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Business, Profit, Partnership and the Global Common Good

scott kelley, *DePaul University*
patricia werhane
laura hartman, *DePaul University*

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CHAPTER 10

Profit, Partnerships and the Global Common Good

LAURA P. HARTMAN, SCOTT KELLEY AND PATRICIA H. WERHANE

> I do not know how to draw the solution to insoluble problems. It is still sleeping in the bottom of a box; but a box over which persons who have drawn close to each other keep watch. I have no idea other than the idea of the idea that one should have. The abstract drawing of a parallelogram – cradle of our hopes. I have the idea of a possibility in which the impossible may be sleeping.
>
> — LEVINAS, 1999, p. 89

Introduction

Let us consider a concept of the common good that lies within a Levinasian box: a space that is not prescriptive in what it may contain but only by reference to its context, defined, perhaps somewhat arbitrarily, by social or cultural shifts such as a penchant for alleviating poverty, care of the environment, or attention to national security. For example, a mental model permeates an almost universal understanding of the common good and corporate social responsibility practices on a global scale, in both the corporate and non-profit communities. This model favors public sector projects and pure philanthropy over a profit-maximizing shareholder perspective as the only means by which to address global poverty (e.g. Dunfee, 2006). This bias has served to trap us into imagining that global poverty is endemic and unsolvable and that achieving a modicum of the common good is impossible. As a result, this thinking constrains the evolution of practices that might otherwise have allowed exponential improvement of living conditions in countless communities; and we are trapped in a Levinasian box.

We shall make three arguments in an effort to escape the box and to develop a potential within this impossibility. First, we contend that the common good, as a positive idea, cannot be articulated so as to fit across cultural or political domains. Second, we argue that, to the contrary, a focus on common "bads" is more properly within the domain of possibility. Focusing on one common "bad," endemic poverty, the alleviation of economic distress is served more effectively by reducing patterns of neglect or exclusion than by pursuing a common, clearly articulated shared notion of "public or common goods." Finally, the particular evils of economic distress can be reduced not merely by public works or philanthropy but, counter-intuitively, and not impossibly, through commerce.

1. Mental Models, Conceptualism and Common Sense

Let us begin by articulating an important assumption underlying these contentions. The assumption consists of a form of social constructivism, the view that all human experience is socially constructed. That is, human beings have mental representations, cognitive frames, or mental pictures of their experiences, representations that model the stimuli or data with which they are interacting; and these are frameworks that establish parameters through which experience or a certain set of experiences, is organized or filtered (Senge, 1990, ch. 10; Gentner and Whitley, 1997, pp. 210–11; Gorman, 1992; Werhane, 1999). Mental models or mind sets function as selective mechanisms and filters for dealing with experience. In focusing, framing, organizing and ordering what we experience, mental models bracket and leave out data, and emotional and motivational foci taint or color experience. These points of view or mental models are socially learned; they are incomplete, and sometimes distorted, narrow, single-framed. Nevertheless, because schema we employ are socially learned and

altered through religion, socialization, culture, educational upbringing and other experiences, they are shared and often turn into culturally biased ways of perceiving, organizing and learning (Johnson, 1993; Werhane, 1999; Kelley et al., 2008).

Two particular kinds of mental models are helpful when examining our conceptions about the common good and the improbability of poverty reduction through for-profit initiatives, what Bernard Lonergan labels "the bias of conceptualism" and "the bias of common sense." One of the greatest dangers of addressing the problems of extreme poverty is the bias of conceptualism: the refusal to modify, adjust or abandon abstract concepts in light of emerging insights or failures of philanthropy or public policy. Conceptualism is "a strong affirmation of concepts, and a skeptical disregard of insights", which leads to "anti-historical immobilism", and "excessive abstractness" (Morelli and Morelli, 1997, p. 425). The bias of common sense also overlooks the importance of data by refusing to get beyond the familiar ways we have learned to frame our experiences (Morelli and Morelli, 1997, p. 97).

While all are bounded by mental models, some models are more attentive to data and to experience than are others. Language surrounding the common good must avoid slipping into conceptualism, that is, fixed social theories that assign exact responsibilities to clearly delineated institutions or individuals. It must also avoid slipping into a common sense bias that assumes one particular account of human flourishing is normative for all. Common good language must be attentive to particular experiences, yet intelligent in its ability to find common patterns. Only when common good language is attentive and intelligent will reasonable courses of action emerge.

