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Corporate Philanthropy: The "Top of the Pyramid"

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ANOTHER INCONVENIENT TRUTH

The launch of the book and film, "*An Inconvenient Truth. The Planetary Emergency of Global Warming and What We Can Do about it*" re-invigorated the debate on the ecological state of the world.[1] Already on the first page, Al Gore sets the stage: "We have everything we need to begin solving this crisis, with the possible exception of the will to act." But, he adds: "in America, our will to take action is itself a renewable resource."

While a growing majority agrees that the state of the global environment needs an urgent response, there is another crisis already costing the lives of millions of human beings every year: it is the enduring poverty crisis affecting 2.5–3 billion people, primarily infants, children, and their mothers. While the worst consequences of global warming may be centuries away, the results of the poverty crisis are measurable *daily* facts, e.g.:[2]

- Some 2.5–3 billion people in developing countries live on less than US$2 *a day*; more than 1 billion still subsist on less than US$1—which means they cannot satisfy even basic needs.[3]
- Over three quarters of a billion people are malnourished and each year about 10 million children die from malnutrition or

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disease before reaching their fifth birthday—that is about 28,000 *a day*. Most of these deaths would be easily preventable in any developed country.
- Annually, over half a million women die in pregnancy or childbirth from lack of appropriate healthcare, malnourishment, or disease—equaling about 1,400 *a day*.
- More than 100 million children of primary school age—majority of them girls—do not attend school.

Despite significant progress made in some developing countries, almost half the current world population continues to live in poverty. World population today stands at about 6.6 billion people and is expected to grow to at least 9.2 billion by the year 2050. The economically less developed regions will by then make up 86 percent of the world population.[4] Hence, even under the most optimistic scenario for achieving the Millennium Development Goals (MDGs), we will be faced with widespread deprivation, disparity, and strife for many decades to come—unless there are new initiatives on a paradigm-shifting scale.

As with the global environment, so too do we have everything we need to begin solving the enduring poverty crisis: a browse through any good university library, United Nations (UN) or World Bank bookstore demonstrates that the answers are available—with a large consensus on the essentials. And we have the financial resources to make a substantial difference for the world's poor: a global society that devotes US$1,164,254,167,282 (2006) for military purposes is to all practical purposes affluent enough to alleviate extreme poverty.[5] However, when it comes to resolving the enduring poverty crisis, "the will to take action" seems far from being a "renewable resource" in Al Gore's sense.

Despite the interlinkages between poverty in the southern hemisphere and national security, public health and the "pursuit of happiness" of people in rich countries, the enduring poverty crisis affects poor human beings in the developing countries much more than rich people in high-income countries. The result is, to quote Al Gore again, a "blinding lack of situational awareness" about the consequences of the poverty crisis: one extraordinarily hot summer in Europe with its minor inconveniences triggers off 1,000 times more media attention than the 10 million children who silently die year after year in poor countries.[6]

I share the vision that overcoming poverty in its most extreme forms must become our generational mission.[7] We already possess the necessary resources, knowledge, and skills to enable all people on the globe to meet their basic needs. But the sheer complexity and scale of the challenge mean that sustainable solutions are beyond the reach of any single actor. There is a role for all enlightened individuals, local communities, nation states, foundations, corporations, and multilateral institutions—each must bring their specific resources, skills, and experiences to the table and cooperate to compile the “solution mosaic.” Such a coalition against extreme poverty could be powerful enough to create and maintain the broad-based and sustained political will to consign extreme poverty to history. Such a coalition would also create the pressure to overcome indifference and convert generalized compassion and concern into concrete action and put aside what Sigmund Freud called the “narcissism of the small differences” of those who basically share the same vision.

The fight against the poverty crisis has also a distinct *moral* dimension. That every human being has a right to life and possesses an inalienable and untouchable dignity is part of the most precious inter-religious, intercultural, and universally valid norms of mankind.[8] The most respected catalog of moral norms, the Universal Declaration of Human Rights (UDHR), stipulates not only a “right to life” (Article 3) but specifies in Article 25 that *everyone*—i.e., also those living in absolute poverty—“has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing, and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond his control.” Article 25 also underlines that “motherhood and childhood are entitled to special care and assistance.” Last but not least, Article 26 of the UDHR states that “Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available, and higher education shall be equally accessible to all on the basis of merit.”

Civilized global citizens derive from this not only a culture of nonviolence but also a commitment by those with “broader shoulders" to carry a greater share of the burden in helping those in need. Civilized global citizens encompass not only enlightened individuals in their different professional settings; there is a growing consensus that also "corporate citizens"—companies competing with integrity[9]—have a role to play in a *contrat social* against extreme poverty.

It is they and their contribution to solving the poverty crisis that form the focus of this article.

CORPORATE RESPONSIBILITY AND CORPORATE PHILANTHROPY

The subject of corporate responsibility is among the most hotly debated globalization topics.[10] Each stakeholder group seems to have its own definition, each placing its preferred issue at the heart of its appeals to business. Developing commonly shared conceptual clarity on exactly what corporate responsibility means beyond legal compliance is therefore highly desirable. In this context, the basic conclusion put forward by J. Maurice Clark more than 90 years ago remains valid—that corporate responsibility should not be confused with corporate philanthropy:

> The world is familiar enough with the conception of social responsibilities. These do not need to be rediscovered in the year of our Lord 1916. But the fact that a large part of them are business responsibilities has not yet penetrated, and this fact does need to be brought home to a community in which business men and theoretical economics alike are still shadowed by the fading penumbra of laissez-faire. The issue is deeper and much more far-reaching than anyone can realize who has not tried earnestly to understand the sources of the deep sense of injustice that animates the discontented classes. The trouble is not that the unfortunate are not helped, but that they are helped in the name of charity, regardless of whether they are victims of their own weakness or of the misfit grindings of our non-too-perfectly-adjusted industrial machine. To many the very word "charity" is as a red flag to a bull, and this will never be otherwise as long as so much that passes for charity is merely repairing the damage or salvaging the wreckage for which industry is the chief responsible cause;

> the same industry which distributes the dividends out of which charity funds so freely come.[11]

In a nutshell: first a company must put its "corporate house" in order to minimize or avoid negative externalities of a social, ecological, political, or other kind. If this is done and if it is part of the corporate mind-set, corporate philanthropy gains importance.

