

McKinsey Quarterly

CEOs on capitalism's challenges

Four CEOs discuss the difficulties of managing an evolving business environment with the long term in mind, and of working with stakeholders and communities interested in more than bottom-line returns.



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As they lead their companies through a global economy that’s still rife with uncertainty, executives must also address fundamental business issues that went awry during the financial crisis and which now threaten to prompt a public antagonism toward the capitalist system itself. Tackling those challenges requires rewiring the ways leaders govern, manage, and lead corporations. In this article and video, Caterpillar’s Jim Owens, The Carlyle Group’s David Rubenstein, Starbucks’ Howard Schultz, and Unilever’s Paul Polman discuss some of the current challenges to capitalism—ranging from long-term planning and stakeholder management to building trust and consumer confidence—and how companies can address them in a socially responsible way.

Jim Owens: This is not a cyclical or a quarterly thing; this is a long-term journey and [we are] positioning ourselves [for] that. And I am actually very proud of what we delivered in the global financial crisis of ’09. We actually never had a quarter even of operating loss. We sustained profitability for the year, near the target levels that we had for just a normal deep, worldwide recession.

David Rubenstein: I think increasingly, we’ve recognized that if you only focus on internal rates of return, you’re probably going to do a disservice to yourself. Because in the end, other people who are stakeholders in what you do are not going to be happy. We need to make a better case that we are sensitive to environmental concerns; we are sensitive to socially responsible investment principles. I think the private-equity industry may be a little late to that game, but it’s now catching up, and I think we’re doing a much better job.

Howard Schultz: The responsibility of great companies is to find that balance between profitability and benevolence and a social conscience. Governments are not going to be able, around the world, to fulfill the needs of the people. The gap between the haves and the have-nots is growing, and that is not a good recipe for success. It’s not a choice anymore.

Paul Polman: Trust is easily destroyed and takes a long time to build. And the standards that the consumer sets—the expectations, and her own proactiveness and influencing with her purchase decisions, her own beliefs—are only going to increase as we move forward, I believe.

Howard Schultz: The consumer understands which companies, which products have like-minded values to their own, and those companies that do the right thing will be rewarded. And as a result of that, shareholders will as well.

Paul Polman: So companies with a strong social mission will be companies, long-term, that are more successful. [o](#)