2. The "Common Good"

Common good language has deep roots in Western philosophy and it includes long-standing disputes concerning social theory and the extent of moral responsibility. Manuel Velasquez and Antonio Argandoña offer two distinct interpretations of the common good and examine the usefulness of such an approach with regard to multinational corporations. Argandoña finds that the common good approach is liable to "vague and contradictory interpretations" and is not accepted by certain schools of thought (Argandoña, 1998). Velasquez argues that an overly strong conception of the common good reflects a particular worldview that does not respect cultural variation with regard to basic questions of human meaning (Velasquez, 1992). Furthermore, according to Velasquez, common good language must avoid two extremes. It must avoid collectivist attitudes that subsume individual interest entirely on one end. On the other end, it must avoid a concept of society that is oriented exclusively toward individual interest, which leaves little room for a coherent understanding of the global common good.

The most challenging critique of common good language is not its open-ended or contradictory approaches when it comes to social theory, as Argandoña identifies, but the overly strong conception that Velasquez critiques, which will be addressed further below. An overly strong conception of the common good is extremely difficult to identify "because cultures differ on their views of what conditions are necessary for humans to flourish" (Velasquez, 1992, p. 30), differences that are particularly acute when comparing cultures at the top of the economic pyramid with those at the base. Such strong, ideological conceptions of the common good have been used as justifications for establishing problematic economic policies that in some cases have exacerbated the effects of poverty.

Velasquez makes a significant, albeit challenging, contribution to common good discourse when it involves the complex realities of multinational corporations. Using the mental model of what he calls neo-Hobbesian realism, Velasquez contends that "the realist holds that it is a mistake to apply moral concepts to international activities: morality

has no place in international affairs" (31), and Velasquez agrees with this conclusion. He critiques two versions of the common good, one acceptable to a realist and the other problematic. With an open-ended version of the common good in place, Velasquez then analyzes the circumstances and extent to which a multinational corporation is obliged to serve the common good. He concludes, closely following Hobbesian logic, that multinational corporations have no obligation towards the common good in the absence of an international sovereign, making the establishment of such an institution foundational and primary.

By differentiating a strong and weak conception of the common good, Velasquez makes a crucial contribution. Essentially, he identifies a contextual boundary for common good language to remain coherent. The strong conception, which Velasquez claims best represents "the Catholic conception", identifies a cluster of related terms that must be properly delimited and defined. It distinguishes common goods, which are universal and distributive in character, from private goods and collective goods, which can be either owned or divided up. While such a conception of the common good may be logically coherent, it does little to help clarify the complex matrix of responsibilities multinational corporations must navigate on a regular basis. Such a definition privileges logical coherence over the challenging appropriation of dynamic, global contexts. It does not adequately account for cultural variance with regard to human flourishing.

The weak conception of the common good, however, is far more useful, according to Velasquez. It does not seek to quantify which abstract goods are distributive or universal in character, but merely to identify those things that "diminish the sum total" of one's pains or increase the sum total of one's pleasures. Velasquez uses a utilitarian approach to identify those goods that increase pleasures and diminish pains, with the nuanced understanding that pleasure and pain are not strictly bound by colloquial usage. He argues that it is possible to identify some goods that qualify as global common goods, despite significant difficulties. Within a utilitarian mental model, he tentatively identifies some elements that constitute a global common good including a congenial global climate, safe transportation routes for the international flow of goods, and the avoidance of nuclear war (1992, p. 30).

A strength of Velasquez' approach is its refusal to allow substantive discourse over global concerns to slip into abstract, universal generalizations that do not adequately respect contextual differences regarding the criteria for human flourishing. The strong conception of the common good cannot be so strong that it fails to recognize legitimate variation when it comes to such basic questions of meaning. Conversely, two potential problems emerge with Velasquez' weak conception: first, it cannot be so weak that it fails to provide any substantive categories for moral evaluation. Second, it cannot be reduced to a "sum total" metric, as some utilitarian approaches are, that overlooks harms not immediately obvious in common poverty metrics such as purchasing power parity or gross domestic product. Though we are cognizant of the distinction made by Velasquez between a weak conception of the common good based on the utilitarian collective, and the strong conception based on the indivisible social benefits afforded to all members of society, both these conceptualizations remain tied to particular social contexts and thus rely on temporal and cultural interpretation.

