

# Global Companies Need Global Causes

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For the first time in human history the world has reached a consensus around the most pressing issues facing humankind. The so-called Millennium Development Goals, adopted at the UN Millennium Summit in 2000, establish specific, quantifiable targets and deadlines that have been accepted by the vast majority of the world's governments. The goals zero in on the most dramatic forms of poverty and poverty-related issues—hunger, child and maternal mortality, infectious diseases, access to clean water—as well as the factors that contribute to perpetuate such conditions—education, gender equality or environmental sustainability. The goals also establish specific targets for 2015—e.g. halving extreme poverty and hunger.

All the parties involved in monitoring, coordinating and promoting the Millennium Development agenda have agreed on the fundamental role that needs to be played by the private sector. On one hand, extreme poverty reduction requires sustained economic growth, which in turn requires companies to create jobs and increase productivity through capital investments and technology transfer. On the other hand, companies are most often than not the most effective organizations to deliver aid or provide essential services. Also, some of the goals such as gender equality and environmental sustainability are affected by companies' employment and production practices. There is no doubt that the world's development agenda needs the cooperation of businesses. But why should businesses care?

According to John Quelch and his associates, global companies build global brands by, among other things, behaving responsibly, showing good citizenship, and contributing to worthy social causes. Because global brands draw extraordinary scrutiny from consumers and groups from around the world, they need to be associated with organizations that are perceived as committed citizens. But what does it mean for a global company to be good global citizens? What are the activities or worthy causes that they should engage in?

Michael Porter has argued that corporate philanthropy makes most sense when companies apply their core capabilities to issues that can improve the competitive environment in which they carry out their business. In the case of global companies, these guidelines still leave too many degrees of freedom to help companies focus their philanthropic efforts. By definition global

companies act in a wide variety of national, cultural, social and economic contexts, each of them with its own set of priorities and needs. Companies trying to engage in specific causes in each of those settings may find it unbearably taxing to identify and engage in the issues that make the most impact in each setting. Or they may find themselves responding to local political and social pressures that may not be aligned with either making the business context more competitive or helping the company build a global citizenship reputation.

Aligning corporate citizenship programs with the global development agenda may not only be a necessary condition to tackle the needs of millions of people around the world, it may also make perfect business sense from the standpoint of companies themselves. The Millennium Development Goals establish clear guidelines that can help global companies identify the worthiest causes where they can have the greatest impact. They also provide a perfect platform to showcase the commitments made by companies and help them build their global reputations.

What are the ways in which companies can contribute to the Millennium Development Goals? The single, most important thing businesses can do is what they do best: invest and carry out their businesses effectively in the least developed regions of the world. C. K. Prahalad has defended how low-income markets may offer unique business opportunities to global companies that adapt their business practices and models to the specific conditions of those markets. By operating at the so-called bottom of the human pyramid companies build resources, empower people and transfer technology. In turn, companies gain access to potentially very large markets and they engage in learning processes that can prove valuable in other important markets.

In addition to doing businesses in the least favored countries, global companies need to do so while observing strict global guidelines of governance and citizenship. In the last five years, the United Nations has turned its attention to the behavior of the private sector, by leading an effort to synthesize a set of universal business guidelines. The ten principles or guidelines, presented under the so-called UN Global Compact, are based on universally accepted declarations of human and labor rights, as well as declarations related to social development, corruption or environmental sustainability. As of today, 19 global companies (18 of them European based, the other one US based) among the world's 50 largest companies (Forbes Global list, 2005) have publicly embraced the Global Compact and participate to various degrees in a number of self-organizing knowledge exchange business networks. Signing on to the UN Global Compact is of course not a requirement to be a good global citizen, but it might a good way to signal openly a commitment to a set of corporate behavior guidelines that are accepted universally.

Finally, companies can help by directing their philanthropic actions towards some of the goals under the Millennium Development agenda. Germany's Allianz Group for example has engaged in micro-insurance programs in India, Indonesia and Laos in cooperation with the UN Development Program and the German Agency for Technical Cooperation, a great example of how a company can leverage their core capabilities, contribute to the world's development agenda, and build a reputation as a global citizenship.

Global companies trying to build global brands need more than just engaging in good causes. They need to engage in worthy global causes. By doing so, not only they will be contributing to a more competitive global playing field, they will also strengthen their reputations as committed global citizens.