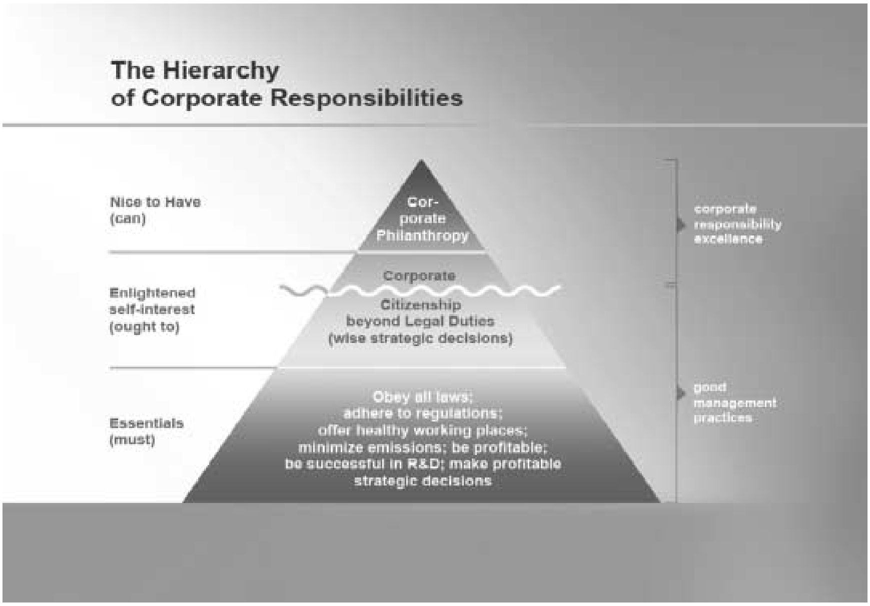
Corporate Responsibility as a Holistic Concept

An effective way of conveying the complexity of the corporate responsibility concept is to differentiate between three levels of a pyramid, each portraying different moral qualities and different degrees of obligation:[12]

- a "must" dimension, i.e., mainly legal and regulatory compliance and hence non-negotiable;
- an "ought to" dimension, expected by modern societies, i.e., striving for legitimacy beyond legality by voluntarily applying corporate responsibility norms that go beyond local legal minima thus standing up to the judgment of a fair-minded, impartial third person.[13] The content of this dimension is to a certain extent negotiable as it depends on the corporate resources available and management's willingness to consider stakeholder demands; and, finally,
- a "can" dimension, encompassing the whole portfolio of different voluntary pro bono contributions, i.e., corporate philanthropy. While it is desirable to start applying global universal standards,[14] for at least part of the "ought to" dimension, the "can" dimension will remain a totally voluntary part of corporate responsibility (Figure 1).

Competing with integrity—i.e., achieving business success without collateral social, ecological, and political damage—is to a large extent synonymous with *good management practices* and is thus in the enlightened self-interest of management. For business corporations *and* society to sustainably thrive and prosper, a balancing of mutual interests is essential. This must reflect the fair division of societal duties and obligations: corporations are not in sole charge of solving the world's problems. Hence there are limits to what

FIGURE 1 The Hierarchy of Corporate Responsibilities.



companies are prepared to allocate resources for. Many respected companies perceive their duty as being limited to successfully maintaining markets for their products and services while keeping their "corporate house" in order from a social, environmental, and human rights perspective. Corporate philanthropy is *not* part of what many corporate leaders consider to be corporate responsibility. Moreover, it can be argued that business activities in themselves already have substantial positive externalities of relevance to poverty alleviation.

POVERTY ALLEVIATION WITHIN A BUSINESS CONTEXT

Successful entrepreneurial engagement is one of the most important drivers of economic growth. Economic growth increases choice, widens opportunities and renders all other development efforts easier to achieve.[15] By creating employment and income, providing technical and managerial skills, generating social benefits and deriving innovative solutions to economic, social and environmental problems, corporate management can be a force for good: “It is companies, not abstract economic forces or governments, which create and distribute most of a society’s wealth, innovate, trade and raise living standards.”[16]

Corporate profits are usually not achieved in a zero-sum game, which incurs losses for all other actors; they stimulate economic growth through linkage effects from which hundreds of millions of people benefit. The national economies of developing countries participating in globalization (home to about 3 billion people) grew in the 1990s almost twice as fast as those of OECD countries; in the same period, the economic growth of non-globalizing developing countries stood at only half that of OECD countries.[17]

Of course it is not entrepreneurial engagement per se that is desirable. It is entrepreneurial engagement conducted in a responsible manner that makes the development impact positive. Collateral damage of a social, environmental or political kind can tip the balance sheet for development to the negative side. As is to be expected, good governance affecting the quality of the social, tax, and education policies of the investment host nation, also makes a significant difference.[18] Companies competing with integrity, however, will not exploit governance deficits to increase their profits.

Given the positive economic effects of responsible business engagement, a number of thinkers have looked for possibilities to enhance the business component of development. C. K. Prahalad, for example, proposes to widen and deepen the positive externalities of entrepreneurial engagement by using corporate core competences to develop new markets with special emphasis on the lower income brackets.[19]

Serving the Poor and Creating Profits for the Company: The Fortune at the Bottom of the Pyramid

C. K. Prahalad suggests in his thought-provoking book that the problems of the world’s poor could be tackled through a combination of high-technology solutions, private enterprise market-based solutions and the involvement of multiple organizations. The employment, access to affordable basic services and other collateral social benefits that can spring from the engagement of big, global companies at the bottom of the world's income pyramid (BoP) are, he argues, an inspired and effective lifeline to those living in poverty. "It is hard to argue that the wealth of technology and talent within leading multinationals are better allocated to trivial variations of existing products than to the real needs—and real opportunities—at the bottom of the pyramid. Moreover, because of market pressure, MNCs are likely to bring to BoP markets a level of accountability for performance and resource use that neither international development agencies nor developing country governments have demonstrated during the last 50 years. Participation by MNCs could set a new standard. As well as a new market-driven paradigm for addressing poverty [. . .] it is simply good business strategy to be engaged in a meaningful way in potentially large, untapped markets that offer new customers cost-saving opportunities and access to radical innovation."[20]

I have little doubt that such an approach will work in numerous cases. I doubt, however, whether C. K. Prahalad's approach will be successful for those living in extreme poverty. People whose existence is burdened by a life-threatening powerlessness consisting of mutually reinforcing poverty, disease, hunger, lack of education, proper housing, adequate sanitation, and productive income opportunities, will not have the purchasing power to gain access to the goods and services made available through such an approach—at least not in the short term. But the time factor plays a significant role: waiting for the long term implies accepting in the meantime the loss of life of countless children, women, and men. Where the essential goods and services are needed to solve life-threatening problems *today*, waiting for the long term is not a morally viable option: for more than 10 million human beings—children under the age of five—*tomorrow* never comes.

