P.E.A.C.E. – THE FIVE PILLARS OF BUSINESS EGALITARIANISM

by

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ABSTRACT

The core business principle of maximizing shareholder value is fundamentally flawed. It is this self-serving concept, combined with the commodification of fractional business ownership, that has facilitated and enabled the unethical behaviors that directly led to the largest economic issues in the United States, such as The Wall Street Crash of 1929 and Great Depression, excesses of the 1980s, dot-com bubble of the 1990s, sub-prime mortgage crisis of the 2000s, and the economic instability resulting from the COVID-19 pandemic. While business leaders are moving towards a new concept of Creating Shared Value, there is much more work required to achieve a truly egalitarian framework to govern businesses, which is defined by the five pillars of People, Environment, Accountability, Continuity, and Equity (P.E.A.C.E.)

I. INTRODUCTION

Every year, as the heat of the summer subsides and the last days of vacation come to an end, millions of fresh-faced students enter the halls of higher educational institutions to begin their journey towards expanded knowledge that will serve them throughout their careers. Collectively, these students come from every imaginable background and reflect a diversity as rich as our planet offers. Many of these students will be enrolled in introductory business courses as part of a business degree plan, an elective, or out of simple interest.

These students come with a wide variety of prior experience with businesses ranging from the simplest interaction of purchasing a product or service to fully operating their own business. Everyone has at least some experience. Businesses are so prevalent in our society that they are impossible to avoid as their products and services fulfill even the most basic physiological needs for food, water, and shelter.

Amongst all their combined experience, one unequivocal truth is present: businesses exist to collect money. This truth is learned through personal experience and reinforced through media. Some of the most popular television shows include The Office, which dramatizes the day-to-day activity of running a paper sales company and the reality show Shark Tank, which gives hopeful entrepreneurs a chance at investment in their business from a venture capitalist in exchange for partial ownership of the entrepreneur's company.

The prevalence of business concepts and strategies is so great in our daily lives that our common lexicon is saturated with business jargon, such as the annual tradition of Black Friday sales on the day after the Thanksgiving holiday. It is commonly believed that the "black" in Black Friday refers to the practice of recording profits in black ink when recording profits and losses the business's accounting registers (Zimmer 2011). All this exposure to business predisposes the students to generalizations of what businesses are, what they do, and how they conduct themselves.

As students listen to their introductory lecture in their first business course, they are presented with the primordial teaching that the principal objective of businesses is to maximize shareholder value. This theory of "shareholder primacy" resonates with their preconceptions, reaffirms their understandings, and cements a shareholder-centric bias into their perspective.

However, society has come to recognize within the past couple of decades that this self-serving bedrock principle is fundamentally flawed and does not address the wider implications the enterprise's operations have on communities and environments in which they operate. The concepts of a Triple-Bottom Line (people, profit, planet) and Creating Shared Value have been gaining traction amongst business leaders as efforts to address the growing discontent from consumers and lawmakers regarding business practices and societal impacts.

Within the triple-bottom line framework, companies are measured not only by the profit they generate, but also whether the collateral impact on the community and the physical environment of generating that profit is also net positive (Elkington 2018). While the intention of these measurements is to encourage companies to make decisions that benefit society and the environment, the metrics can be easily manipulated through the "greenwashing" process in which a company positions their products or activities in a fashion that promotes the environmentally friendly aspects, but without making any real substantive changes to their operations.

Under a Creating Shared Value model, companies are directed to look for innovative opportunities that both provide the company with a sufficiently profitable product or service while at the same time addressing one or more social problems within the communities in which they operate. Companies are encouraged to invest locally to strengthen suppliers and the quality of labor resources, which will create a feedback loop improving company performance and profits (Porter and Kramer 2011). The issue with the Creating Shared Value model is that it is still company-and-shareholder-centric when the companies have the power and resources to drive greater social change.

