

Center for Business Ethics

AT BENTLEY UNIVERSITY



Raytheon Lectureship in Business Ethics

APRIL 5, 2012

Toward a Sustainable Future

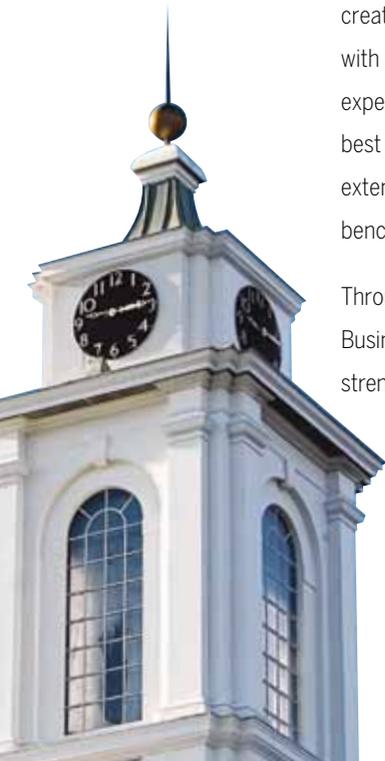
MUHTAR KENT

Chairman and CEO of The Coca-Cola Company

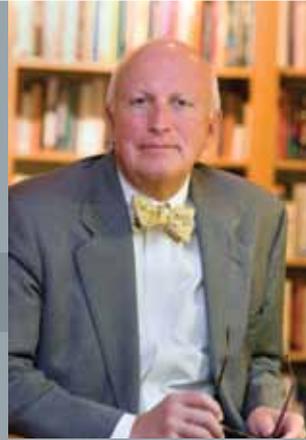
BENTLEY UNIVERSITY is one of the nation's leading business schools, dedicated to preparing a new kind of business leader — one with the deep technical skills, broad global perspective, and high ethical standards required to make a difference in an ever-changing world. Our rich, diverse arts and sciences program, combined with an advanced business curriculum, prepares informed professionals who make an impact in their chosen fields. Located on a classic New England campus minutes from Boston, Bentley is a dynamic community of leaders, scholars and creative thinkers. The McCallum Graduate School emphasizes the impact of technology on business practice, in offerings that include MBA and Master of Science programs, PhD programs in accountancy and in business, and customized executive education programs. The university enrolls approximately 4,100 full-time undergraduate, 140 adult part-time undergraduate, 1,430 graduate, and 43 doctoral students.

THE CENTER FOR BUSINESS ETHICS at Bentley University is a nonprofit educational and consulting organization whose vision is a world in which all businesses contribute positively to society through their ethically sound and responsible operations. The center's mission is to provide leadership in the creation of organizational cultures that align effective business performance with ethical business conduct. It endeavors to do so by the application of expertise, research, education and a collaborative approach to disseminating best practices. With a vast network of practitioners and scholars and an extensive multimedia library, the center offers an international forum for benchmarking and research in business ethics.

Through educational programming such as the Raytheon Lectureship in Business Ethics, the center helps corporations and other organizations to strengthen their ethical culture.



Executive Director,
Center for Business Ethics and
Hieken Professor of Business and Professional Ethics
Bentley University



W. Michael Hoffman, PhD

One of the important things I've learned over the years is that business ethics is not so much about erudite theories and arcane debates among scholars as it is about responding to the practical problems of business. Specifically, business ethics seeks to answer a basic question, which is how can businesses respond to market demands in a way that permits them to make a profit while still retaining their ethical integrity? Let's not kid ourselves: to survive in today's economy, businesses need to be tough; and while the evidence shows that business ethics and success come hand-in-hand, when the CEO of a 126-year-old company like Coca-Cola shares his views on the place of ethics in his company — which is what Muhtar Kent did in this monograph — it is worth taking note.

Coca-Cola is the most widely recognized brand in the world. Some people may not like that fact, but the fact is people like Coke beverages to the tune of more than 1.8 billion servings per day, i.e., about one serving for every four people. When one company literally touches so many people, the ethical implications of every aspect of its business conduct are staggering. So when Muhtar Kent describes the steps his company is taking to make it more environmentally sustainable, those steps ripple out 1.7 billion times every day.