3. A Modified Weak Conception of the Common Good

Antonio Argandoña uses the same definition of the common good from Catholic social teaching as Velasquez: "the overall conditions of life in society that allow the different groups and their members to achieve their own perfection more fully and more easily".[1] Argandoña's characterization of the common good, however, avoids the conceptual problems that Velasquez rightly critiques; it does not attempt to distinguish universal goods from private or collective goods. Rather, Argandoña offers some helpful clarifications. As a set of conditions necessary for members of society to realize their own personal objectives, this understanding of the common good follows Velasquez' weak conception that seeks to increase individual pleasure or decrease individual pain.

In addition, Argandoña points out that personal objectives operate within a common good that is inherently cooperative and transcendental. As transcendental, it cannot be fully expressed "in statistical terms"; although quantitative measurements contribute to its evolving realization. As cooperative in character, the common good is relational and dialogic. Argandoña's understanding is close to the weak conception Velasquez has in mind, but it avoids the danger of "sum-total reductionism" to which Velasquez' utilitarian approach is susceptible. Our approach brings both conceptions together, with a different perspective.

4. Social Goods and Common Evils

Defining the common good, even a weak definition is difficult in a culturally, socially, and religiously diverse planet. Should the common good be identified with basic rights and liberties, respect for community, meeting basic needs, equal opportunity, and/or economic well-being? It might turn out, for example, that, in some cultures, the community is prioritized above basic liberties or even meeting needs. In others, basic rights will be the trumping "good". Indeed, as Michael Walzer has demonstrated some time ago, what we call "good" or "goods" are socially defined such that there is no common definition or agreement (Walzer, 1983, Chapter One).

In the opening part of Plato's *Republic*, Socrates begins his investigation of justice by identifying particular instances of injustice. His initial "*via negativa*" approach seeks to identify those elements that frustrate the

1 Cf. *Gaudium et Spes*, #26, cited in Argandoña (1998). Argandoña's reference has some differences from other translations. See for example, Vatican translation: http://www.vatican.va/archive/hist_councils/ii_vatican_council/documents/vat-ii_cons_19651207_gaudium-et-spes_en.html. Another version is found at: http://www.osjspm.org/majordoc_gaudium_et_spes_part_one.aspx.

pursuit of justice, not yet fully defined at the beginning of the investigation. Following the *via negativa* and limiting our discussion to that portion of the common good that pertains to *economic* matters, we seek to create a starting point for common good discourse. Our aim is to identify those conditions that *preclude* individuals and groups from living decently so as to even begin to realize their potential. The starting point, therefore, is the experience of those living in poverty, those who are most harmed by patterns of economic neglect, and not an ideal, universal conception of human flourishing or a global common good. Borrowing a phrase from Muhammad Yunus, our starting point is the *worm's eye view*, not that of the bird's. As such, our conception is limited in that it is neither comprehensive nor exhaustive. From here, we will address those patterns of economic bias and neglect that, collectively, exacerbate the effects of poverty.

So we shall begin from another perspective. Even if we cannot definitely be clear about the common goods, we shall assume that there are some commonly agreed upon "bads". These might include murder, torture, arbitrary imprisonment, harms to children, etc. At least one other "bad" would the absence of the satisfaction of minimum basic needs, however those are socially defined. So the lack of food, shelter, access to worship, ability to move through the community or enjoy opportunities afforded some members of that community, and/or education, locally defined, are all candidates for creating conditions that are inhuman by any standards. That is, abject poverty, locally defined, would be considered bad.

It is on these "bads" we will concentrate in this essay. We contend that reducing poverty is both a moral and economic imperative, not merely for those in poverty, but for those of us in wealth communities. But, we will argue that commonly accepted solutions to abject poverty, e.g., through public or philanthropic endeavors have failed in many instances. We will propose, instead, a new mental model – that of for-profit initiatives aimed at creating new markets, encouraging micro-entrepreneurial ventures, and providing living-wage jobs in economically distressed communities. Such initiatives reduce poverty, help to create a sense of dignity and self-respect for those now engaged in these projects, and expand global economic well-being for future generations.