II. HISTORY OF SELF INTEREST

To understand how to build a new set of guiding principles without the fundamental flaws, we must first examine how the prior system came to dominate.

Prior to the Dutch East India Company making history in August 1602 by being the first company to issue shares of company stock to the public, a share of a company's profits required a direct partnership and assumption of operational risk. Those with the means could infuse an interested company with cash to facilitate the running of company operations in exchange for a direct share of the profits earned.

In concert with the issuing of the first shares of stock, the Dutch East India Company established the Amsterdam Stock Exchange, the world's first stock exchange, which allowed bearers of the company's stock to trade those shares on a secondary market (Petram 2020). It is with this act that the Dutch East India Company commodified fractional business ownership.

The value of the investment in the company was tied to the expected dividend paid out by the stock certificates rather than a partnership share of the direct profits of the company. The stock certificate itself became the asset of value and was priced on its perceived and speculative value, greatly overshadowing the fractional ownership aspect of its possession.

As time passed and as more companies followed suit by issuing shares of stock to the public, the name of the company on the stock certificate became less meaningful. Beyond some personal emotional vested interest in a particular company on the part of a small number of investors, the focus of the market was on the statistical analysis of financial performance and speculative forecasting of potential earnings. With the focus of the certificate bearer on the value that they could derive from their asset, they used what voting power or influence they had to exert their self-interests above all other interests, including those of society.

Self-interest was not denounced as morally reprehensible, but rather extolled as the catalyst for the “invisible hand” of the market--a term coined in 1759 by Adam Smith, who is widely considered to be the father of capitalism and modern economics. In his essay works, the “invisible hand” is a metaphor to describe how self-interest can have unexpected and unintended positive consequences for society (Rollert 2014).

The quintessential allegory presented by Adam Smith is that of a selfish landowner employs a workforce of farmers to grow crops on his land. The landowner’s only intention is to use their labor to fulfill his own needs for food, but the farmers produce more food than the landowner could possibly use. Rather than let the food spoil, he makes it available to the farmers and the community, thus fulfilling a basic need for sustenance. Society is improved, but unintentionally (Smith 1776).

Reliance on The Invisible Hand to address society’s needs within a capitalistic free market society is an investment in coincidence and an abandonment of moral imperatives. Consider for a moment, a group of people fleeing up a hill to escape from a beast that intends to eat them. One person is ahead of the group. He reaches a boulder at the summit and pushes it back down the hill. The boulder strikes the beast in the head, vanquishing it. Should the man be celebrated for his actions? What if hitting the beast was a coincidence and his intention was to slow the others to assure his escape, would he still be deserving of praise and admiration? Why should we celebrate business leaders who inadvertently do good? Positive intention justifies the means to a favorable end and is essential to establish an egalitarian imperative.

The influence of the “invisible hand” was strengthened and internalized in global society as innovations in technology were developed. The Industrial Revolutions that rippled across the world starting in the mid-1700s lead to unprecedented expansions in economic activity. Businesses benefited greatly from the mechanization through reductions in skilled labor requirements and improved efficiencies, which drove increased profit margins and higher overall revenues (Rollert 2014). Through mechanization, businesses could pursue an agenda of profit maximization and drive up the wealth of their shareholders, at the expense of laborers. Society, as a whole, benefited through higher wages, new job opportunities, lower prices, and access to more goods and services, which served to reinforce the endowment of the “invisible hand.”

As factories began electrification in the late 19th century, the impacts of mechanization were amplified exponentially as more manual labor was replaced with automation and assembly lines. The combination of automation and assembly lines allowed businesses to hire fewer less-skilled workers to work the machines and achieve mass production output levels that were previously unattainable. “In the glass bottle industry, the semiautomatic machine, compared with the most efficient hand process, accomplished a reduction of from 29 to 71 per cent, and the automatic machine from 86 to 97” (Jerome 1934).

