ESM A group of kids drawing on a paper

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**Is It Time to Dust Off the Golden Rule in Business?**

***Although the elements of reciprocity are at the core of almost any version of the Golden Rule, it turns out this timeless universal wisdom has fallen out of favor...Is it perhaps time to bring it back? The Enterprise Engagement Alliance believes the answer is yes and is launching a free educational service for businesses, families and the political communities to help restore the importance of the Golden Rule in society.***

By **Bruce Bolger**

A fundamental, universal principle existing in both religious and lay teachings has languished in the modern era that has an impact on business. According a [**2023 survey**](https://character.org/parent-survey/) commissioned by [**Character.org**](https://character.org/) and conducted by Ipsos, “Less than one in five parents (14%) use the Golden Rule phrase with their children. Over a quarter of all parents (28%) say they are unfamiliar with the meaning of the Golden Rule.”

When people inside business ask me to explain the implementation process of [**stakeholder capitalism**](https://enterpriseengagement.org/Enterprise-Engagement-Library/#Q) in business, I usually describe it as total quality management for business: enhancing returns only by creating value for the customers, employees, distribution and supply chain partners, and communities without whose engagement no organization can maximize results. When asked by people outside of business, my answer is that it is the application of the Golden Rule to business.

Based on its long history, the underlining principle of stakeholder capitalism is that it is simply better business. In fact, a [**growing body of research**](https://enterpriseengagement.org/Enterprise-Engagement-Library/#Z) supports the hypothesis that any organization whose stakeholders are highly engaged in its purpose, goals, objectives, and values are more likely to outperform those with less engaged stakeholders, and that the effect is causative, not correlative.

If CEOs and other leaders do not practice the Golden Rule, or don’t even know that it exists, that might explain why capitalism is getting an increasingly bad rap. They will see it as another check-off-the-box compliant issue rather than as a fundamental source of value creation.

**Why the Decline of the Golden Rule**

The lost wisdom of the Golden Rule may not only help explain the decline of civility in society, it has implications for business leadership.

In an edition of University of California at Berkeley [**Greater Good**](https://greatergood.berkeley.edu/article/item/why_dont_most_parents_teach_the_golden_rule) publication, the authors ascribe the decline to several factors:

1. It’s not hip: it’s too old-time. People prefer to use such terms as empathy, fairness, respect, etc

2. While the wisdom is hailed as nearly universal, different countries have different ways of expressing it.

3. Narcissism is ascendant today. It’s more about “me-first.”

4. The collapse of close-knit communities, making it easier for the me-first approach to thrive.

5. A tendency to blame others. While parents in the above-referenced survey admitted that their children had lied or perhaps stolen something, they were much more likely to ascribe such tendencies to other peoples’ children.

Why is the lack of understanding about the Golden Rule or the existence of a simple, commonly accepted principle so important? Without a clear ethical North Star, how can any individual and organization create and implement a meaningful purpose statement? The challenge is that most ethical standards come from individual religions, so that while the wisdom may be universal the origins are canonical.

**The Benefits of the Golden Rule for Business**

The Golden Rule is an ideal ethical North Star because:

**1. It is universal.** While almost every religion makes reference to it, and it is certainly part of the teachings of Christ, Buddha, and other prophets, its origins predate any known religion today. No one can claim it as their own.

**2. It’s optional.** Consistent our tradition of libertarianism, no law or regulation specifically requires its application.

**3. There is no woke or anti-woke controversy?** And because it has no religious origins, at least in one that exists today, there are no laws or regulation opposing its use in business.

**4. It is difficult to debunk.** What debate exists is usually around the proper means of stating it. Is it do not treat others differently than you would wish to be treated, as some might say. Or is it, what you wish upon others, you wish upon yourself. Immanuel Kant, the 19th century philosopher, probably an atheist, preferred this moral governing principle: "Act only according to that maxim whereby you can at the same time will that it should become a universal law."

**5. It is simple.** Many purpose driven organizations come up with simple acronyms or slogans to keep people focused on their purpose. For instance, at the Wegman’s grocery chain, it’s:

How about this for a simple mission statement: The Golden Rule practiced here.

**6. It is practical.** By making the Golden Rule a foundational principle, it can quickly be used to discourage unproductive or hostile language in e-mails and at meetings, or to help weigh difficult business decisions. It can also help with creating or reframing an organization’s purpose, goals, objectives, and values.

**The Application of the Golden Rule in Business**

Whatever nuanced view one might have of the different phraseology used to explain the Golden Rule, most people understand the fundamental concept: don’t do anything to others that you would find offensive if done to you. Put another way, the fundamental concept is based on reciprocity or what used to be called “win-wins”. It is core to the idea of sustainability in that it holds that organizations do not do on to their stakeholders and the environment that they would not done on to themselves or their own property.