5. Patterns of Economic Bias and Neglect

From an economic viewpoint, the world looks like a pyramid. Of the world's 6.6 billion people, four billion live on less than $2 a day. The bottom half of the world represents only 1.1 percent of the world's total net worth (Davies, 2006). Despite such disparity, there is significant evidence to suggest the global economic pyramid is beginning to flatten into a diamond (*The Economist*, 2004, figure 1), especially since half of the world's population, located mostly in China and India, is experiencing economic development (Friedman, 2005). However, extreme poverty is rising in absolute numbers and a large share of that is in sub-Saharan Africa (Sachs, 2005, p. 20). One out of six in the global human population cannot meet the basic demands of survival (Sachs, 2005, p. 24). As a result, there are stark contrasts in life styles and life spans across the globe: a child born in Malawi, for example, has a life expectancy half as long as a child born in Japan (United Nations Development Programme, 2006).

From a numerical viewpoint, one could reasonably argue that the flattening trend of the economic pyramid is an expression of the "common good" because *the majority* is experiencing economic growth despite comparatively small, regional increases in extreme poverty. While one out of six cannot meet the basic demands of survival, five out of six can. One might also argue that the current population growth, expected to plateau at 9.1 billion around the year 2050 (Gore, 2006, p. 217) is evidence of a common good that is historically unprecedented. Such a collectivist and statistical interpretation of the common good makes no positive moral claim for those who live in moderate or extreme poverty. Here, a minimalist understanding of the utilitarian argument is insufficient.

To the contrary, there is a growing understanding that today's global economy is radically interdependent, such that extreme poverty anywhere is a threat to prosperity everywhere. As Tom Friedman declares, "[poverty] is the tragedy for the world because of the incredible lost contribution that all these people still outside the flat world [those living in abject poverty] could make" (Friedman, 2005, p. 468). Furthermore, most of the population growth in the next few decades will occur in the urban slums of the developing world since birth rates are inversely related to living standards and levels of education (Hart, 2005, p. 32). These megacities pose significant challenges to sustainability and to reducing global "bads": increased pollution from industrial emissions, diseases from contaminated water and lack of sewage treatment, unsustainable use of limited resources, and threats posed by high levels of unemployment to name a few (Hart, 2005, p. 43). What might be termed the "interdependence thesis" makes a positive moral claim for those who live in moderate or extreme poverty irrespective of the collective economic status of a statistical majority. The radical disparity of life styles and life spans across the economic pyramid, even if numerically small, pose a significant threat to global prosperity on a variety of fronts.

One of the most obvious threats comes from failed States. In 1994, the Central Intelligence Agency's State Failure Task Force found a strong connection between economic failure and State failure leading to mass migration, refugeeism, ethnic war, and even terrorism (Sachs, 2005, p. 332). The task force identified three significant explanatory variables in the 113 cases of State failure between 1957 and 1994: high infant mortality rates caused by low levels of material well-being increased the likelihood of State failure, greater economic linkages with the rest of the world decreased the likelihood of State failure, and democratic countries showed less propensity for State failure than authoritarian regimes. The connection between State failure and U.S. military engagements is also strong (Sachs, 2005, p. 333), which has not escaped the strategic planning of the U.S. Central Command.

Operating in Camp Lemonier, Djibouti, the U.S. Central Command's "Combined Joint Task Force – Horn of Africa" (HOA) combats terrorism by focusing on regional stability in some of the poorest parts of Africa: Djibouti, Ethiopia, Eritrea, Kenya, Seychelles, Somalia, Sudan and Yemen. Since regional instability provides a safe haven for transnational terrorist groups, no small part of HOA's efforts are focused on developing and increasing access to clean water, functional schools, improved roadways and improved medical facilities. HOA's mission is to create "a place where education and prosperity are within each person's grasp and where terrorists, whose extremist ideology seeks to enslave nations, do not infringe upon the right to self-determination". For the U.S. Central Command to send 1,500 people to the Horn of Africa attests to the strategic belief that extreme poverty anywhere is a threat to global security (Combined Joint Task Force – Horn of Africa, 2007). While the connection between extreme poverty and global security may be clear, it is not at all clear why economic development in the region has been left to soldiers trained for combat.

