



GETTING A FAIR SHARE OF THE PIE

Charles Wookey, CEO of A Blueprint for Better Business, challenges us to consider if fairness should be a core value of businesses.

I recently heard that a (now former) financial services CEO was asked by his team if 'fairness' should be one of their core values. 'No! That's ridiculous. Life is unfair,' said the CEO. Undoubtedly, one of the foundations of our economy is that competitive markets create winners and losers. So is it helpful to challenge businesses to be fair or is it just wishful thinking?

Fairness is a recurring topic in public discourse about business. Much of the current distrust of business – especially big business, the multinational commercial and financial corporations – comes from a perception of unfairness in the distribution of rewards and benefits, but it goes much deeper than pay. Accusations of unfairness, of using knowledge and power to exploit rather than serve people, and externalising environmental and social costs, lie at the heart of the disconnect between business and society.

In practice, however, we are often conflicted about what fairness means in a given situation, and in particular how to translate it into the complexity of business life. We all recognise manifest unfairness when we see it, even if 'it's unfair!' is often used merely as an emotive device. In a society riven by austerity, shocking inequality and growing anger and resentment, we also know that – beyond just avoiding manifest unfairness – business has a vital and urgent task in doing more to help create a fairer society and a more sustainable world.

When we considered this at Blueprint, we felt the best way to start was to think about the human roots of business, and how the desire for fairness is deep-seated in all of us.

Fairness is a universally recognised, if contested, concept. As humans, we like things to be fair, and we get upset at the first sight of unfairness. It seems to be something deeply ingrained in our psyche from the earliest moments of our lives. Children have a great sense of fairness, particularly when it comes to themselves. As one recent empirical study suggest:

Children, even young ones, show remarkable sophistication not just in their understanding of, and conformity to, norms of fairness but also to enforce fairness in others and to flexibly tune fairness to different situations. These exciting developments dovetail with work showing that adults are often fair even when they could be selfish, and suggest we need to overhaul the notion that humans are fundamentally out for themselves at the expense of others. Instead, we should adopt the idea that fairness is a key part of our developing minds from as early as they can be studied.¹

This recognition of the human desire for fairness becomes even more important when we combine it with the thought that businesses are fundamentally social organisations: a series of human relationships with customers, suppliers, employee's communities, investors and so on. Because it makes sense to ask of any relationship whether it is a fair one or not, once we view a business this way, then the question 'are we acting fairly?' naturally arises with all of those the business engages with. In Blueprint's 'Framework' for good practice, the challenge of accepting this human-centred approach is made:

Each person is a someone, not a something... show respect for the dignity of each person and the whole person; never use people merely as a means to achieving business success. Respecting the whole person includes thinking of people in all their various roles in relation to the business: as employees, customers, suppliers, investors, and citizens. Demonstrating respect means setting a purpose and seeking outcomes that enable each person to reach his or her full potential, not least being able to contribute fully to building relationships and communities both within the workplace and beyond.²

Thought about this way, fairness becomes a condition for ensuring the continued development of every business relationship. Having fair processes, treating people with dignity and respect, and communicating the basis on which decisions

are made can illustrate that businesses are trying to act fairly.

This is where the insights and perspective of a coaching approach can help. Much of the profound challenge here is in uncovering and raising the underlying assumptions at play within a business about how people are motivated and what matters to the business. This is all about how people behave, and how the operational pressures within the business shape decision-making on a day-to-day basis. A good place to start is by asking why fairness matters to your business. Ask also who, and what, you think about when evaluating whether you are acting fairly.

At Blueprint we argue that, in thinking about what it means to act fairly, three things matter: how a decision is made, in what frame of mind, and with what result. All three are essential, but the most important is the frame of mind – which of course goes back to purpose and what the organisation sees itself as existing to do. This frame of mind sees acting fairly not as a constraint but as an aim. It requires clarity of purpose and consistency of having fair processes, treating people with dignity and respect, consulting and communicating the basis of decisions made, and enabling and welcoming scrutiny. It invites the difficult question of: what are we going to give up to become fairer? Most importantly, it needs careful thought about how those that are affected by decisions – but whose voices are seldom heard or silent, or from distant communities or future generations – are appropriately represented.

Fairness in business is often posed as a distributional problem: in other words, receiving a fair share of the pie, say. But a more exciting challenge for business leaders is to think about what your business creates – which, we argue, are ultimately human relationships. In thinking in this way, it is clear that the goal of businesses should be to grow the pie. We've found that the most effective approach is to avoid thinking about fairness as a tick-box activity to be completed, but instead as a creative process based on asking questions that bring the importance of human relationships to the fore.

One example that highlights this approach is the challenge to the future of jobs from artificial intelligence. Jason Stockwood, CEO of Simply Business, raised this topic at a recent Blueprint event. Offering his own experience, he argued that thinking about a workplace in the context of human relationships was vital to his organisation's approach to managing against the potential obsolescence of staff. In thinking about people's future now, Simply Business decided to use the opportunity offered by 20% automation not merely as a cost saving, but as a way to create more meaningful jobs – ultimately freeing up people to do better work. Big data and automated systems are being harnessed by the business to generate positive growth, and staff are currently trialling a four-day week in their Northampton office.

1. Scientific American, 23 August 2017, Prof Katherine McAuliffe, Prof Peter Blake "Do Kids have a fundamental sense of fairness?" See also studies of the Ultimatum game, which indicates pro-social attributes of most adults, now increasingly being researched in neuroscience.
2. Blueprint Framework, <http://www.blueprintforbusiness.org/framework2/>

HOW CAN YOU APPLY THIS IN YOUR WORK?

We've put together a set of questions (which are illustrative, not exhaustive) which helps test and expose underlying assumptions about the real importance of fairness in how decisions are made, combining focus and an awareness of potential unfairness. A few are listed below – but a more comprehensive set of questions can be found in our paper, *Fairness in Business*.

- How best to act fairly when the long-term success of the company demands cuts and closures?
- How does a company ensure all other options have been considered, affected employees fully consulted, mitigating measures taken and help given to communities affected?
- How should international companies reconcile different pay rates and benefits for expatriate and local workers doing the same job?
- How should a company seek to reconcile a desire to retain terms and conditions where there are intense competitive pressures, and a competitive risk of retaining a higher cost base?
- How should companies recover the cost of internalising higher environmental standards, and how do they decide what is a fair distribution of burdens?
- How do companies reconcile the insatiable desire in the developed world for cheap goods with paying low wages in the developing world?
- If fair pay usually means the going rate for the job, is it unfair to pay the CEO the going rate for their job?

Ultimately, fairness is something people feel. It is in every interaction and every gesture. The desire to act fairly is also a more profound invitation to go beyond the avoidance of manifest unfairness and the requirements of contracts. It helps turn what might otherwise be a mere financial vehicle into a vibrant community of people that can do lasting good while delivering sustainable financial returns.

ABOUT THE AUTHOR



Charles Wookey is CEO of A Blueprint for Better Business, an independent charity that works as a catalyst to help businesses be guided and inspired by a purpose that benefits society. Our work is about stimulating and energising a different way of thinking and behaving in business. Prior to playing a central role in founding Blueprint, Charles worked in business and across government, in an economic think tank and, latterly, advised on public policy for a major faith institution.

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