A related, but more sophisticated, approach for enlightened market development concerns the social investments recommended by Michael Porter and Mark Kramer as "strategic philanthropy."[21]

Serving the Poor and Improving the Competitive Corporate Context through Social Investments

Companies, so Michael Porter and Mark Kramer argue, can serve the poor and at the same time influence the competitive context of the company by means of corporate social investment.[22] There are a number of convincing arguments in support of corporate social investments, if and when they focus on areas that influence the competitive context of a company in the location where it operates.[23] Porter and Kramer stress the importance of at least four elements:

- **Factor conditions**, e.g., availability of high-quality, specialized inputs such as human resources, physical and administrative infrastructure, etc. Charitable giving to improve education and technological institutions and efforts to make administrative processes more transparent and efficient, as well as philanthropy supporting environmental efforts, can improve the quality of factor conditions upon which corporate success depends in the long run.
- **Demand conditions**, e.g., the presence of sophisticated and demanding local customers and recognition of customer needs that anticipate similar needs elsewhere, etc. Hence, philanthropy contributing to the improvement of the size and quality of the local market creates a win/win situation for both the communities and the company.
- **Context for strategy and rivalry**, e.g., the presence of local policies and incentives, of rules and norms governing competition, reducing corruption, etc. Philanthropy that helps create a more productive and transparent environment for competition and other factors to make the location a more attractive market serve the community and are also beneficial to the company in the long term.
- **Related and supporting industries**, e.g., the presence of capable, locally based suppliers and clusters of industries. In other words, by fostering the development of clusters and strengthening and supporting industries, philanthropy can make a difference for the communities and at the same time serve the company in the long run.

Michael Porter and Mark Kramer recommend that corporations should ". . . analyze their prospects for social responsibility using the same framework that guides their core business choices." In so doing they would discover that corporate social responsibility—including charitable deeds—". . . can be a source of opportunity, innovation, and competitive advantage."[24] To them strategic philanthropy by social investments "can often be the most cost-effective way—and sometimes the only way—to improve competitive context. It enables companies to leverage not only their own resources but also the existing efforts and infrastructure of nonprofits and other institutions [. . .] Leading companies will be best positioned to make substantial contributions and will in turn reap a major share of the benefits."[25] In addition, Porter and Kramer see "disproportionate benefits because of the superior reputation and relationship it builds."[26] Under such circumstances they perceive no inherent contradiction between social investments improving the competitive context and delivering goods and services to make the world a better place. And, no doubt, there are many instances where the approach of Porter and Kramer is doing good for people in need.

The logical consequence of this kind of corporate engagement, however, is that it bypasses those who live in extreme poverty. Poor people are not a homogeneous group—this is why many pro-poor investments will not necessarily reach those living in extreme poverty. To reach these, it makes sense to differentiate between "upper class," "middle class," and "lower class" poor and focus endeavors on the poorest billion. Strategic corporate social investment—almost by definition—will hardly ever focus on the poorest countries and their most destitute citizens. Its legitimate focus is where "a meaningful benefit for society [. . .] is also valuable to the business,"[27] i.e., the "upper middle class" and "upper class" poor. It is they who constitute the markets of the near future; it is therefore they who are in the medium- and long-term interest of the shareholder.

Corporate Philanthropy in Addition to Good Management Practices?

What can responsible corporate managers do in addition to what has been discussed so far? Those familiar with the corporate responsibility debate know the proposition that Milton Friedman famously made in his *New York Times Magazine* article of September 13, 1970.[28] Corporate executives who spend corporate money for "a general social interest" are doing the wrong thing, not only because they spend other people's (the shareholders') rather than their own money. Their responsibility as "agent serving in the interest of its principal" is to use corporate ". . . resources and engage in activities designed to increase profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."

In defense of the corporate responsibility concept, including corporate philanthropy, one might counter Milton Friedman's thesis by pointing out that "*the rules of the game*" and, above all, societal expectations about business deliverables, have changed since 1970. It is certainly true that today's corporations are expected by people in modern societies—and it is they who eventually define the rules—to assume greater social, ecological, and political responsibilities than 40 years ago. Empirical evaluations suggest, however, that from a profit point of view it is more important for corporate management to satisfy market stakeholders than non-market stakeholders and to invest in activities which "do no harm" rather than endeavor to "do good."[29] I would argue, however, along with Robert Solomon, that "knowingly doing no harm" is insufficient for true leadership, as are "toeing the line" and "keeping one's nose clean."[30] Corporate leaders are expected to do more and better.

Corporate Philanthropy: To Do Well by Doing Good

There are at least as many definitions of corporate philanthropy as there are of corporate responsibility. The common denominator of these many definitions, however, is as follows:

- Donation of resources to support organized efforts intended for defined beneficial social purposes. A differentiation can be made between philanthropy and charity, defining charity as unconditional short-term relief (e.g., for tsunami victims), while philanthropy attempts to investigate and address the underlying causes to make a tangible positive change in the social conditions that cause the problem.
- The resources donated can be money, goods, time, training, and use of facilities or services usually over an extended period of time and with regard to a defined objective.

A commitment to corporate philanthropy is ideally a conscious choice of top management, based upon an informed decision founded on a sound analysis of alternative causes, objectives, time frames, and resource commitments. Corporate philanthropy can be managed directly by the corporation (e.g., by setting up a foundation) or through specialized nonprofit organizations. Despite being a target of criticism for those who either see no justification for it or mistrust the integrity of those who do it,[31] corporate philanthropy can undoubtedly add resources in the face of widespread deficits, be these in the arts, sports, or in the fight against social evils.

Doing well—or better—by doing good is today the prevailing motive behind corporate giving.[32] The main motives for "doing well by doing good," i.e., inspired corporate philanthropy, are to enhance overall corporate image, improve relations with political stakeholders, and foster brand recognition for corporate goods and services, as well as benevolent motivations of management.[33] Ricks and Williams, furthermore, see important advantages with regard to attracting "frontline talent."[34] In addition, stakeholder-related and political motives are prevalent as they directly benefit the giving corporation, be it through enhanced reputation with key economic constituencies or to build image and further corporate political interests.[35] Last but not least, evidence suggests that a record of responsible behavior plus corporate philanthropy can also help to mitigate public criticism of corporate behavior.[36]

Not surprisingly, corporate philanthropy programs and projects generally focus on causes near, or directly linked to, a company's commercial activities and/or to the communities where its employees or potential customers are living. They tend to be undertaken where, in the widest sense, a positive return on investment seems achievable. Analyzing data from the Committee Encouraging Corporate Philanthropy (CECP), many companies are on record for their will to be a force for good, making a tangible difference to millions of lives.[37]