The stories of extreme poverty across the globe share some overarching trends and patterns that range from exclusion to exploitation on a spectrum of harm. Identifying and reducing patterns of neglect and exploitation create the conditions for alleviating economic distress. Systemic patterns of exclusion exacerbate the effects of extreme poverty. In *The Mystery of Capital*, the Peruvian economist Hernando de Soto examines why capitalism thrives in the West but tends to fail elsewhere. He argues that formal property titles "lead a parallel life as capital outside the physical world" by attracting and securing the interests of other parties through collateral (de Soto, 2000, p. 39). In many developing countries, however, much of the population is "barred from legally established social and economic activities" and must operate in the extralegal sector (82). Doing so is both restrictive and risky. Without property title and formal collateral, much of the developing world's capital is "hidden" or "dead." In Peru, for example, only thirty percent of homes built have legal title (85).

Given the anticipated growth trends of the urban demographic in the developing world, exclusion from the formal, legal economy is growing concern. De Soto found a critical moment in the history of the West that curbed the bifurcation of formal property rights into legal haves and have-nots; forward-looking minds decided that official law makes no sense if a sizable part of the population lives outside of it (106). Early in United States history the courts recognized the rights of squatters by arguing "possession was nine tenths of the law" and supporting "preemption", the legal innovation allowing a settler to purchase land he had improved before it was offered for public sale (114, 120). Such formal property rights are not extended to squatters in urban shantytowns of the developing world for various reasons. Prohibitive literacy requirements (Yunus, 2003, p. 52), gender bias (pp. 71–3), and a stifling bureaucratic process that can take decades to get legal title (de Soto, 2000, pp. 18–28) all preclude access to the life-blood of economic empowerment.

While bureaucratic patterns of exclusion may or may not be intentional, there are also active, intentional patterns of exploitation practiced by money-lenders, commodity traders, and public service providers. In rural Bangladesh, for example, creditors charge rates so usurious they are virtually impossible to repay (Yunus, 2003, pp. 48–58). In rural India, the creation of government-mandated marketplaces called *mandis* was intended to create more equitable distribution. In practice, however, they had the opposite effect presenting formidable challenges to farmers in every step of the supply chain. Without access to relevant information, competing markets, precise measuring instruments, or payment in full upon sale, farmers were systemically exploited by traders (Prahalad, 2005, pp. 323–9). For basic access to public services such as electricity, many consumers missed hours of work waiting in long lines to pay their monthly bills. For those who could afford it, "speed money" was the only way to avoid waiting in such long lines. As a result, the poor pay a heavy price for basic services, costing the citizens of one city $45 million in collective wage loss (Prahalad, 2005, p. 89). Many are able to exploit the asymmetry of access to markets and information that exist at the base of the pyramid.

Exclusion and exploitation are coupled with significant misconceptions concerning the role of large international organizations, which can lead to distortions in outcomes and forsake new possibilities. William Easterly argues that the $2.3 trillion in aid sent to less developed countries since the 1950's has had mixed results at best (2006). While IMF and World Bank efforts have been effective in parts of the world, they have done virtually nothing to change the economic landscapes in Africa, parts of the sub-continent of India, Pakistan and Bangladesh. Easterly makes a strong case that it was the sense of colonial-paternal responsibility coupled with the belief that the poor do not have the capacity for economic development that lead to such problematic consequences (Easterly, 2006, pp. 23–6). Joseph Stiglitz goes even further arguing that the IMF and World Bank reflect the commercial and financial interests of the G-7, the wealthiest industrial countries. Many of the IMF's policies,

including premature capital market liberalization, have contributed to global instability (15). If Easterly and Stiglitz are correct, then the post-World War II era grand social-engineering projects share responsibility for today's economic disparity.

The most pernicious pattern, however, is a mental model that cannot envision latent opportunities in the base of the pyramid. The view that the poor lack resources and are irrevocably dependent on foreign aid skewed toward philanthropy, government and the public sector creates narrow or rigidly defined roles that often dismiss the variety of creative ways that different cultures respond to the demands of a flourishing society. The cumulative effect of such assumptions is that the private sector has avoided developing products and services for the poor because it seems risky and not worth the investment (Kelley, Hartman and Werhane, 2008).