The concept is embedded into the concept of stakeholder capitalism. Early stakeholder capitalism founders Peter Drucker and W. Edward Demings both built reciprocity into the foundation of all management principles. A leading stakeholder capitalism organization, founded by [**Mars**](https://mars.com), is known as the [**Economics of Mutuality**](https://eom.org). Another, created by [**Michael Porter**](https://www.hbs.edu/faculty/Pages/profile.aspx?facId=6532) and colleagues, at Harvard University, is known as [**Shared Values**](https://hbr.org/2011/01/the-big-idea-creating-shared-value).

The concept is also exemplified, while not intentionally, into the concept of double-materiality, created by the European Union as a means of helping organizations better understand the risks and opportunities they create for all stakeholders and the environment, and in turn the risks and opportunities those stakeholders and factors create for their organizations.

**How to Use the Golden Rule as a Standard of Business Conduct**

Practicing the Golden Rule is not easy, which may be why the concept has fallen into disuse. On the one hand, it has remarkable benefits in terms of universality, simplicity, and lack of controversy giving it a remarkable advantage over other North Stars upon which to base an organization’s culture.

The Enterprise Engagement Alliance is creating the Golden Rule Alliance recognizing that the Golden Rule is the foundation of [**stakeholder capitalism**](https://enterpriseengagement.org/Enterprise-Engagement-Library/#Q): reciprocity. It is about enhancing returns for investors only by creating value for customers, employees, distribution and supply chain partners, communities, and the environment.

Making money by squeezing employees on pay, benefits or safety; misleading customers; taking advantage of distribution and supply chain partners, and communities, etc. clearly does not align with the principles of the Golden Rule. On the other hand, organizations are founded to generate profits. Without management who fully understand how the Golden Rule is source of value creation, and not compliance, it will just hang like another poster on the wall or worse. This is where the application of business operating systems comes in, covered in the [**Enterprise Engagement Alliance’s curriculum**](https://www.theeea.org/about/https-www-theeea-org-about-trainingcertificationsoftware/).

Because of its simplicity and universal origins, the Golden Rule creates a useful standard by which to determine any type of conduct. Of course, it is not a perfect compass and sometimes can offer little more than the best lousy solution, but it is arguably better than applying no moral compass at all.

The major challenge related to the practice of the Golden Rule is that free enterprise, as well as war, sports, and all undertakings, confronts people and organizations every day with ethical trade-offs, even when seeking to be consistent with the purpose, goals, objectives, and values. Sometimes, layoffs are necessary for the survival of the firm. Sometimes a business must be shut down or sold to less than a desirable buyer. Facing unexpected financial shortfalls, organizations need to determine whom to pay, when, or how, or not at all.

Here are some examples of ways to apply the Golden Rule to business:

* Treat your customers, employees, distribution and supply chain partners, and communities the way you would wish to be treated. When you cannot, do your best to make it up to them in a manner that would satisfy you in a similar situation.
* When writing an email or speaking in a meeting, are you communicating in a manner that you would prefer to be communicated with. What would you do if someone communicated with you that way.
* When negotiating, look for win-win solutions, as that not only builds trust from the very start of the process it reduces the risk of post-deal conflicts. Trust is a better way to get a good deal than a basis of distrust.
* When gauging tradeoffs with stakeholders, ask what you would do if someone asked such tradeoffs of you. If those tradeoffs are inevitable, ask yourself how you in that situation you might be made to feel better.
* When recruiting or managing employees, consider how you would feel if those policies were used with you. How would you act if someone acted that way with you?
* When deciding upon who to lay off and how, what process would you hope to be used if you were in that situation? Understanding the potential financial challenges, what would you hope the organization do to consider your needs?
* Establish your sustainability standards based on the pollution or leftover industrial debris you would wish to have adjacent to your family home. What would you do if someone polluted or damaged your property in some way?
* When having to make tough decisions and tradeoffs, consider how you would implement them if you were in their positions. How would you wish to be treated, and what you would you likely do if you were mistreated. That will tell you what you can expect from others.
* During bankruptcy or in the final stages to avert it, what priorities would you wish the company to make in deciding where to cut services or quality—the boss’ income, shareholders, big companies owed money, employees, customers?

Like any road map, even today with GPS, the Golden Rule can guide one only based on the circumstances being navigated. Sometimes, there are no good solutions but at least they can be conducted as transparently as legally possible and by respecting the dignity of all involved.

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