There is nothing wrong with the "doing well by doing good" motive. It is in line with many other corporate responsibility engagements to advance the corporate long-term interest and enhance the legitimacy of corporate activities.[38] In the context of fighting extreme poverty, however, the "doing well by doing good" approach is unlikely to function as the beneficiaries are far away from corporate markets, neighborhoods and communities where employees reside. Those living in extreme poverty are burdened not only by remoteness and "income poverty" but by many additional deprivations with regard to access to services, personal safety, freedom of choice, exposure to risks and the perception of powerlessness and voicelessness. These forces of inertia inherent in the social system of poverty make the poorest billion unlikely beneficiaries of corporate philanthropy since sustainable successes are so much more difficult to achieve.[39]

To summarize, poverty alleviation, even within an enlightened business context, will only be felt by those who can benefit from the product and services markets or from the income opportunities arising from local production facilities and other employment opportunities. Where this is not the case, normal business activity cannot "lift the boats" of those living in extreme poverty. Conventional "doing well by doing good" philanthropy is also unlikely to reach the poorest billion. For them to escape the poverty trap, support programs in the form of low-cost, proven, and effective interventions such as those suggested by Jeffrey Sachs' Millennium Village Project are needed.[40] Such programs could be implemented on a broad scale if substantial additional resources were made available through the top of the corporate responsibility pyramid. Corporations could make history by assisting one billion "lower class poor" caught in a vicious circle of socioeconomic underdevelopment to escape the poverty trap.[41]

Corporate Philanthropy to Fight Extreme Poverty

The enduring poverty crisis has many negative consequences—above all it perpetuates diseases and long-term negative health impacts that impair economic growth and, in turn, perpetuate poverty.[42] Director General of the World Health Organization (WHO) Margaret Chang recently referred to this vicious circle in the context of neglected tropical diseases:

> People whose limbs are deformed, and people who have been blinded by disease will not contribute fully to society and economies. The drain on productivity is enormous. More than one billion people are affected. These people are a double burden for society. They cannot work to full capacity, and they require chronic care. The costs of care can bankrupt households. Stigma and social isolation, especially for women, compound the misery and further embed people in poverty.[43]

Most of today's poverty-related health problems are solvable with today's knowledge, technologies and financial resources.[44] The WHO World Health Report 2005 states that "each year 3.3 million babies—or maybe even more—are stillborn; more than 4 million die within 28 days of coming into the world; and a further 6.6 million young children die before their fifth birthday. Maternal deaths also continue unabated. The annual total now stands at 529,000—often sudden, unpredicted deaths which occur during pregnancy itself (an estimated 68,000 as a consequence of unsafe abortion), during childbirth, or after the baby has been born—leaving behind devastated families, often pushed into poverty because of the cost of healthcare that came too late or was ineffective."[45]

Today's health disparities represent the most significant North–South divide: while a baby girl born in Japan can expect to live for about 85 years, one born in Sierra Leone has a life expectancy of only 36 years. In some countries worrying reversals in newborn, child and maternal mortality have taken place and the situation actually worsened during the 1990s. Overall, 35% of Africa's children are today at higher risk of death than they were 10 years ago. Every hour, more than 500 African mothers lose a small child—in 2002 alone, over 4 million African children died. Those who do make it past childhood are confronted with adult death rates that exceed those of 30 years ago.

Programs to tackle vaccine-preventable diseases, malnutrition, diarrhea, or respiratory infections remain incomplete. Immunization is stagnating in many countries at levels of between 50% and 70%. Overall, progress has slowed and is increasingly uneven, leaving large disparities between countries, as well as between rich and poor within these countries. The main causes of death among children are perinatal conditions closely associated with poverty, such as diarrhea, pneumonia and other lower respiratory tract conditions and malaria. HIV/AIDS is now the world's leading cause of death in adults aged 15–59, killing daily almost 5,000 men and women in this age group, and some 1,000 children in sub-Saharan Africa alone. As mortality statistics substantially underestimate the full burden of disease, the WHO's efforts to show this in "disability-adjusted life years" (DALYs) gives an even more dramatic picture.[46]

It has been known for decades that focused and early health interventions can make a significant difference: improvements in health form a vital foundation for changes in all other factors determining poverty. C. E. A. Winslow's fundamental truth that "Men and women were sick because they were poor, they became poorer because they were sick, and sicker because they were poorer," has been recognized since the middle of the 19th century.[47] Poor health conditions are part and parcel of the social system of poverty, whether this relates to the availability of food, education, housing, sanitation, or primary health care.[48] Improved health motivates people to do more and to do better; ill-health paralyses effort and motivation. Cultivating the will to change starts with cultivating good health. What is needed is a "big push" for health improvements, as promulgated by Rosenstein-Rodan to encourage economic development in the early 1950s.[49] If such interventions exceed the "critical minimum effort"[50] they are likely to trigger a cumulative upwards process affecting the whole social system determining poverty.[51]

In spite of this, the response of the international community in the face of this challenge has been largely inadequate.[52] Big and powerful corporations could help to break the stalemate by engaging in needs-oriented corporate philanthropy focusing on the problems of the world's poorest—and thereby achieve the highest return in terms of human lives saved and suffering eased.

MOTIVES FOR THE FIGHT AGAINST EXTREME POVERTY

The motivation for "doing good by doing well," as for social investments for future markets, is first and foremost improvements in the competitive context, i.e., direct self-interest. There is nothing wrong with such self-interest; indeed it can form part of a morally compelling justification for corporate giving. Self-interest gives corporate commitment purpose and robustness over the long term. Being self-serving in an enlightened way can do a lot of good for a lot of poor people—predominantly for "upper-class" and "upper middle-class" poor with incomes near the purchasing power threshold required for future corporate markets. This makes corporate social investment a laudable strategy for any company competing with integrity.

However, the motivational setting for philanthropy focusing on those living in absolute poverty—i.e., nowhere near the income threshold to qualify as potential customers in the short or medium term—is far more complex. The allocation of corporate resources to the fight against extreme poverty therefore presupposes a degree of social consciousness and requires corresponding value premises within top management.