I was surprised when Muhtar Kent showed a brief video featuring Melinda Gates, who, along with her husband Bill, heads the world's largest philanthropy. She suggested that people in the nonprofit sector should learn from the Coca-Cola Company. She noted that through its micro-distribution centers Coke had partnered with thousands of entrepreneurs across Africa to get its products to places too difficult to reach in traditional ways. Could there be lessons there, she mused, for NGOs seeking to distribute vaccines? She's right. There are many lessons to be learned from Muhtar Kent and the company he leads, and some good ones can be found in this monograph.

The RAYTHEON LECTURESHIP IN BUSINESS ETHICS at Bentley University is made possible through the generous support of the Raytheon Company.

Raytheon is a technology and innovation leader specializing in defense, homeland security and other government markets throughout the world. With a history of innovation spanning 90 years, Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing; effects; and command, control, communications and intelligence systems, as well as a broad range of mission support services. The company reported sales of \$25 billion in 2011 and employs 71,000 people worldwide. It has built a reputation for adhering to the highest ethical standards in the industry. The Raytheon Lectureship in Business Ethics series aims to illuminate and promote ethical values and conduct in business, highlighting best practices in corporations throughout the United States. Learn more about Raytheon online at www.raytheon.com.



Muhar Kent meeting with Bentley University students after delivering the Raytheon Lectureship in Business Ethics.

Chairman and Chief Executive Officer
Raytheon Company

William H. Swanson



Ethics in business is about so much more than just following rules. Fundamentally, it is a matter of creating the right culture in our organizations, so that people have the ability and support to make decisions that are not only effective, but consistent with the values and principles we hold dear. Raytheon has worked very hard in establishing an ethical business culture that is accepted by our employees and woven into the fabric of the ways in which we work. Our continued growth and profitability depend on it.

Raytheon has supported the Center for Business Ethics at Bentley University for many years, and our sponsorship of its Lectureship in Business Ethics is an important commitment for the company. We recognize the enormous value of the leadership given by the center for more than three decades, to promote ethical business practices and cultures in the United States and around the world. And ethical leadership — illuminating and inspiring conduct that is instinctively ethical — is what the Raytheon Lectureship in Business Ethics is about. I'm proud that Raytheon can play a part in bringing to the Bentley campus highly respected leaders of companies that have a manifest and deep-rooted commitment to doing business in the right way. Their insights contribute much to an important discourse on how the business community can and should achieve ethical excellence.

The COCA-COLA COMPANY is the world's largest beverage company. Its mission is to strive to refresh the world, inspire moments of optimism and happiness, create value, and make a difference. The company has been in business for 126 years, employs 146,200 people, and the firm makes or licenses more than 3,500 beverages in more than 200 countries. The company owns and markets four of the world's top five nonalcoholic sparkling beverage brands: Coca-Cola, Diet Coke, Fanta and Sprite. The company produces approximately 1.8 billion servings of Coca-Cola products every day. For more information on Coca-Cola and its products and initiatives, visit www.coca-cola.com.



(From left) Muhtar Kent, chairman and CEO of The Coca-Cola Company; Sharon Zealey, chief ethics and compliance officer of The Coca-Cola Company; Patricia Ellis, vice president of Business Ethics and Compliance at the Raytheon Company; and W. Michael Hoffman, founding executive director at the Center for Business Ethics and Hieken Professor of Business and Professional Ethics at Bentley.

Chairman of the Board
and Chief Executive Officer
Coca-Cola Company

Muhtar Kent



Muhtar Kent is chairman of the board and chief executive officer of the Coca-Cola Company. He joined The Coca-Cola Company in Atlanta in 1978 and has held a variety of marketing and operations roles throughout his career, including that of president of Coca-Cola International, and president and chief operating officer of The Coca-Cola Company, overseeing all operations of the business. Kent became CEO of the company in 2008, and chairman of the board in 2009. He holds a BS in Economics from Hull University, England, and an MS in Administrative Sciences from CASS business school at City University in London. He is co-chair of the Consumer Goods Forum, a member of the Business Roundtable, a member of the Special Olympics International Board of Directors. He is also the chairman of the U.S.-China Business Council and chairman of the U.S.-ASEAN Business Council.

