

## Chapter 14

# The Call for Global Responsible Inter–Generational Leadership: The Quest of an Integration of Inter– Generational Equity in Corporate Social Responsibility (CSR) Models

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### ABSTRACT

*Global systemic risks of climate change, over-indebtedness in the aftermath of the 2008/09 World Financial Crisis and the need for pension reform in the wake of an aging Western world population, currently raise attention for inter-generational fairness. Pressing social dilemmas beyond the control of singular nation states call for corporate social activities to back governmental regulation in crisis mitigation. The following chapter therefore promotes the idea of inter-generational equity in the corporate world to find an inclusive solution comprised by the public and private sectors. In the given literature on global responsible leadership in the corporate sector and contemporary Corporate Social Responsibility (CSR) models, inter-generational equity appears to have been neglected. While the notion of sustainability has been integrated in CSR models, inter-generational equity has hardly been touched on as for being a more legal case for codifying the triple bottom line. Advocating for integrating inter-generational equity concerns in CSR models in academia and practice holds untapped advantages of economically influential corporate entities, corporate adaptability and independence from voting cycles. Integrating a temporal dimension in contemporary CSR helps imbuing a longer-term perspective into the corporate world alongside advancing tax ethics and global governance crises prevention. Practical implications for the financing of an inter-generational harmonious solution on climate change burden sharing are proposed. Future research avenues comprise of investigating situational factors influencing inter-generational leadership in the international arena in order to advance the idea of corporations tackling the most pressing contemporary challenges of mankind.*

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## INTRODUCTION

Globalization leveraged pressure on contemporary society. Unprecedented interdependency of massive global systems causes systemic risks to increase exponentially creating pressing social dilemmas beyond the control of singular nation states (Centeno et al, 2013). Global challenges of climate change, over-indebtedness in the aftermath of the 2008/09 World Financial Crisis and the need for pension reform in the wake of an aging Western world population, currently raise attention to transnational intertemporal fairness (Puaschunder, 2012, 2015). While classic economic models portrayed balancing the interests of different generations as ethical problem of competitive markets and state governance and some economists even opposed discounting of future utilities in the past (Allais, 1947; Harrod, 1948; Ramsey, 1928), inter-generational equity nowadays has come into public scrutiny entering the academic and practical discourse in the public and private sector (Puaschunder, 2012, 2015).

Since the 2008/09 World Financial Crisis pervaded societal demand to increase the socio-ethical commitments of corporations. Social awareness due to mass media reporting heightened stakeholder pressure exerting influence on corporate decision makers for ethicality. Therefore, today's most pressing societal long-term downfalls call for corporate social activities to back governmental regulation to steer inter-generational justice (Puaschunder, 2015). In the implementation of inter-generational equity, the age of globalization shifted the influence of national governments and their policies as a predominant force in the economy to international governance of the corporate sector. Since decisions in one country can directly impact on the interest of citizens of other societies in a whole new range of trans-boundary problems, the range of influence and efficacy of national democracy got challenged. National economic autonomy and sovereignty are vanishing due to increased international interdependence. With a trend towards the constitutionalization of free trade and capital movements through bi- and multilateral agreements to protect free markets around the world, corporatism grew (Panitch & Gindin, 2012). Holding widespread access to vital economic resources and markets, today multinationals have become quasi-global governance institutions that leveraged into implicit legal and political authorities to regulate economic activity in the architecture of the world economy.

Today's most pressing societal long-term downfalls call for corporate social activities to back governmental regulation on sustainable development (Puaschunder, 2015). Sustainable development goals pay attention to the conservation of natural resources, environmental protection and societal well-being. Holding widespread access to vital economic resources and markets, contemporary multinationals have become quasi-global governance institutions and implicit political authorities to regulate economic activity in the architecture of the world economy. With respect to UN estimates on population growth ranging from 10 to 10.5 billion by 2050 and assuming that everyone has to be brought to the minimum living standard (including inflation price effects) by 2050, contemporary CSR notions (including economic development as a dimension) and inter-generational equity concerns (including continued population problem as a consideration) are challenged and arise to the most pressing demand of our time.

The following paper promotes the idea of inter-generational equity in the corporate world as an alternative to national governance and novel extension of contemporary Corporate Social Responsibility (CSR) models. Inter-generational equity – as the economic balance between generations – and inter-generational fairness, as the justice between generations, but also inter-generational social conscientiousness account for the main foundations of inter-generational CSR leadership (see Figure 1).

Inter-generationally responsible leadership is built on the idea that corporate executives have an obligation to incorporate needs of far-ranging constituents, including future generations. In the eye of

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