6. Poverty Alleviation as Profitable Partnership

Considering the cumulative effects of exclusion, exploitation, and conceptualization, poverty alleviation is best served by removing the barriers that curb, stunt, or prohibit economic development. While we are uncertain about whether economic development serves the common good, we are certain that alleviating abject poverty reduces evil. This alleviation, we suggest, may be facilitated by the concept of the "profitable partnership", based on common economic foundations of incentives and vested interests. When incentives justify the investment of capital into a relationship in order to support long-term strategic interests of an organization, the organization is encouraged to enhance the ongoing investment. The resulting vested interest in the relationship creates a commitment based on aligned strategic objectives rather than charitable kindness.

This is not to say, of course, that public policy interventions and philanthropic contributions are without significant service to those most in need, but instead that the realignment of incentives can create a stable bond upon which those in need can most effectively rely for long-term planning and results. Ultimately, an equilibrium is possible – and in fact the ultimate goal – precisely because both partners are provided with what they seek most from a relationship: the organization invests in its future and receives value on that investment toward satisfaction of strategic objectives while the population served now has a reliable partner rather than a beneficent, though arguably somewhat subjective, if not arbitrary, donor.

This proposal would seem to pose an obvious connection – it permits someone to reap a value to which they will retain commitment and which has brought them value. However, reaping value, when perceived as taking advantage of someone else's vital need (as opposed to their "want"), is ethically offensive by social norms. Consider a doctor who responds to the familiar plea, "is there a doctor available?" at a restaurant where a child is choking. The doctor administers the Heimlich Maneuver and the child is immediately saved. Most, if not all, cultures would frown on the doctor if she or he were thereafter to submit a hefty bill for the life-saving few moments of assistance. Similarly, where a for-profit corporation has within it the power to alleviate the most intolerable forms of poverty by a relatively low cost investment, social norms have frowned on the corporation that instead reaps what are often alleged to be "unnecessary" or "excessive" profits.

But consider, however, the unfortunate doctor, who finds herself in the restaurant replete with choking children. Beyond the first few, many of the children will surely go without her valuable services and may suffer grave results. Moreover, the doctor herself will experience exhaustion and her regular patients will go underserved, resulting in an eventual loss of income to our doctor and those who rely on her. Similarly, a company that strives to serve the common good by continually and consistently doling out philanthropic remedies may find itself underserving stakeholders, depleting resources, and failing to appropriately position itself to achieve critical strategic objectives that would otherwise permit it to continue to meet the needs of those who rely on it. For better or worse, these contributions, whether at individual or organizational levels, do not always have the impact they intend nor are they immune from unforeseeable consequences of societal or temporal shifts. What was formerly valued

as generous in the realm of corporate social responsibility, the purely philanthropic gift with no strings attached except the expectation of recognition, has proven in light of experience to be unreliable, at best.

In fact, it is precisely this type of dilemma to which Velasquez responds when he concludes that multinational corporations do *not* have a moral obligation to contribute to the international common good in the absence of international enforcement mechanisms. To the contrary, however, imagine how *common* objectives may be satisfied when a corporation's profit-maximizing incentives are aligned with the alleviation of extreme poverty. If we modify the mental models to embrace an incentive-based paradigm, and then utilize that paradigm to motivate those with power to effect the most significant change in the areas where they have the greatest opportunity and capabilities, we are creating a self-perpetuating system that reinforces the objectives of each partner while simultaneously meeting the needs of the most critical.

The above proposition is certainly not news to many of the world's most strategic minds. In his 2007 address to Harvard University's graduating class, Bill Gates reiterated the above analysis: "[i]f we can find approaches that meet the needs of the poor in ways that generate profits for business and votes for politicians, we will have found a sustainable way to reduce inequity in the world" (Gates, 2007). Similarly, Freeman, Velamuri and Moriarty (2006) take issue with the traditional model, termed the "separation thesis", as contrasted to the proposition described above, which is one instead of strategic convergence through profitable partnerships. Freeman et al. explain that, "by talking of business and social responsibility as if they are two separate things, we unintentionally promote the idea that they involve discrete thought processes and activities. The challenge is to promote a different way of doing business that integrates considerations of business, ethics and society" (2006; see also Freeman, 1994).