Toward a Sustainable Future

The Raytheon Lectureship in Business Ethics of Bentley University
April 5, 2012

MUHTAR KENT

Chairman and Chief Executive Officer of The Coca-Cola Company

Good afternoon and thank you. It's a great honor to be here and visit this beautiful campus and speak with you today. In my work at The Coca-Cola Company, I visit with all kinds of groups — each one important. But there's something very special about being immersed in a collegiate community like Bentley.

I am inspired by committed educators, supportive staff and, of course, all the future business and community leaders being groomed on this campus. I'm also honored to take part in this important lecture series... to advance the cause of business ethics.

"Business ethics," by the way, is not a rare occurrence like a four-leaf clover or a solar eclipse. Nor is "business ethics" an oxymoron, like "negative growth" or "jumbo shrimp." Even so, the center's work has never been more valuable. And I commend the Raytheon Company for its longstanding support of this series. We place a similarly high value on business ethics at The Coca-Cola Company. In fact, I'm joined this afternoon by our company's chief ethics and compliance officer, Sharon Zealey.

Business — and big business particularly — does not enjoy the best reputation today. Not in this country, and not around the world. Other institutions are also losing ground: governments and legislatures, schools, NGOs, even religious institutions. Public trust and confidence in our institutions has been deeply shaken. And all of us in business must do our

part, as we can, to repair the image of the private sector — not through advertising or marketing gimmicks but by doing the right things and communicating about them in an honest and authentic way. The truth of the matter is that business continues to be an overwhelmingly positive force in the world. Have there been mistakes? Have there been bad apples? Has corruption and greed gotten the better of some businesspeople? Absolutely. Those sorts of people have always been with us, taking advantage of others in ways large and small. Not only in business, but in every realm of human endeavor. But the power of the market — the power of business to create jobs and growth and innovation and prosperity — can scarcely be overstated, which is why the image of business, as an institution, remains so vitally important, and why ethical behavior by business — and businesspeople — is an absolute must.

Sixty-five years ago, Winston Churchill rose in the House of Commons and declared that — quote — "democracy is the worst form of government except for all the other forms that have been tried." "Free market economics," "capitalism," "business...": they could all be spoken of the same way: as the worst possible way to move society forward except for all the other ways. Truth is, I've always seen business — the free exchange of goods, services, ideas and innovations — as a positive force in the world. I've never accepted the Hollywood stereotype of the sinister businessman. Not because villains don't exist, but because they are rare exceptions.



For more than three decades, I've worked with businesspeople all around the world on four different continents where I've lived. And I can tell you that the overwhelming majority are decent and honest and ethical and upstanding.

And yet the public image of business — this incredible engine of growth and jobs and hope — continues to slide.

There's a troubling disconnect, I believe, between reality and perception — a gulf between all the good business does and its poor reputation.

The good news today is that we can begin to close this all-too-real gap in the public's mind. And what the Center for Business Ethics can contribute to this process is simply invaluable. In explaining how we get there, I want to share Coca-Cola's view of sustainability and its value.

- Coca-Cola will turn 126 years young next month. Over the years, we've always tried to do the right thing: acting as a responsible corporate citizen, supporting local communities, giving to worthy causes, rallying people to recycling and anti-litter efforts. In recent years, we've been moving to a new model of active participation, putting our operational business expertise to work on behalf of sustainability and economic empowerment. We're becoming more directly involved in four areas where we believe we can innovate to make the greatest positive impact: water, packaging, energy conservation and climate, and our communities. In water, our goal is to return to communities and nature an amount of water equal to that used in making our beverages.

- In packaging, our goal is zero waste — helping move the world from a view of packaging as waste to one of packaging as a resource.
- As for energy efficiency and climate, we're striving to grow our business, not the carbon from our operations.

With our communities, we know our business can only be as strong and sustainable as the communities we proudly serve around the world. So we're leading efforts that promote active, healthy living; economic development; opportunities for women; and sustainable agriculture.