The men who owned these highly profitable companies, which included the likes of Andrew Carnegie in the steel industry, John D. Rockefeller in the oil industry, and Henry Ford in the automobile industry, became some of the richest men in the country. The successes of these men were evangelized through print and other media to the extent that they became national celebrities and icons for people to emulate. Such was their celebrity that their legacies still permeate to this day. While these men used some of their wealth for philanthropic endeavors, they extolled the virtues of the “invisible hand” and their efforts fell drastically short of the potential impact they could have had on society if they held more egalitarian principles.

The economic advancements made at the beginning of the 20th century provided families with more disposable income. Idolizing the wealth of the titans of industry that flaunted their affluence like royalty, average Americans hoped to capture some small part of this economic boom sweeping the country. Families scraped what money they could and invested in the stock market based upon gossip that spread through social circles and at the workplace (Blumenthal 2002). Each boon in the market yielded more testimonials of the surefire method for improving a family’s financial situation and inspired hope that the process could be repeated.

Average Americans received daily stock updates through newspapers such as the New York Times, which even in their inaugural issue on September 18, 1851 detailed the prior day’s activity on the New York Stock Exchange on page four (Raymond 1851). With the invention of the electronic telegraph powered stock ticker in 1863 by Edward Calahan, information on stock prices and volumes could be shared across vast distances at near real-time intervals (History.com Editors 2009). Empowered by the ease of access to stock information, there was a fervor in gambling whatever money you had on this magical institution that seemed to be in perpetual growth. Business executives were not immune to the seduction of greater wealth and some conspired with traders create stock pools where groups of traders jointly traded in a particular stock to further drive up the stock valuation (Mahoney 1999). A culture of greed was in full force.

In October 1929, the "Roaring Twenties" experienced a reality check as economic instability abroad weakened confidence in Wall Street's unbridled speculative behavior. With confidence shaken and a slowing of the domestic economy, shareholders began dumping their shares to reclaim what money they could from their investments, which cascaded into an avalanche of sell orders that grew in speed and intensity plunging the market into a free fall (Klein 2001). Within just a few years, the United States found itself in the grips of the Great Depression with more than a quarter of the population unemployed and millions left homeless. In crisis, the "invisible hand" is nowhere to be found and the people are left abandoned to fend for themselves.

In the intervening years between the Great Depression and the birth of Agency Theory in the 1970s, the United States went through an economic rebirth fueled by entrance into World War II after the attack on Pearl Harbor in December 1941. By the conclusion of the war, the United States was a world superpower with the largest economy in the world.

It was also during this period that philosophical voices, such as Ayn Rand, promoted principles of self-interest. She espoused the concept of "rational egotism" that promoted self-interest as a virtue and the need for laissez-faire capitalism where economic markets would self-regulate without interference from governments (Rollert 2014). These concepts of self-interest and their impact on managerial decision making became a subject of much academic investigation as the country came to terms with free market capitalism in a postwar environment (Bendicksonm 2016). This academic discourse gave birth to the principle-agent problem that serves as the nexus of Agency Theory.

Agency Theory examines the relationship between company shareholders as principals and the company executives as agents regarding their individual interests (Kiser 1999). As owners of the company, the shareholders exercise their power to elect the board of directors who in turn appoint the executive leadership of the company. These executive leaders hail from the very institutions where principles of maximizing shareholder value are codified into best practice teachings for the behavior of business managers.

Shareholders are driven by their self-interest in the value of their commodified investment in the company and thus elect board members who will seek to increase the value of that commodity. While board members have a fiduciary responsibility to serve in the "best interest of the company," there is no legal definition of what "best interest" represents and no legal mandate to maximize shareholder value (Stout 2012). Instead, much of the pressure on maximizing profits stems from "powerful activist hedge funds that profit from harassing boards into adopting strategies that raise share price in the short term, and by corporate executives driven by 'pay for performance' schemes that tie their compensation to each year's shareholder returns" (Stout 2015).