The Value Premises of Top Management

Value systems are responsible for how we see the world and our role within it. These determine our interest in a given issue as well as our will to act. Our value systems influence our choice of approach, the selection and assessment of problems and the definition of concepts—they determine what is important to us, and what we see as desirable or undesirable, good or bad.[53] Corporate philanthropy belongs to the "can"—dimension at the top of the corporate responsibility pyramid. It is among the "discretionary" business responsibilities, ". . . purely voluntary, guided only by business' desire to engage in social activities that are not mandated, not required by law, and not generally expected of business in an ethical sense."[54] Corporate managers able to see beyond the rim of the "business plate" and willing to use their "moral free space"[55] to seek solutions to the most difficult and complex problems posed by extreme poverty, do so primarily as a consequence of their personal value premises.[56] There is a high empirical correlation between how decision makers feel about social issues (personal sense of social consciousness as a function of personal values) and their giving behavior.[57]

Personal value premises and related social consciousness, plus the civil courage to stand up for nonmainstream engagements, have, in my 30-year experience with corporate philanthropy, been the single most important factors determining a commitment to philanthropic activities. I am aware that this kind of altruism, i.e., being motivated to do something for others without expecting anything in return, is not a characteristic commonly associated with managers of multinational corporations. In anticipation of accusations of cognitive dissonance I can—in addition to the empirical evidence quoted—only refer to my personal experience in pointing to social consciousness and personal values as the decisive factors underpinning corporate philanthropy at Novartis and its predecessor companies. If corporate philanthropy has a sound moral foundation, the resulting programs are far less likely to come under suspicion or opportunistic attack and are therefore more robust.[58] Conversely, if corporate responsibility is not deeply rooted in the management's value mind-set and corporate culture, it runs the risk of being, as D. J. Wood describes, "last in and first out" in the company's portfolio of activities.[59]

Affinity to the problems to which a corporation wants to allocate resources is desirable because it directs corporate endeavors into areas where the company is likely to possess specific relevant skills and experience. It is therefore advisable that companies become engaged in the sectors where their core competence lies and not in general social or other issues—e.g., pharmaceutical companies should choose engagements in the health sector, computer companies should select the education sector and communication specialists become active in social marketing for useful purposes. Such targeted engagement also feeds experiences made in the philanthropic context back into the company and makes it socially more competent.

Once top management has made the value-driven decision to become engaged in corporate philanthropy in the fight against extreme poverty, the programs and projects resulting from this decision have to be managed with the highest possible professional care so that they deliver superior results with the resources available. Results are important, not just motivation. As Thomas Donaldson and Thomas Dunfee put it, "Philanthropy comes from the heart—from the love of humankind, as the Greek word connotes. It is love or passion that leads the philanthropist to determine a mission and set ambitious goals. But once he or she has determined these goals, then mind and muscle come in to design and implement a strategy to achieve it."[60] Even where the motivation comes from the heart, the outcomes (or impact) must be achieved in the most efficient, cost-effective and significant way: it is the outcome that is the philanthropist's mission, not well-meaning rhetoric. If the results were mediocre or, worse still, counterproductive in the fight against poverty, the corporate philanthropy engagement could become a source of embarrassment for a company that otherwise prides itself on the quality of the goods and services it delivers.

A sustained engagement in poverty-related corporate philanthropy can have a substantial impact. While small in the global context, the work of the Novartis Foundation for Sustainable Development has contributed over the past 28 years to, for example:

- the cure of several million leprosy patients—nearly 5 million since Novartis started distributing medicines for multidrug therapy free of charge in the year 2000;
- more than 5 million people in rural sub-Saharan Africa being able to live better lives by providing better seed varieties and promoting improved agricultural practices;
- empowering hundreds of thousands of people in poor communities to cope with the challenges of their daily lives and to prevent illness;
- saving thousands of lives, mainly children under the age of 5 years, as a result of the foundation's commitment to poor communities in sub-Saharan Africa and Southeast Asia;
- finally, supporting the development of strategies and good practices, e.g., for the psychosocial care of AIDS orphans and vulnerable young people; for social marketing in leprosy campaigns and patient-centered tuberculosis treatment; and for innovative approaches to sustainable healthcare (e.g., informal health insurance for sub-Saharan rural areas or computer-based learning programs for the Integrated Management of Childhood Diseases). This has been undertaken in collaboration with local stakeholders, resulting in tangible successes for poor people and leveraging existing efforts of other institutions engaged in the same sector.[61]

Given the results corporate philanthropy can achieve in combating extreme poverty, why are there so few companies engaged in this fight? I am not insinuating that the top management of companies not engaging in needs-based philanthropy suffers from a lack of morality or ethics. I do, however, explain divergent attitudes to extreme poverty in terms of variations in social consciousness, leading to a different use of the moral free space that a given management possesses.

How could one motivate the top management of more companies to support a "private-sector campaign against extreme poverty?" One of the most important elements is, in my view, not to rely solely on managers' values, but to introduce incentives that endow the fight against extreme poverty with a business case dimension: rewarding deserving corporations with "reputation capital," for instance, could make a huge difference. Today, the contrary is often the case.[62] Geoffrey Chandler puts it this way: "If you are wealthy, large and powerful you are likely to get more kicks than halfpence, and since the company has a large posterior, kicks are likely to impinge upon it."[63] This is due in large part to the significant tensions latent between major nongovernmental organizations (NGOs) and multinational corporations arising from their very different purposes: lack of knowledge and mutual understanding leads to a shared lack of trust. Prejudice on both sides leads to inaccuracy, oversimplification, and false generalization that reinforce the existing rift. To move beyond this, both sides will have to work to create synergies in areas of shared commitment.

REPUTATION CAPITAL FOR DOING THE RIGHT THING

Those corporate managers who do get involved in solutions targeting the poorest billion do so because their values dictate it. Because of this they will not be adversely affected by the absence of NGO or media approval—but they will remain a small minority. Given the paucity of incentives to do more than the law, the market and common decency demand, mainstream management will continue to allocate resources strictly according to return on narrow financial investment criteria. Assuming that the "value set" of mainstream managers is unlikely to change overnight, the prospects for more companies becoming engaged in the fight against extreme poverty are therefore sobering—and the resources allocated by the minority will remain below the critical threshold needed for a "big push" against extreme poverty.

This perspective could change if there were more positive feedback from society for those managers and companies who are doing "the right thing" from a global development point of view. If the individuals and organizations (i.e., NGOs, churches, and the political world) who most audibly advocate poverty alleviation went on record in support of the most active corporations, thereby "donating" reputation capital to companies most deserving it, the media would probably follow in making such corporate deeds an issue for public debate. Is it too much to ask that credit be given to those corporate leaders who engage in the fight against misery? On the contrary, it is surely a matter of intellectual honesty that different corporate attitudes and behaviors be judged in different ways, instead of casting sweeping negative judgments against the multinationals or big pharmaceutical companies as a whole.

