

# Executive Interview: Daniel Franklin, executive editor of The Economist

Posted by [Oliver Balch](#) [1] on Jan 15, 2013

Another tough year ahead for business, but it's not all doom and gloom

*Ethical Corporation's Toby Webb recently spoke to The Economist's executive editor Daniel Franklin about the business outlook for the year ahead. You can listen to the full podcast [here](#) [2]*

Daniel Franklin has been executive editor of The Economist since June 2006. Since 2003 he has been Editor of The Economist's annual publication, 'The World in...'. From May 2010, he has also been The Economist's Business Affairs Editor, responsible for the newspaper's coverage of business, finance and science. His special report on corporate social responsibility, "Just good business", was published in January 2008. From 2006 to 2010 he was Editor-in-Chief of The Economist online.

**Ethical Corporation:** How are you feeling about the year ahead?

**Daniel Franklin:** Our global business barometer, which is a poll of global executives, is still deep into negative territory. The latest one showed minus eleven. So I think the prevailing mood is not cheerful. Having said that, there's quite a good case for saying that 2013 will surprise on the upside. First of all, I think it's pretty clear that America is not going to tumble over a [fiscal] cliff.

Fundamentally, that will mean that businesses can plan a bit more ahead. The property market [is also] coming back in America and the labour market situation is a little better. If you take the big emerging economies, China is growing. In a Chinese fashion, it has bounced back. So I think it's not going to be a marvellous year, but I think it's likely to be a slightly better year than 2012.

**Ethical Corporation:** Where do you think the main corporate responsibility opportunities lie for big brand companies in 2013?

**Daniel Franklin:** It obviously depends on the company. Very broadly speaking, the biggest opportunities are – and will continue to be – in the emerging markets. That's where a lot of the global companies' focus is going to be because that's where growth is disproportionately going to be coming from.

[Emerging markets are] probably growing three or four times the rate of the rich world. So if you believe that ethical business and sustainability is important, then taking that to the emerging markets is going to be a very major deal.

**Ethical Corporation:** Social media is exercising huge political influence in many emerging markets. Do companies understand this sufficiently?

**Daniel Franklin:** No, frankly, I don't. But then it's very difficult because things are moving very fast. The Chinese government, for example, which is [there] on the spot, finds it very difficult to be up to speed on social media in their own country.

They are constantly being surprised by how quickly issues can be picked up. So for companies I think there is scope to be surprised, especially if they haven't fully understood the culture.

**Ethical Corporation:** We hear a lot about big business finding itself in an "age of accountability". Do you think this is true?

**Daniel Franklin:** I don't, although I think it is probably truer now than it was. It's still the case that white-collar crime gets treated more leniently than other forms of crime. A lot still goes undetected too. Yet, there's a lot more exposure these days. The chances of being exposed sooner or later are

far greater.

That said, it still amazes me that people imagine that email is a private form of correspondence and not something that is liable to be at some point embarrassingly exposed. In addition, there are ways now that whistle-blowers can increasingly expose wrongdoing. The legal and the financial incentives for whistle-blowers are growing so there will be more of this.

**Ethical Corporation:** The Economist has a focus on Africa for 2013. Hasn't it been the 'year for Africa' every year for the last 20 years?

**Daniel Franklin:** Well, not so much the last 20 years, but I think in recent years Africa has been steadily gaining in interest for international business. It's just a question of numbers really. First of all, the growth figures in Africa for a number of years have been good. Africa is the second fastest growing region in the world in terms of its output after emerging Asia.

Secondly, if you look at where the people in the world are going to be in the coming years, the demographic potential over the coming decades is going to be quite heavily in Africa.

Half of the extra population in the world – an extra two billion people or so between 2013 and 2050 – will be in Africa. If you get that right, Africans have the potential to benefit from the sort of demographic dividend that Asia has had in recent decades.

**Ethical Corporation:** Are there any particular industries or sectors that you would suggest keeping an eye out for in 2013?

**Daniel Franklin:** One worth mentioning is the whole fracking and energy business. It's transforming the energy outlook in America, although it's deeply controversial in Europe. In certain emerging markets, fracking could also be quite interesting.

China is a good example. It will be interesting to watch how that plays out in the years ahead. Then I think the biological sciences. They are advancing so fast. The ethical issues raised in the biomedical area in particular will be very interesting to watch.

**Ethical Corporation:** Many of today's sustainability challenges require systems change, which in turn requires cross-sector collaboration. Do you think such collaboration is realistic?

**Daniel Franklin:** I think you have to combine collaboration, which is a perfectly sensible idea, with realism. It's not just going to just happen because people are nice and decide to get together. You have to align interests.

The smart approach is finding ways in which collaboration can be made to work. That can happen in a number of different ways: either through aligning incentives or cracking the whip a little; through regulation occasionally; or through strong leadership. But it's not enough just to bring people together and hope that collaboration happens.

*Daniel Franklin will be speaking at this year's [12th Annual Responsible Business Summit](#) [3]. He will be part of the keynote session that looks at what a greener sustainable recovery might look like. To get a full run-down on who will be sharing the stage with Daniel, plus all other topics covered at the Summit [visit here](#) [4]*

#### Links:

[1] <http://www.ethicalcorp.com/users/oliver-balch>

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