This coercive doctrine mandates a cult-like subservience to the will of the shareholders in which layoffs, outsourcing, and divestment are common weapons used to satisfy shareholder primacy. These behaviors bring into question the legitimacy of these organizations as their actions are incongruent with expectations of society to be socially responsible entities (Eisingerich 2011).

The fetishism of self-interest in our society is reflected in the nearly constant string of financial scandals and economic crises springing up year after year like new trunks from Pando, the clonal colony of quaking aspen trees located in Utah. Underneath the surface there is a vast network of roots supporting this massive organism, just as self-interest is nurtured by shareholder primacy. Each new tree that spawns from this giant is unique in its form as it is shaped by the conditions of its growth, but it is genetically identical to the others as it shares the same origin. Financial and economic scandals are much the same in that each is a new form of exploitation shaped by the existing laws and regulations, but the foundational motivations and corruption are identical.

In the 1980s, free market capitalism had free reign and self-interest had an all-you-can-eat-buffet. Wealth, especially extreme wealth, was lauded as the benchmark for a successful life. No better characterization of this time period is more apt than that of Gordon Gecko, portrayed by Michael Douglas in the 1987 film *Wall Street*, where he gives an iconic speech about how "greed is good" and spends his ill-gotten gains on self-indulgence. Much like the real person that Gordon Gecko is partially based upon, Ivan Boesky, the character is eventually found guilty of numerous financial crimes and sent to jail.

With the advent and growing accessibility of the Internet, the 1990s was marked by a monumental explosion of ecommerce. The Internet was a new frontier rich in potential and investors did not want to miss out on this gold rush. Much like the fervor of California Gold Rush in the mid-1850s, entrepreneurs backed by the deep pockets of Wall Street set about staking their claims for market share through massive investment in consumer acquisition. Investor speculation of the value of these companies reached astronomical proportions despite most of the companies running a net operating loss. Many founders and even some employees of these companies became overnight millionaires, at least on paper, driving excitement in investing that harkened back to the stock market fervor in the 1920s. Like all bubbles, this one could not last forever and when it burst, so too did the employment and paper fortunes of so many. The "invisible hand" took back what it had given, with interest.

When the pressure of delivering continual record-breaking growth, rooted in shareholder primacy, is placed upon the market, business leaders are driven towards increasingly questionable behaviors and tactics to satisfy the demands. In the early to mid-2000s, mortgage lenders backed by low Federal lending rates relaxed the requirements for approvals to obtain home mortgages. Americans who previously were ineligible for mortgages due to prior bankruptcies, poor payment histories, and other high-risk factors were suddenly being approved in record numbers.

The “sub-prime” mortgages carried high risk for the lenders due to the propensity for default on the loan requiring foreclosure on the properties. To obfuscate this risk, these loans were bundled, repackaged, and resold as mortgage-backed securities. These securities laden with high-risk mortgages were given a suspiciously overall low-risk AAA rating. Investment in the mortgage bond market spiked as investors flocked to the latest hot commodity.

The entire scheme imploded as Americans fell behind on mortgage payments that they could never truly afford in the first place. The predatory lending practices were brought to light, the valuation of the bond market crashed, and the value of homes fell across the country. Many homeowners were left holding mortgages with balances substantially greater than the value of their homes with no options for recompense or refinancing. Homeowners were forced bear the burden of the payments, sell their home for less than they owed, or walk away abandoning the home to foreclosure. Once again, the “invisible hand” clawed back what it had wrought leaving economic ruin and destruction in its wake.

When the COVID-19 pandemic shuttered businesses across the world in early 2020, it revealed just how fragile an economy based on shareholder primacy and self-interest could be. Generations of business leaders spent their efforts to eking out miniscule improvements in cost efficiencies to increase the speculative market value of their shares. These business strategies left businesses severely vulnerable to even the smallest disruptions in their supply chains.