Acknowledging exemplary corporate behavior is likely to have consequences of a very human sort: human nature responds to plaudits—and this is likely to have positive effects on senior managers. If management that allocates resources for social purposes well beyond the business case receives positive societal feedback, they are likely to allocate more resources for such purposes.[64] The more reputation capital is given, the more media reports are printed or aired, the more consumers vote with their purchasing power—the more incentives are created for other companies to do what has been done by those who get the praise. Within management circles peer pressure will develop and thus create greater momentum for doing good.[65]

Such a new dimension of competition between enlightened companies would undoubtedly lead to more philanthropy for the poorest billion. As reputation ranks high on the corporate agenda, public appreciation of special efforts is likely to motivate even hard-nosed business managers to change their minds and jump on the bandwagon to fight extreme poverty. Looking at the resources that are spent today for corporate reputation purposes, the potential for diversion into needs-based corporate philanthropy is significant. Bearing in mind that the total market for advertising is more than US$400 billion,[66] even assuming that only 5 percent is channeled into general corporate advertising or investments in corporate branding, more than US$20 billion could become available for the fight against extreme poverty.

TOWARD A PUBLIC PRIVATE PARTNERSHIP TO FIGHT EXTREME POVERTY

Business can play a significant role in the resolution of major global issues. Well beyond the positive external effects triggered by fulfilling the primary purpose of business and applying its core competences, corporations can contribute skills, mind-sets and techniques that make a significant difference to the quality of life of the world's poor.[67]

Imagine for a moment if all Fortune 500 companies and their peers outside the United States became engaged in a "business coalition to fight extreme poverty." Resources in the order of magnitude of at least today's Development Assistance funds could become available to eliminate extreme poverty. Considering that it would cost in theory approximately US$124 billion (2004 prices, 1993 purchasing power parity adjusted) to raise the standard of all human beings living in extreme poverty to one that satisfies their basic needs, a business coalition to fight extreme poverty could become a historic movement.[68]

It is certainly not my intention to criticize other kinds of corporate philanthropy: it would be a false dichotomy to make a moral differentiation between C. K. Prahalad's approach—"strategic" philanthropy—and corporate philanthropy to fight extreme poverty. My point is that the outcome will be different in terms of sheer impact on lives saved and diseases prevented. Where a company is "doing good by doing well," those recipients who most need the additional corporate philanthropy resources to get out of the poverty trap are bypassed. They currently do not, and will not for the foreseeable future, represent a business-relevant constituency.

Obviously, no single company can tackle this challenge alone, or in the context of a conventional, conservative business model. Nor should companies reinvent the wheel when it comes to fighting extreme poverty, but engage with competent partners, be they consulting companies, multilateral or bilateral institutions, academic institutions such as Columbia University's Earth Institute or NGOs. The combined resources, skills, experience and organizational cultures brought together in multi-stakeholder programs help to spend money more effectively. In my experience, cooperation with governments and multilateral institutions has been more straightforward than cooperation with NGOs—but signs of change are visible and a new "MNC–NGO collaboration paradigm"—based on the pooling of skills, experience and resources beyond the reach of any single actor—is evolving.

Of course, corporate philanthropy is just one link in a long chain and individual programs are but one step in a long journey. Other actors must be involved and additional steps have to be taken—as in the age-old story of the great journey and the first step. Enlightened companies can make a difference and for them the fight against extreme poverty *is* part of their corporate responsibility pyramid: indeed, reaching those at the bottom of the pyramid is increasingly becoming a "top of the responsibility pyramid" priority.

NOTES

1. A. Gore, *An Inconvenient Truth. The Planetary Emergency and What We Can Do About it* (New York: Rodale, 2006).

2. All data are from official UN sources collected in the World Bank Publication V. Bhargava, (ed.) *Global Issues for Global Citizens. An Introduction to Key Development Challenges* (Washington, DC: World Bank, 2006) p. 31ff.

3. For example adequate nutrition to avoid chronic hunger, access to basic health and education services, potable water and adequate sanitation, safe housing and access to public infrastructure. This problem has already been part of the development debate since the 1970s, see e.g., P. Streeten *First Things First. Meetings Basic Needs in the Developing Countries* (New York: Oxford University Press, 1981).

4. See Datafinder on http://www.prb.org, accessed July 30, 2007.

5. See http://en.wikipedia.org/wiki/List_of_countries_by_military_expenditures, accessed April 22, 2007.

6. See http://www.unicef.org/media/media_35898.html, accessed August 3, 2007.

7. See J. Sachs *The End of Poverty. How We Can Make it happen in Our Lifetime* (New York/London: Penguin, 2005).

8. This is also the core idea of the well-known "global ethic" project; see http://www.weltethos.org, accessed July 30, 2007.

9. R. De George, *Competing with Integrity in International Business* (New York: Oxford University Press, 1993) is the title of a book that still merits professional attention.

10. A quick search on Google (April 12, 2007) produced 83,100,000 hits for "corporate responsibility" and 36,400,000 for "corporate social responsibility." If one looks for "conferences on corporate responsibility," more than 9 million proposals appear.

11. J. M. Clark, "The changing basis of economic responsibility," *Journal of Political Economy*, 24(1916)3: 209–229, reprinted in M. B. E. Clarkson *The Corporation and Its Stakeholders. Classic and Contemporary Readings* (Toronto: University of Toronto Press, 1998) p. 28.

12. Similar to the model introduced by Ralf Dahrendorf in 1959 to qualify the significance of social norms, see R. Dahrendorf, *Homo Sociologicus* (Cologne: Opladen, 1959), p. 24 et seq.; for a similar differentiation of corporate responsibility obligations see A. B. Carroll, *Business and Society. Ethics and Stakeholder Management* 2nd ed. (Cincinnati: South-Western Publishing, 1993) p. 36.

13. A. Smith *The Theory of Moral Sentiments* (Indianapolis: Liberty Fund, 1984) p. 135; close to this "theoretical" observer's view come surveys or polls such as the Environics/GlobeScan Millennium Poll (Toronto 1999) or expert surveys such as "The GlobeScan Survey of Sustainability Experts" (Toronto 2005). A good way to judge a corporation's nonfinancial performance is to do so in the spirit of the ten principles of the UN Global Compact.

14. See D. Doane, A. Holder, *Why Corporate Social Responsibility Is Failing Children*, The Corporate Responsibility Coalition/Save the Children, London 2007.

15. J. A. Birchenhall, "Economic development and the escape from high mortality," *World Development* 35(2007)4: 543–568; for the record: policies to improve income distribution in the context of economic growth will help to "lift more boats." For the introduction of this debate, see H. Chenery, *Redistribution with Growth* (New York: Oxford University Press/World Bank, 1974).

16. J. Birkinshaw, G. Piramal (eds.), *Sumantra Goshal on Management: A Force for Good* (Harlow: FT Prentice Hall, 2005) p. 2.