In each of these four areas, we've made public commitments and developed plans to get there. Along the way, we're also committed to transparent reporting on our progress. Let me give you a couple of examples of some sustainability innovations we're very excited about.

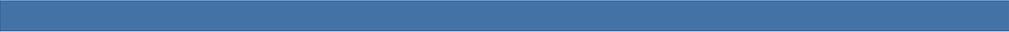
The first is right here in my hand. This is called PlantBottle — a fully recyclable PET package that's 30 percent made from plant-based materials.

So far, we've distributed more than 10 billion PlantBottles across 20 countries, giving consumers a chance to cut carbon with a simple product choice.

In time, we'll move from paying a premium for this new packaging to realizing a cost savings over traditional, petroleum-based materials. And we're not done. Late last year, we announced a new effort — in partnership with three leading tech firms — to accelerate the development of a 100-percent-plant-based bottle. Our vision is that one day all of our PET bottles will be replaced by PlantBottles.



plantbottle™
up to 30% plant-based
100% recyclable bottle
redesigned plastic,
recyclable as ever.



Another innovation has big implications for community and economic development. We call them our Micro Distribution Centers or “MDCs.” To date, we’ve partnered with 3,200 entrepreneurs across Africa to get our products distributed in places too difficult to reach in traditional ways: Places where delivery trucks and vans often find it impossible to go. Places that require an intimate knowledge of local neighborhoods, customs and routines. In return for these services, these new entrepreneurs gain access to financing, training, networks and a new income source. All told, our MDCs provide employment to 19,000 people and generate more than \$600 million in annual revenue.

Thinking even bigger, we’re building on this work with our 5BY20 initiative — our commitment to enable the empowerment of five million women across our supply and retail network worldwide by 2020. Some of these women already work with us as fruit farmers, distributors, recyclers, retailers — even artisans who make crafts from empty packaging. By increasing access to skills training, financial services and support networks, we’re helping women build their businesses, support their families and improve their communities. Preeti Gupta, for example, is a mother of three in rural India. In the town of Agra, about 125 miles south of Delhi, she has a small store in her home, which lacks reliable electrical service. With a solar-powered Coca-Cola cooler, she can now sell cold beverages, stay open later and help her children study after dark. Her income has also increased, creating still more opportunities for her children.

In all this, we’re grounded in reality. By ourselves, we know we can’t create the positive change the world wants and needs. Today, no one can go it alone. Not companies. Not governments. Not NGOs. Not even billionaire philanthropists. We must create global leverage — bringing resources, ideas and investment together to create the scale and speed modern challenges demand. Indeed, we want to move beyond cooperation to become collaborative in ways the world has never seen.

At their best, business, government and civil society — including NGOs — form what we call the Golden Triangle. For too long, engaged, collaborative partnerships have been the missing piece. Now, we’re making up for lost time.

Consider Coca-Cola’s work in water. To date, we’ve undertaken 386 community water projects across 94 countries with partners including World Wildlife Fund, USAID and The Nature Conservancy. Through these efforts, we replenished 35 percent of the water we used in 2011, making progress toward our goal of 100-percent replenishment by 2020.

To me, this goes well beyond philanthropy. Instead, it represents strategic and purposeful collaboration to accelerate water stewardship. Working with NGOs, governments and communities, we’re protecting a resource vital to our business and our communities.

Another example, in the realm of energy conservation and climate: Coca-Cola is part of the Consumer Goods Forum, a group of the world's leading consumer goods companies that I'm honored to co-chair. The Consumer Goods Forum has established significant collective goals. One is zero-net deforestation by 2020, working with NGOs in palm oil, soya, beef, paper and board. The other is phasing out HFC refrigerants in new equipment by 2015 — an area in which Coca-Cola is leading the way. When you bring together companies like Walmart, Carrefour, Unilever, Nestle and P&G, there's real opportunity to create lasting, impactful and positive change.