Lauded practices such as “just-in-time inventory,” where replenishment inventory and materials are delivered at frequencies aligned to the inventory turnover rate, allowed businesses to minimize the holding costs for the inventory, thus increasing their margins and commensurately their share value. When there is a delay or disruption upstream in the just-in-time supply chain, it can completely shut down operations as businesses are missing key materials or inventory required for their business processes.

The response to COVID-19 necessitated reductions in workforce sizes to comply with social distancing requirements and periodically required the shutdown of entire operations due to quarantines and sanitation processes. Overall capacity to produce goods across the country was significantly reduced, resulting in substantial product shortages across the economy, but particularly acute in essential businesses such as grocery stores. Within the first week of the stay-at-home orders, shelves at grocery stores were stripped bare as uncertainty led to panic buying. Essentials such as bottled water, non-perishable goods, hand sanitizer, and toilet paper were amongst the hottest ticket items and were almost impossible to find anywhere. The pursuit of short-term gains at the expense of long-term resilience to disruption had a devastating ripple effect across the economy.

III. P.E.A.C.E. FRAMEWORK

To break away from this model and stop history from continually repeating itself, we must acknowledge that the credence in shareholder primacy is unwarranted and detrimental to human civilization. We must focus on a framework that promotes egalitarian principles in all aspects of business operations. What follows is a set of egalitarian imperatives for businesses, which are grouped into five pillars representing People, Environment, Accountability, Continuity, and Equity (P.E.A.C.E.).

People

Amongst all the assets that a business has, the people who work for the organization are most essential and most valuable. No amount of machinery or artificial intelligence can completely eliminate the human element in business operations due to the human capacity for creativity. The application of this creative talent allows people to identify opportunities, imagine solutions, and empathize with the customers in ways that cannot currently be replicated artificially. Until such time as artificial intelligence matches or exceeds the human capacity for intellectual and emotional intelligence, people are indispensable. Despite extensive public relations campaigns touting businesses as "people first companies," there is substantial cognitive dissonance when it comes to how people are actually treated once within the organizations.

The cost of employment is often considered a financial burden that must be bore by the organization that would prefer to be without the expense entirely. Wages are a calculus seeking to maximize the return-on-investment by keeping the expenses as low as possible to drive high margins and thus satisfy the demands of shareholder primacy.

Imperative #1: Base wages on the intended quality of life for the person working in that role.

A successful application of this imperative assures that an individual working fulltime can afford necessities such as shelter, food, utilities, transportation, and a certain level of disposable income without the need for additional employment or any government assistance programs. The wages also need to be automatically indexed to the cost of living, so they retain their spending power as inflation occurs.

The decision facing businesses is what life do you want for your employees? Do you expect a particular role to be filled by someone where an apartment would be sufficient, or will they need a single-family home? Will your employees use mass transportation, or will their commute require their own vehicle? How much disposable income do you want your employees to have?

Gravity Payments CEO Dan Price shocked the world when in April 2015 he announced he would be bringing up the minimum salary for all his employees to $70,000 per year and reducing his own salary by 90% to assist with covering the costs (Keegan 2015). In an interview with PEOPLE.com on the 6th anniversary of the announcement, Dan Price shared, "Six years later and our revenue has tripled. More importantly, our staff and company are thriving in various ways…[We have a] 10-time increase in new homes bought and babies born. Employees have increased savings and paid down debts." (Hahn 2021).

Imperative #2: Share the bounty of success with stakeholders.

Shared rewards give validation to the effort expended to achieve the success and inspire recurring commitment. As businesses earn profits, a portion of those earnings are set aside to be issued as bonuses to all employees and as dividends to shareholders so that they may reap the rewards of what they have sown.

Imperative #3: Support the humanness of employees.

The state of being human is intrinsically linked to our condition of being living beings with all the ramifications and circumstances of that existence. Our health and wellbeing require support of varying degrees as we move through the phases of our lives.