17. See, e.g., D. Dollar, A. Kraay, "Spreading the wealth," *Foreign Affairs* 81(2002)1: 120–133.

18. See, e.g., M. Wolf, "The morality of the market," *Foreign Policy* September/October 138 (2003): 47–50.

19. C. K. Prahalad, *The Fortune at the Bottom of the Pyramid* (Upper Saddle River, NJ: Wharton School Publishing, 2005). See also UNDP Commission on the Private Sector and Development, *Unleashing Entrepreneurship. Making Business Work for the Poor* (New York: United Nations Development Programme, 2004).

20. C. K. Prahalad, A. Hammond, *What Works: Serving the Poor, Profitably. A Private Sector Strategy for Global Digital Opportunity* (Washington, DC: Markle Foundation/World Resources Institute, 2002), p. 19. See also C. K. Prahalad, S. L. Hart, "The fortune at the bottom of the pyramid," *Strategy + Business* 26(2002): 2–14.

21. M. E. Porter, M. R. Kramer, "The competitive advantage of corporate philanthropy," *Harvard Business Review* Separate Print (product number 242X), December (2002): 56–68. See also www.foundationstrategy.com/services/positioning.asp.

22. Ibid. Port and Kramer further developed and refined their approach, see M. E. Porter, M. R. Kramer, "Strategy and society: the link between competitive advantage and corporate social responsibility," *Harvard Business Review* December (2006): 78ff.

23. The notion that "charity can be good for business" is shared by a variety of other authors, see e.g., C. Smith, "The new corporate philanthropy," *Harvard Business Review* May–June (1994): 105–118 (reprint 94309), argues that "In newly emerging economies, even small grants can set forth waves of change . . . companies see philanthropy as the best means of building friendships with government leaders, overcoming regulatory hurdles, capturing the imagination of the emerging middle classes and opening dialogue with host communities" (p. 112); see also A. Reder, "The wide world of corporate philanthropy," *Business & Society Review* 92(1995): 36–42.

24. M. E. Porter, M. R. Kramer, "Strategy and society. The link between competitive advantage and corporate social responsibility," p. 79.

25. M. E. Porter, M. R. Kramer, "The competitive advantage of corporate philanthropy," p. 7 ff.

26. Ibid., p. 9. Social investments of this kind—as valuable as they can be—do not necessarily have a clear-cut "business case." The evidence for philanthropy creating positive incentives for customers to buy from this and not an alternative company is at least mixed. Carmen Valor finds in her study that—while a high percentage of people is willing to buy brands supporting good causes—price and quality remain the most important attributes at the time of the actual purchasing decision. Only once these variables are in line with expectations will philanthropic contributions make a difference. See e.g. C. Valor, "Consumer's responses to corporate philanthropy: are they willing to make trade-offs?" *International Journal of Business and Society* January 2005, available at http://www.allbusiness.com/business_planning/business_structures/3776340-1.html, accessed August 3, 2007.

27. M. E. Porter, M. R. Kramer, "Strategy and society. The link between competitive advantage and corporate social responsibility," p. 83.

28. M. Friedman, "The social responsibility of business is to increase its profits," available at http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html, accessed April 16, 2007.

29. See L. Lankoski, *Differential Impacts of Corporate Responsibility Issues* (Paris: INSEAD, 2006).

30. R. C. Solomon, "Corporate roles, personal virtues: an Aristotelean approach to business ethics," *Business Ethics Quarterly* 2(1992)3: 317–339.

31. See e.g. P. P. McGuiness, "Corporate philanthropy, government and blackmail," *Quadrant* June 2004, available at www.the-rathouse.com/quadedit55~ns4.html, accessed July 30, 2007.

32. E.g. C. Smith, "The new corporate philanthropy." pp. 106–116; K. M. File, R. A. Prince "Cause related marketing and corporate philanthropy in the privately held enterprise," *Journal of Business Ethics* 17(1998):

1529–1539; C. M. Sanchez, "Motives for corporate philanthropy in El Salvador: altruism and political legitimacy," *Journal of Business Ethics* 37(2000): 363–375. As so often there are no "simple causalities" between business success and any individual action—here corporate philanthropy, see Bruce Seifert, Sara A. Morris and Barbara R. Bartkus, "Comparing big givers and small givers: financial correlates of corporate philanthropy," *Journal of Business Ethics* 45, no. 3 (2003): 195–211.

33. See S. R. Neiheisel, *Corporate Strategy and the Politics of Goodwill* (New York: Peter Lang, 1994); St. Brammer, A. Millington, "Corporate reputation and philanthropy: an empirical analysis," *Journal of Business Ethics* 61(2005): 29–44; P. R. Varadarajan, A. Menon, "Cause-related marketing: a coalignment of marketing strategy and corporate philanthropy," *Journal of Marketing* 52(1988): 58–74; C. M. Sanchez, "Motives for corporate philanthropy in El Salvador: altruism and political legitimacy," pp. 363–375; K. M. File, R. A. Prince, "Cause related marketing and corporate philanthropy in the privately held enterprise," pp. 1529–1539.

34. J. M. Ricks, J. A. Williams, "Strategic corporate philanthropy: addressing frontline talent needs through an educational giving program," *Journal of Business Ethics* 60(2005): 147–157.

35. See e.g. S. Brammer, A. Millington, "Corporate reputation and philanthropy: an empirical analysis," pp. 29–44. Brammer and Millington find "on a high level of abstraction . . . evidence that companies which make higher levels of philanthropic expenditure have better reputation," but ". . . this effect is, to some extent, industry specific" (p. 40); D. Campbell, G. Moore, and M. Metzger, "Corporate philanthropy in the UK 1985–2000: some empirical findings," *Journal of Business Ethics* 39(2002): 29–41. L. Moir, R. J. Taffler, "Does corporate philanthropy exist? Business giving to the arts in the UK," *Journal of Business Ethics* 54(2004): 149–161. This is not the place to deal in detail with managerial utility as a motive, but if "managerial utility motivations" are triggered by personal social values (and not by superficial opportunism to support the rapidly changing fashion of the month, be it arts yesterday, sports today, and anything else tomorrow) one can deal with it as altruism, as no corporation is an anonymous system but always formed and structured by human beings. Altruistic motivations will be dealt with later in this article.

36. R. J. Williams, J. D. Barett, "Corporate philanthropy, criminal activity, and firm reputation: is there a link?" *Journal of Business Ethics* 26(2000): 341–350; this was also confirmed by Merck's former chief executive, Raymond Gilmore, in the context of the company's handling of its pain killer Vioxx. R. Gilmore, "Raising money to treat the world's sickest people

isn't the problem: spending it is," available at http://knowledge.wharton.upenn.edu/article.cfm?articleid=1438, accessed April 22, 2007.