Let me give one more example of the Golden Triangle in action: in Tanzania, there's a desperate need for critical medicines in hard-to-reach areas. Together with Tanzania's Medical Stores Department, the Bill and Melinda Gates Foundation, and The Global Fund, Coca-Cola is putting our supply chain expertise to work on behalf of people in need, which only makes sense. After all, if we can get Coca-Cola and our other beverages

to the remotest corners of the globe, there's a good chance we can help our partners get medicine to those places, too.

So you may be asking why we're doing this... why we're so committed to sustainability leadership.

Yes, without question, it is the right thing to do. Yes, it is consistent with a brand image that's positive, optimistic, youthful and vibrant — a brand that even now, four decades later, wants to “buy the world a Coke and keep it company.” Yes, it is good for the business, by bringing focus, spurring innovation, driving out waste, and reducing costs over time. All those good things are true. And, yet, there's an even greater reason why we're committed to sustainability. In this day and age, it is not enough for successful companies to have loyal consumers. Instead, I believe the organizations that succeed over the next decade and beyond will be those that create brand advocates. These are people who not only love and buy your brands, but those who are so impassioned by what you stand for that they will actually advocate on your behalf. And that's exactly where we hope to move the needle: beyond brand loyalty to brand advocacy.

Today's consumers have made a real and significant shift in their way of thinking. All over the world, the global consumer mindset is more focused than ever on sustainability and the environment and community enrichment. As a result, global consumer goods companies are being judged, not just by the content of our products, but by the content of our character.

Meanwhile, the era of social media amounts to the ultimate democracy of ideas. The global village continues to shrink, even as the world's sphere of influencers continues to expand. A decade ago, influencers were people with a more traditional megaphone: media people, government officials, professors, researchers and analysts. Today, everyone on Facebook, everyone on Twitter, everyone on YouTube, Google Plus+, Blogger and a thousand other platforms is an influencer. The social media train, massive already, will only gain steam in the years ahead. Indeed, by 2020, another three billion people will be making themselves heard over the Internet.

Ultimately, The Coca-Cola Company is working to create value. It's right there in our mission statement of "refreshing the world, inspiring moments of optimism and happiness, creating value and making a difference." We're fortunate to have a set of brands, starting with Coca-Cola, that allows us to create a lot of shared value for all those who touch our business — our associates, our bottling partners, our retailers and restaurants, our shareowners, our suppliers and other partners. We create additional shared value through the kinds of sustainability initiatives I mentioned earlier. And this shared value, in turn, leads to everything from jobs and growth to greater social justice, enhanced gender equality and more.

All of this helps us connect in an authentic way with our consumers and others. As we do, we have the chance to create brand and company advocates. In fact, I've brought along a brief clip of Melinda Gates, speaking at a conference in late 2010. This, to me, this is the very definition of advocacy:

In the following video clip, Melinda Gates says: *When I travel the developing world, Coke feels ubiquitous. And when I come back from these trips and I'm thinking about development and I'm flying home and thinking about trying to distribute condoms and vaccinations, Coke's success kind of makes you wonder: How is it that they can get Coke to these far-flung places? If they can do that, why can't governments and NGOs do the same thing?*

I'm not the first person to ask this question, but I think, as a community, we still have a lot to learn.

If we're going to speed up the progress and go even faster on the set of millennium development goals that we've set as a world, we need to learn from the innovators. And those innovators come from every single sector.

I feel that if we can understand what makes something like Coca-Cola ubiquitous, we can apply those lessons then to the public good. Coke's success is relevant because if we can analyze it and learn from it, then we can save lives. So that's why I took a bit of time to study Coca-Cola.

I think there are really three things we can take away from Coca-Cola: They take real-time data and immediately feed it back into the product; they tap into local entrepreneurial talent; and they do incredible marketing.

If we can learn lessons from the innovators in every sector, then in the future we make together, that happiness can be just as ubiquitous as Coca-Cola. Thank you!

The greatest leader in Coca-Cola's history was Robert W. Woodruff, who led our company for more than half of the last century. A spirited philanthropist and community builder, Woodruff had a broad and enduring impact on the city of Atlanta. He was a driving force behind the creation of, among other things, today's Emory University and the Centers for Disease Control. Through it all, Woodruff prided himself on making his gifts anonymously. In fact, he gave so often, so generously and so quietly that he became known as Mr. Anonymous. Today, with all due respect to Woodruff, we must now follow a different path. Businesses like Coca-Cola can no longer stand back and hope others notice our contributions. Instead, we must contribute — and we must communicate.