In supporting the health of employees, the business ought to fully cover the medical insurance premiums for employees. This allows employees to seek medical attention when it is needed without worrying about how to afford medical care. The Bill and Melinda Gates Foundation, GoDaddy, and Twitter are among some of the companies that already provide this coverage (Connley 2017). Additionally, employees need paid time off, which they can use when they are sick or need personal time away from work.

It is a foregone conclusion that at least some employees will have children or expand their families while working for the business. The addition of a child to a family, whether it be through adoption or procreation, is a monumental change in an employee's life that needs to be supported through extended maternity and paternity leave. Each new parent needs time to not only bond with the child, but also adapt to the new reality of their lives.

As the children of employees grow older, their needs change and childcare becomes a necessity for many parents. Whether childcare is directly provided by the business or subsidized by it, its availability allows employees to better balance the requirements of work and home life.

Environment

Earth. It is an immensely powerful engine of geological and biological processes refined and evolved over billions of years, which gave rise to the sentient species we call Humankind. Our existence on this planet is a gift to us and should be to the planet. As the most developed and powerful sentient species, it is our duty to act as stewards of the planet and to use our unique position to act in the best interest of all species.

In business, the natural world is typically viewed as a collection of resources to be exploited for all their potential value to our civilization. In our arrogance, many believe that we have the intrinsic right to these resources over and above any other species. Rather than view ourselves as a cog in this great natural machine, many consider us as separate and above the natural processes that govern our world.

In our role as stewards, business operations have imperatives to act consciously and ethically in how natural resources are leveraged to maximize the benefit for all living creatures.

Imperative #4: Negate the negative impact of business operations on the natural environment.

Human civilization is inherently destructive to the natural environment as we reshape it to fit our needs and purposes. Each square foot was home to some form of life before we disturbed it and yet we forget this simple truth in our pursuit of ever-expanding development.

While it is not possible to satisfy our civilization's needs and maintain a pristine natural environment, it is possible to engage in conscientious destruction that incorporates substitution and replication. As an example, when a parcel of land is cleared of trees to make room for a building, it is important to plant new trees and shrubs to replace the damaged habitat. Additionally, the roof of the building can be used as a green space for additional plants and trees. Wildlife boxes for owls, birds, and bats can be affixed to the structure to give the animals somewhere to roost. Native plants can be used in the landscaping to provide food sources to birds, butterflies, and other creatures.

Beyond the initial impact to the natural environment from development, the impact of ongoing operations needs careful consideration. The business should seek to have a net negative carbon footprint to contribute to an improvement in global climate conditions.

Production waste and emissions need to be captured, rendered inert, and recycled or converted into something that can re-enter a supply cycle—it should not be dumped or held for extended periods.

Imperative #5: Minimize use of undeveloped land.

Undeveloped land is an essential component of the natural biological cycles of the planet and it is not easily restored. Before considering developing undeveloped land, explore options to repurpose, renovate, and reuse existing developed land. The damaging effects of urban sprawl cannot be combated until there is a concerted effort to build up, rather than out.

Imperative #6: Use sustainable and renewable resources.

The planet has a limited quantity of key materials for human civilization and until we develop sufficient technology to gather materials from elsewhere in the solar system, it is all that is available. Non-renewable resources have a finite life expectancy and are not suitable materials to achieve sustainability imperatives. Mastering and maximizing renewable resources is the key to delivering the promise of egalitarian principles.

Accountability

Wealth is fundamentally the power to enact change and with that power comes the responsibility to act as reciprocation for the efforts that made such wealth possible. No cause can sustain meaningful impact without financial resources to support it.

While it is a common occurrence for wealthy business leaders to transition into philanthropic work later in their careers and spend the vast fortunes they accumulated, the charitable contributions made by businesses fall drastically short in comparison. Billionaires such as Bill Gates and Warren Buffet signed a "Giving Pledge" to give away at least half of their wealth to worthy causes and have given away billions of dollars over the past decade through a variety of charitable foundations. According to the National Center for Charitable Statistics, most Americans give between 2% and 3% of their income to nonprofits, but businesses typically give only about 1% of pretax profits to social and environmental causes (Paynter 2018).