Several examples will serve to illuminate the value of strategic convergence as compared to the separation thesis. Each of these examples shares some basic challenges and solutions. The companies involved recognized that, though there was value in doing business in the particular environment discussed, there were also costs involved. For instance, in some cases, security might pose a risk, while in others the challenge might be related to consumer education. In most cases, a traditional response to these hurdles would likely reduce the incentives discussed above to such insufficient levels as to render the projects completely worthless *from a strategic perspective*. Instead, the projects below were not pursued according to the mental models of philanthropy nor were they abandoned – those involved applied innovative and creative paradigms that met the strategic objectives of the organization while satisfying the community needs of vested stakeholders.

Manila Water's experience in the Philippines is a prime example of a modification to the traditional approach to these challenges since the Philippines is not an economy that a business would traditionally consider to be high-growth and profitable. Ninety percent of its population earns an average of less than $300 a month per household and often had to stand for hours in order to access clean water, paying ten times a standard rate, if available. In addition, Manila Water's prime customer base did not even have the basic piping structure necessary to bring its product into their home. Customers had to pay almost half of their monthly income just to begin to access Manila Water's product.

How did Manila Water respond to these challenges? Through community engagement, Manila Water developed a process of customer options and collective billing through which customers may choose to participate in household group meter cooperatives. Each household's use is measured separated but billed collectively, with the entire billing group accepting financial responsibility for the full meter measurement. The group cooperative has reduced billing rates per consumer by as much as 60% and, in support of the profitable partnership theory, Manila Water has collected 100% of the money owed in communities where collective billing is used (with about 70% of the urban poor it serves). Manila Water has reported a 19% return over the past three years, with 600,000 households served. (Beshouri, 2006; Zobel de Ayala, 2006).

Cemex, a leading manufacturer of cement, is an example of a firm that simply capitalized on an opportunity to create a new market for itself, and happened to help a particular low-income community build their homes in the process. It is a prime model of a profitable partnership

where all stakeholders are committed to the success of the venture through vested self interests towards common and valuable ends. About 2.5 million impoverished residents of Guadalajara, Mexico, live in extremely crowded and unfinished housing surrounding the city. The conditions give rise to other challenges and tensions that served as one of the catalysts to encourage Cemex to establish Patrimonio Hoy. "Imagine one room with ten persons living together, yelling and fighting all day long. So the children are propelled out into the streets at a young age. What do they learn in the streets? Vicious delinquency, theft and prostitution. If the first thing in your life is contact with the street, your future will be the street, with its related risks", says Israel Moreno, director and founder of the effort (Changemakers, 2002). Patrimonio Hoy is a for-profit project sponsored by Cemex that supports low income families (households with incomes of less than $5 per day) in financing the building or expansion of their homes.

After careful study of the micro-lending methods of the Grameen Bank, Cemex realized that homeowners simply were discouraged by lack of funding opportunities since it could take an average of thirteen years to finish building a small home. Therefore, the challenge of mental models existed on both sides; "Their mental model is 'We cannot do it, we cannot have a better life. This is my life, this has been my parents' life, and this will be my children's life'", says Moreno (Changemakers, 2002). Moreno and Cemex instituted savings groups of three "partners" each with well-established rules to assist the partners to participate in the borrowing process; and Cemex advanced credit to the group on the basis of participation. In line with the profitable partnerships concept, Cemex does not compete for Partners' purchases based on price but instead the partners receive benefits of membership such as technical assistance, educational programs, guaranteed quality materials and delivery, guaranteed price freezes on materials, and free storage of materials, among others. "I prefer to invest in helping our partners discover ways to live a better life", Moreno said. "I think that is a more responsible and intelligent way of doing business" (Changemakers, 2002).

As a primary consequence of the project, Cemex gains a foothold in a large and growing market segment, growth it could not achieve if it remained locked in a traditional mindset. According to Cemex' own forecasts, the world demand for cement through 2010 is expected to expand by 4% per year in developing countries, while it is anticipated that it will grow by only 1% annually in developed countries (Changemakers, 2002). These growth statistics have supported expansion of the Patrimonio Hoy program at a current rate of 2,000 new households per month serving a total of 150,000 families in 45 townships (Cemex, 2007), unquestionably impacting Cemex in ways that outright philanthropic donations could not have captured – the rate of cement used by low income homebuilders has tripled, increasing from 2,300 pounds consumed once every four years, on average, to the same amount being consumed in 15 months (Changemakers, 2002).

