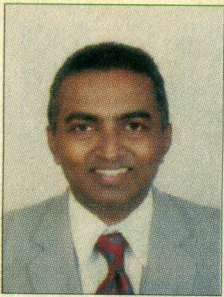




TAPMI NURTURING WEALTH CREATOR SERIES



# The new survival strategy for business

By Dr. K. Sankaran

**B** iologists have observed that when an organism is threatened, it quickly mobilises sufficient hormones for flight or fight. Flight maintains the status quo of the power equation between the predator and the victim among others, and fight risks change. However, there is no prior knowledge on how the organism would react.

If we probe deeper, we find that behind the urge to flee or fight lies the same quest - the quest for a constancy of internal milieu. This idea was suggested by Claude Bernard over a century ago, in his 'Introduction to Experimental Medicine' where he said, "constancy of the internal milieu was the essential condition to a free life." This urge later came to be called homeostasis.

No organism whether biological or otherwise is free from homeostatic impulses. If we understand this in the context of modern corporate organisations, we can understand much about businesses and their role towards society.

What then underlies the homeostatic impulses that modern managements strive to maintain? Several things. The belief in and action towards greater effectiveness and efficiency, greater accountability and responsibility, greater striving towards fairer rewarding of the deserving and removal of the undeserving, superior financial returns to shareholders, promise of long-term economic sustainability, better control on outcomes, better predictability and better measurements, among others.

Ideologically, these may conflict with societal aspirations of employment generation, social security, equitable distribution, special treatment and nurturing of the under-privileged, need-based equity rather than merit-based equity and several other legitimate societal concerns. A free market society cannot, and should not wish away these concerns and unless they are addressed squarely, there would be backlash against the business management ethos.

The new role of business is to have faith in homeostatic impulses and yet engage the society in fruitful dialogue.

Modern corporations are beginning to address these concerns NOT through a change in ideology, but through ambitious conversations with stakeholders, unprecedented stakeholder sensitivity, even more complex systems of measurement to take into account multiple stakeholders and paradigm shifts in defining the very identity and purpose of business organisations. Today, we find large commercial banks enabling poor farmers obtain quick and corruption-free loans, a marketer of FMCG goods educating a women's self-help group to evaluate their own products more critically with a view to enhance competitive advantage, empowerment of small business partners and retailers by giving access to "confidential" company databases that ultimately foster better business returns and transparency with the public about pollution discharges to prevent environmental backlash.

Such impulses towards inclusiveness, innovativeness and openness cannot be left to chance. They need to be fostered and developed consciously through education, action research, development of methodologies and exchange of ideas between industry and academia. The name of the game is not altruism and do-goodery. It is an institutionalised

engagement with different stakeholders that would recognise and incorporate conflicts in complex and effective ways into corporate decision-making to ensure the economic, ecological and social survival of business organisations. Such acts would well go beyond regulatory compliance.

The important thing is not to seek ideological purity of the premises on which business decision makers act. As Alexandra Stoddard says in her book, 'The Art of the Possible', let us be wise enough to be "... able to do good on earth in our own unique way, being grounded, using our talents wisely, while enjoying the process (of bringing) meanings to our lives".

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