline and in denial.” Sir Kenneth Cork Lecture, CMI May 2004. “Trust: whose business is it?” Temple Address, The Evangelical Alliance, October 2004.
- 3 David Livingstone (1813-1873) whose missionary epitaph is “Christianity, Commerce and Civilization.”
- 4 Lord Justice Leveson was appointed Chairman of the inquiry into the phone-hacking scandal, on 13 July 2011.
- 5 For example The Treasury Select Committees: 2009 - Banking Crisis and of 2012 – Fixing LIBOR.
- 6 The term Glass–Steagall Act is used to refer to key parts of the 1933 Banking Act that separated commercial from investment banking. The 1999 Gramm–Leach–Bliley Act repealed the two key provisions.
- 7 The London Interbank Offered Rate is a primary benchmark for short term interest rates around the world.
- 8 Financial Times 16 September 2013.
- 9 The Economist 16th February 2013.
- 10 21 May 2013 Tim Cook testified at a hearing of the US Senate Permanent Subcommittee on Investigations.
- 11 L’Oréal’s famous advertising slogan introduced in 2009.
- 12 The distinguished Christian academic and Director of Transforming Business.
- 13 On 4th July 2012.
- 14 Speaking to Bishop James Jones on Radio 4’s “The Bishop and the Bankers”.
- 15 *The mission of God: Unlocking the Bible’s Grand Narrative* by Christopher J. H. Wright published in 2006.
- 16 Romans 14:12 NIV “So then, each of us will give an account of ourselves to God”.
- 17 Under the auspices of the Foreign Corrupt Practices Act of 1977 (FCPA).
- 18 Matthew 25:14-30 Parable of the Talents.
- 19 Matthew 25: 28-30.
- 20 Matthew 25:27 NIV.