By 2005, Cemex reported a profit of $1.5 million and anticipated expansion into Colombia, Venezuela, Egypt and the Philippines (Johnson, 2005). Moreover, when combined with additional funding from Mexico's development ministry, SEDESOL, the program was able to enhance the number of people served by SEDESOL by three times and increase significantly the home equity resulting as a consequence of partner participation (Letelier and Spinosa, 2002, p. 35). Stunningly, Cemex reports an additional payoff not normally anticipated by multinationals when investing in developing economies. While traditional mental models prepare for instability of these markets based on security concerns or undependable individual finances, Cemex has found to the contrary that its low income market is far more reliable in times of economic fluctuation. When balanced in quantity against high cost developed markets, low income developing markets could therefore serve as extraordinary leverage against losses during periods of economic flux.

The equilibrium enabled by the profitable partnerships proposal in support of reducing poverty exists *only* because of the mutual reliance created by the interests vested between the stakeholders. Cemex invests in the builders' future and receives value on that investment toward satisfaction of its strategic objectives while the families served now have a reliable partner. The mutuality is evidenced by Moreno's common business-based anxieties. "This is not a charity organization", Moreno said. "We have to meet two objectives: we have to collaborate in providing a better life for these people and the next generations of their families, and we have to do business. If we achieve both these two objectives we will be OK. But you cannot manage this as only a business or a charity organization. This is my main concern: that we take both parallel courses. If you do only one of these, you will be out of business in less than six months. This is what wakes me up in the middle of the night" (Changemakers, 2002).

The third example of a sustainable, strategic profitable partnership between a for-profit corporation and a community is Hindustan Lever Limited's Project Shakti. The Project's stated objectives are "to create income-generating capabilities for underprivileged rural women by providing a small-scale enterprise opportunity, and to improve rural living standards through health and hygiene awareness" (Hindustan Lever Limited, 2004). However, also clearly articulated throughout all of the Project's materials is the Project's dual purpose to meet the strategic business purposes of Hindustan Lever Limited (HLL): "HLL has consciously woven India's imperatives with the company's strategies and operations" (Hindustan Lever Limited, 2004).

HLL recognizes that its efforts at rural development, health, hygiene and infrastructure development will be most successful and effective when linked to HLL's core business and in service to both the community stakeholders as well as to HLL. To those ends, Project Shakti established micro-enterprise opportunities for Self-Help Groups (SHGs) involving women from rural villages in India. HLL offered mass-market products, credit, training and other support to the SHGs in order to support the establishment of their enterprises. HLL benefits from the exchange in that they have access to a previously media-dark region; their products are now closely linked with a far more effective understanding of health and hygiene; and the women entrepreneurs have created a marketing access route that had never before existed for this population of consumers.

By creating jobs, it has not only created consumers, but has also created consumer purchasing power, as well. In 2000, alone, HLL claims 70% of India's £20 million shampoo market in rural India; and half of its $1.02 billion sales in soaps and detergents in India came from sachets in rural India. "Everybody wants brands. And there are a lot more poor people in the world than rich people. To be a global business [...] you have to participate in all segments", says Keki Dadiseth, who is responsible for HLL's global home care product division (Balu, 2001). "Even though developing markets use small quantities per capita, their huge population means a huge amount of fabric-washing products, shampoo, and so on. And even if you make modest profit levels on that, the gross profit can be much more than in the traditional markets".

Conclusion

Collaborative partnerships based on vested interests in profitable ends, however they may be defined by varied stakeholder objectives, suggest some appropriate parameters in delineating a space for poverty alleviating opportunities. Revisiting Levinas, we accept that Levinas is normally adduced to ethical discussions in order to interpret the value of only personal actions (Bevan and Corvellec, 2007): tacitly we maintain this corporate fiction but as one in which good may prevail.

> Commerce is better than war for in please the good has already reigned.
> (Levinas, 1981, p. 5)

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