Beyond charitable contributions, businesses have a duty to ensure their existence is contributing a net positive value across all aspects of their operations. Businesses can do more, businesses should do more.

Imperative #7: Invest in action-oriented roles.

Enacting egalitarian principles requires organizations to establish specialized roles charged with conducting social analysis to identify opportunities. These roles should be at the executive level to ensure the incorporation of egalitarian initiatives into strategic objectives. Individuals filling egalitarian-centric roles will be the champions for egalitarian initiatives and will serve as the face of the efforts both publicly and internally.

Imperative #8: Build coalitions amongst industry competitors.

Despite being competitors, organizations in the same industry have similar concerns regarding the impact their operations have on society and environment as well as similar capabilities in addressing particular social issues. Businesses are more agile than governments and have more resources than NGOs, so they are well positioned to act.

By combining efforts, industry competitors can have a greater net positive effect at a reduced level of effort and cost. As an example, within many communities there exists "food deserts" where affordable healthy food products, especially fresh produce, is unavailable or difficult to obtain (USDA 2009). Food producers generate more than enough food to feed everyone in the country and if the major food companies banded together under the banner of a concerted collaborative effort, this social issue could be entirely remedied.

Imperative #9: Take responsibility for entire lifecycle of product.

The creation of a product carries with it an inherent responsibility for how that product will be disposed of once it has fulfilled its useful life. In many cases, that responsibility is borne by the consumer who must decide whether to throw it away or find a way to recycle it. It is an unfair burden to place upon the consumer when there are often no convenient methods of handling the disposal of the exhausted product in a responsible manner.

Continuity

Financial stability is the cornerstone of any successful business and is necessary to sustain the business operations that will create value for all stakeholders. Stakeholders need to have confidence that the business will continue to exist for the foreseeable future and can reasonably be relied upon to maintain their commitments.

Imperative #10: Be sustainably profitable.

Any operation must generate sufficient revenue to cover the cost of producing their goods and services and other operating expenses. The business needs to ensure there is sufficient gross profit margin to share with stakeholders, cover reinvestments in the business, and donate to egalitarian efforts. Additionally, the business needs to establish a reasonable rate of return to justify continued investment in the business (Morrissey 1955).

Profits need to be acquired in a manner that is repeatable and sustainable to establish an expectation of continuity. Recurring revenue streams should grow over time to keep up with inflation and allow for expansion of the company.

Imperative #11: Reinvest for the next generation.

When strategically planning for the longevity of the business, investments need to be measured by their long-term benefits to the company and the collateral impact on the community to achieve the greatest overall return for all stakeholders. Considerations should be made for ensuring the survival of the business for future generations of organizational leaders.

Imperative #12: Prepare for the 100-year storm.

The COVID-19 pandemic and resultant lockdowns and quarantines have demonstrated the weakness of the profit maximization model and operations that run as just-in-time. As businesses shuttered operations, many of the people who provided the labor to make those businesses successful were abandoned in droves to the cold of an uncertain future. This abandonment was conducted as a measure of self-preservation for the business because the retainment of their people was not considered a critical factor in the survival of the business.

Whether it be an environmental, social, or economic storm, catastrophic events will occur and businesses need to be prepared. This pandemic has highlighted that businesses need to protect their key assets and workforce for up to a two-year period in an inactive state. This two-year protective covenant with the workforce is an affirmation of their value to the organization and a warranty of the organization's commitment to their wellbeing.

Equity

Institutionalized inequity exists at all levels of society, rooted in traditions of racism, classism, misogyny, and self-interest. These inequities, while not necessarily overtly expressed, persist and will continue to do so until they are dragged screaming from their darkness into the light of social justice. These are not easy battles to wage as it requires those with privilege, who would rather remain blissfully ignorant, to be introspective and reexamine themselves and their lives from the perspective of those who have been marginalized to understand the disparities.