37. See www.corporatephilanthropy.org and especially the CECP report "Giving in numbers" 2006 edition, New York 2007.

38. S. R. Neiheisel *Corporate Strategy and the Politics of Goodwill: A Political Analysis of Corporate Philanthropy in America* (New York: Peter Lang, 1994).

39. See "Voices of the poor," available at www1.worldbank.org/prem/poverty/voices/index.htm. See also World Bank: World Development Report 2000/2001. Attacking Poverty, op. cit. pp. 15 et seq.

40. See www.earthinstitute.columbia.edu/millenniumvillages/.

41. J. Sachs, *The End of Poverty. How We Can Make It Happen in Our Lifetime*, pp. 19f.

42. K. M. Leisinger, *Health Policy for Least Developed Countries. Social Strategies* (Basel: Co-operative Society, 1984).

43. M. Chang, "Address to the WHO Global Partners Meeting on neglected tropical diseases," Geneva April 19, 2007.

44. See World Health Organization: The World Health Report 2003 and 2005, Geneva 2003/2005.

45. World Health Organization: The World Health Report 2005. "Make every mother and child count," Geneva 2005, p. xiv.

46. For details see www.euro.who.int/eprise/main/WHO/Progs/CHH/den/chap2/20041123_4.

47. C.-E. A. Winslow, "The cost of sickness and the price of health," Geneva: WHO, 1951, p. 9.

48. K. M. Leisinger, *Health Policy for Least Developed Countries*, pp. 40ff.

49. P. N. Rosenstein-Rodan, *Notes on the Theory of the 'Big Push'* (Cambridge: Center for International Studies, Massachusetts Institute of Technology, 1957).

50. H. Leibenstein, *Economic Backwardness and Economic Growth* (New York: Wiley, 1957), pp. 94 ff.

51. G. Myrdal, *Asian Drama. An Inquiry into the Poverty of Nations* Vol. 3 (Harmondsworth: Penguin, 1968) p. 1868.

52. See e.g. J. Sachs, "The development challenge," *Foreign Affairs* 84(2005)2: 78–90.

53. See in a development context G. Myrdal, *Asian Drama. An Inquiry into the Poverty of Nations*, p. 32.

54. A. B. Carroll, *Business and Society. Ethics and Stakeholder Management*, p. 32. See also A. K. Buchholtz, A. C. Amason, and M. A. Rutherford,

"Beyond Resources. The mediating effect of top management discretion and value on corporate philanthropy" *Business and Society* 38(1999)2: 167–187.

55. Th. Donaldson, Th. W. Dunfee *Ties that Bind. A Social Contracts Approach to Business Ethics* (Boston: Harvard Business School Press, 1999) pp. 38–41 and 254ff.

56. D. C. Hambrick, P. A. Mason, "Upper echelons: the organization as a reflection of its top managers," *Academy of Management Review* 9(1984)2: 193–206; also L. D. Lerner, G. E. Fryxell, "CEO stakeholder attitudes and corporate social activity in the Fortune 500," *Business & Society* 33(1994)1: 58–81; also G. R. Jones, "Personal values and corporate philanthropy—a theoretical model for the role senior executives' personal values play in decisions regarding corporate philanthropy," Flinders University of South Australia School of Commerce Research Paper Series 0023, December 2000; also A. K. Buchholtz et al. "Beyond resources: the mediating effect of top management discretion on values of corporate philanthropy," *Business and Society Review* 38(1999)2: 168–187; R. Solomon, "Corporate roles, personal values: an Aristotelian approach to business ethics," *Business Ethics Quarterly* 2(1992): 317–340. This seemingly applies also to disaster relief, see D. Cagir, "Agency costs or advertising? Corporate donations for tsunami relief," *Claremont McKenna College, Leadership Review* 5(Fall, 2005): 90–109.

57. L. Campbell, Ch. S. Gulas, and Th. S. Gruca, "Corporate giving behavior and decision-maker social consciousness," *Journal of Business Ethics* 19(1999)4: 375–383.

58. B. Shaw and F. R. Post, "A moral basis for corporate philanthropy," *Journal of Business Ethics* 12(1993): 745–751.

59. D. J. Wood, "Corporate social performance revisited," *Academy of Management Review* 16(1991)4: 698.

60. Th. Donaldson, Th. W. Dunfee, *Ties that Bind. A Social Contracts Approach to Business Ethics*, p. 241.

61. Novartis has given support to facilitate access to medicines to fight leprosy, tuberculosis, malaria, and leukemia in the order of magnitude of about 1 billion Swiss francs in 2006. Over the 28 years of existence of the Novartis Foundation for Sustainable Development, the company has spent more than 200 million Swiss francs for health, social and agricultural projects (www.novartisfoundation.com). The Novartis Institute for Tropical Diseases in Singapore is engaged in not-for-profit research addressing new ways to fight dengue fever, tuberculosis, and malaria by applying cutting-edge scientific know-how and technologies (www.nitd.novartis.com).

62. At least not in the German-speaking part of Europe, where such endeavors are often denounced as "alibi actions" used by corporations to detract the public from alleged irresponsible business conduct elsewhere. From a U.S. perspective, Michael Porter and Mark Kramer state that ". . . the reputation argument seeks . . . strategic benefit but rarely finds it." See M. E. Porter, M. R. Kramer "Strategy and society. The link between competitive advantage and corporate social responsibility," *Harvard Business Review* (December 2006): 81.

63. Personal communication on May 3, 2007.

64. This argumentation is not meant to insinuate that people act only morally if there are strong incentives to do so. Our argument is based on Amitai Etzioni's approach that people's behavior is influenced by two factors, first, by what they perceive to be their moral obligation and, second, by what they perceive to be in their interest. Etzioni acknowledges significant differences with regard to the extent to which each of these factors works with different personalities. See A. Etzioni, *The Moral Dimension: Towards a New Economics* (New York: The Free Press, 1988).

65. A. Kolk, R. Van Tulder, "Poverty alleviation as business strategy? Evaluating commitments of frontrunner multinational corporations," *World Development* 34(2006)5: 789–801.

66. See http://www.zenithoptimedia.com/gff/pdf/Adspend% 20forecasts% 20July%202006.pdf.

67. E.g. a "problem-solving" and "return on investment" mind-set for philanthropic investments, a "results-based payment" approach that provides incentives to achieve concrete outcomes or impacts rather than reporting about activities and inputs; to use modern human resources methods including job descriptions, the setting of targets, performance appraisals and bonus-systems; and so on.

68. J. Sachs, *The End of Poverty. How We Can Make It Happen in Our Lifetime*, p. 290.