Even in the last year, I've had analysts and shareowners ask me if we were focusing too much on sustainability. I don't think so. Not for a minute. Why? Because consumer expectations have grown. And fans of our brands expect Coca-Cola to lead on sustainability. And it is not just consumers: the entire market [does as well, as do] the media, analysts, NGOs, and academic researchers. They all expect that kind of cultural leadership from Coca-Cola, and they expect to hear from us about what we're doing to lead and create shared value.

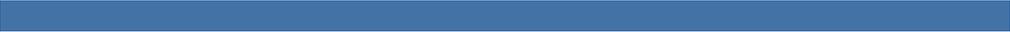
I've talked a lot today about our sustainability philosophy at Coca-Cola and our intent to create shared value through continuous innovations across the areas of water, energy, packaging and community. In these last few minutes, I want to share some thoughts on what I believe the future holds for each of you.

This is very much like a conversation I had recently with my son, who is graduating from university this spring. For starters, I want you to know that all this talk we've been hearing of doom and gloom, of bleak prospects for your future, is utter and complete nonsense. Yours is the most engaged, most altruistic, most informed, most technologically advanced, most entrepreneurial generation in history. And I have every confidence you'll make the step-change innovations to drive the new economy. Just look at what's already happening with social entrepreneurship — young people like you are solving problems through business.

Today, people are living longer, healthier and more productive lives. War and conflict — despite the headlines — are at historically low levels globally. In this decade, a billion people will join the global middle class. Education attainment has never been higher for people around the world. For the future, we'll achieve growth as we've always done: through innovation — creating new advances in energy and food production and technology and more. And you will lead the way.

The Coca-Cola Company, for our part, is eager to become still more entrepreneurial and innovative. In our hiring practices, we look for people with a global worldview, as happy doing business in Beijing as they are in Boston, as comfortable in Mumbai as they are in Miami. We also look for people who've started businesses and nonprofits, people with an entrepreneurial mindset and an abiding respect for cash.

What should you guard against? Cynicism. Pessimism. Doubt. In fact, the surest way not to reach your potential is to believe things can't get better; that the deck is hopelessly stacked; that you can't, in the end, realize your dreams.



As a business person, you can be a powerful force for good. And don't let anyone tell you otherwise. Because business is a noble calling. [It consists of] providing products and services people want, and creating value for a host of stakeholders. In fact, to give you an example about my own career, when I first started back in 1978, I had a master's degree.

I answered a newspaper ad, interviewed, got the job at Coca-Cola and then spent the next nine months on trucks, working in Lubbock, Texas; in Needham, Massachusetts; and on the outskirts of Los Angeles. Getting up at five in the morning. Going into supermarkets. Bringing product in from the back room of the supermarkets on hydraulic trolleys. And stacking it up. And there were moments when I asked myself what I was doing. But I always believed that tomorrow is better than today, and that today is better than yesterday. That's been a philosophy that's carried me to this day.

This is an era of great challenge and even greater opportunity, and I believe you'll make the most of it. Indeed, there are many reasons to believe tomorrow will be even better. You may not change the world by yourself, but you can have a positive impact on all those you touch, around the corner and around the globe. Doing your part. Making the most of your gifts. Leading by example. Building your own business or one you're part of. Taking ownership, either way. Creating value. Sharing that value with others. Acting responsibly and ethically. And doing the right thing. Always.

Thank you very much!

Questions & Answers

Below are highlights of Muhtar Kent's question-and-answer session with Bentley University students, faculty, staff and guests.

QUESTION: This presentation was about growing Coke in a responsible and ethical manner, but how do you reconcile that with several issues on which I think your company is on the wrong side of the fence. One is pediatric health — your company has traditionally opposed getting rid of sugary soft drinks in schools. On the environmental front, your company has opposed states that are trying to implement deposit bottles bills, despite the fact that deposit bottles policies have resulted in much greater recycling than has been the case in states without such programs.