Imperative #13: Operate in depressed or marginalized communities.

Equity begins with a concerted intention to enact change and a steadfast willingness to commit to the effort. Creating opportunities where they are were lost or are absent is a catalyst for the spark of change. Opting to establish an operation center in a depressed or marginalized community is throwing a stone into a still pond, disturbing the status quo, and causing a rippling effect of change across the community.

The infusion of income into the community along with the earnest respect for the dignity of labor, creates an atmosphere of possibilities. Once families can satisfy their basic needs and can establish a sense of security in that state, they can redirect their disposable income towards other endeavors and self-enrichment that will create a feedback loop driving further positive change in the community.

The intent is to create the environment where entrepreneurship is possible and nurture it until it becomes a self-sustaining process that lifts the entire community as a reflection of their own efforts. Success is achieved when your business's absence in the community will not have an inordinate effect on the welfare of those living within it.

Imperative #14: Invest locally.

It is not enough to simply create jobs within a marginalized community to reverse the effects of institutionalized inequity. Full intention and commitment to change necessitates investment in the community itself. Investment in and partnerships with local suppliers establishes a synergy where the success of the business cascades into their success.

Education is the cornerstone of self-determination and is often the most underfunded service in communities as it is typically funded by local property taxes. Lower property values in marginalized communities results in lower, often inadequate, funding levels for schools and other educational opportunities (Meckler 2020). Investment in local educational institutions is an investment in the development of potential future employees, suppliers, and partners.

Consciously seek relationships and partnerships with enterprises owned and operated by women and people of color. These businesses have faced significant resistance from institutionalized inequity and their mere existence is a testament to their persistence and determination to succeed in the face of such inequity.

Imperative #15: Actively challenge inequity.

Institutional inequity is often bolstered by laws and ordinances intended to sustain the inequity, even if it is not regularly apparent on the surface. Changing these laws can be challenging and expensive, but it is necessary to the restoration of equity.

Active challenges may involve supporting particular candidates for political office or ballot measures. Additionally, there are many social justice organizations fighting these battles that can always use more support in the form of funding or resources.

IV. CONCLUSION

An egalitarian approach to business may seem like a radical departure from traditional models of thinking, but this is the direction that society is heading. Employees, customers, and society are demanding more of businesses and holding them accountable for their actions. The fallout from the COVID-19 pandemic spotlighted the enormity of the inequity between income levels in which many average citizens struggled to put food on their tables and a roof over their heads when their places of employment shutdown, while millionaires and billionaires increased their already vast fortunes. The pandemic is a watershed moment for society to address these issues of inequity.

The seeds of change have already bore fruit in actions taken by President Joe Biden to raise the minimum wage for federal contractors to $15/hour as an opening salvo to encourage the federal and state legislatures to raise the minimum wage for all works to that same level. Additionally, there are aspirations to reform the tipped wage model to ensure that all workers have a base pay that can support their basic living expenses. This is an opportunity for businesses to lead the way and not wait for legislation to force them to act, but rather recognize the need for fair wages for fair work and adjust compensation levels across the board in a more egalitarian manner.

Shareholder primacy has not and will not serve the greater good. It is a sickness that has infected our society to the bone, and it must be extricated from our educational institutions and our collective consciousness to allow a return to our better and aspirational nature. We must recognize that each person has value and dignity that ought to be respected and that collectively the processes of humankind must harmoniously blend with those of the natural environment if we are to sustain our existence.

In the immortal words of Dr. Martin Luther King Jr., "Human progress is neither automatic nor inevitable. Every step toward the goal of justice requires sacrifice, suffering, and struggle; the tireless exertions and passionate concern of dedicated individuals" (King 1959). As we move towards these goals, we will find ourselves at odds with the legacy of shareholder primacy and we will need to remake the “invisible hand” of the market into the “visible hand” of egalitarian intention.

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