MUHTAR KENT: In reference to bottle deposits, all the recycling efforts that we have done while working together with municipalities have proven to yield much, much better results when they were not made mandatory through legislation. Our bottles represent about 65 percent of the value of litter that is collected at the curbside in the United States. So, restricting that from the collection of litter, we feel, would be a major loss to all the different recycling efforts in the United States.

As far as schools are concerned, we have a policy not to market to children less than 12. That is not only a policy in the United States, it is a global policy and we've had that in place for more than a decade. Obesity and childhood health are huge societal issues around the world, that cannot be solved with just business doing something. These are very complicated societal issues and we totally reject the notion that we are responsible for this. We want, however, to be a part of the solution. There's a very big nuanced difference between being responsible wholly for a societal issue and being part of the responsibility to stop it. [I believe this problem] can only be solved with what I call the golden triangle [i.e., government, business, and civil society organizations] and active lifestyle programs. In the last 25 years in the United States, both children and adults have reduced the number of steps that they take in one day by more than 65 percent. For adults, 5,000 steps have gone down to 2,000 and for children, 3,000 steps have gone down to less than 1,000. This is a big complicated societal issue that requires a solution that can only be achieved through collaborative hard work among government, business, and society. We [at the Coca-Cola Company] have committed to supporting active lifestyle programs in every one of the 206 countries where we operate to help promote the notion of calorie balance and to ensure that people can lead active, healthy lifestyles. But we can't do it alone.

QUESTION: Coke has refused to conduct water quality reports comparing Dasani to tap water. The FDA has one employee working part time, overseeing all of the testing done in the United States for bottled water, whereas the EPA, which regulates all of the tap water in this country, is doing hundreds of tests every single month in every community. Why is it that the bottled water companies are off the hook for doing tests to compare [their products] to tap water [in terms of possible contamination]?

MUHTAR KENT: I'm not the FDA so I can't decide how many people are checking [bottled water]. What I can tell you for sure is that our internal requirements in some cases are more stringent than regulatory requirements and that we make absolutely sure that every single one of our 3,000 products and 500 brands is healthy and in good condition. We check in markets for dates, and if anything is outdated, we will remove it.

But I want to step back and just say we are not against one thing or another; it's all about choice. Bottled water, in whatever form, is there to serve a purpose — the purpose of quality, the purpose of portability, and specific consumer needs. In some countries, of course' that need is very different from here because there, bottled water may be the only source of clean water to be consumed. It's all about providing the necessary choices to consumers, and as long as consumers want a certain service given to them through a certain product, business will provide it, and when the consumer doesn't need it, [business] will no longer provide it. It's wonderful that, in our country you can consume tap water from coast to coast, in every town, every city, and every state, but you also have choices where people can buy bottled water if they want. It's all about choice, and that's the beauty of free enterprise. You don't regulate yourself in business and in government in ways that lead one to be unable to go forward like what happened in the Soviet Union.

QUESTION: By heritage and by business experience, you are an internationalist, and what you described your company as doing in its programs throughout the world is admirable. How do you assess the receptivity to such programs among developing economies — many of which are scrambling to catch up?

MUHTAR KENT: I think the world increasingly is becoming a small village. Twenty years ago, [a company would] do one thing in the West, which worked because of needs in Europe, Japan, United States, Australia, and Canada, whereas the rest of the world had different needs. Today, [the issues I have been talking about] are as much a priority and top of mind in Malaysian or Indian or African universities as anywhere in the West. So, I think the world has converged. Brazil is the same. Latin America is the same. Eurasia is the same. Russian consumers are as environmentally sensitive to the future of the planet as American consumers today, and so I think the world has converged. Governance and ethics is as much of a priority everywhere I go. In fact when you look at the ten fastest growing economies in the world in 2011 and the previous three or four years, seven have been in Africa. And the only reason why those economies in Africa are growing the fastest is because of small increments in governance improvement. In the past, if you had a government with a cabinet of 30 ministers, 30 of them would have been bad; today, ten of them would be good. That makes a huge difference. With [improvements in] communications, there is less and less for them to hide.

Thank you.



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