

TITLE

Don't Compel But Encourage

CITE

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AUTHORS

Thomas W. Dunfee¹

The Wharton School

¹ Kolodny Professor of Social Responsibility, Department of Legal Studies, The Wharton School.

Prior to Sept. 11, the concept of a humanitarian corporation may have seemed an oxymoron to many. For 50 years, academics and media critics had challenged the right of a corporation to use its assets in a manner other than that calculated to maximize profits. Yet immediately after the terrorist attack, corporations donated substantial sums and critical resources to help the victims. General Electric, Microsoft, Pfizer, and DaimlerChrysler each pledged \$10 million. Verizon provided free phone banks, Panasonic donated Flashlights and batteries, Kodak donated X-ray film, Air Products and Chemicals provided industrial and medical gases to rescuers. Though the silence from the traditional critics of social responsibility by corporations was remarkable, there is good reason to believe that one unanticipated impact of the tragic events will be the further validation of select corporate humanitarianism. Of course, some corporations have established traditions of responding to humanitarian needs. UPS provided food to Kosovo refugee camps in Albania and Macedonia. AT&T provided technology to link rural hospitals to major medical centers in Latin America. Merck, Pfizer, and GlaxoSmithKline have donated medical supplies for conditions existing primarily in the developing world. The needs of the developing world are enormous. Corporations, should they so choose, are capable of providing unique help based on comparative advantages over other social and political entities. UPS had in place vehicles, warehouses, and capital assets coupled with experience dealing with corrupt environments when it intervened in Kosovo. BP had cost and technical advantages over local governments when it provided solar-powered refrigerators to store anti-malaria vaccines in Zambia. Firms can play critical complementary roles to government and NGOs when they exercise a core competency in responding to a social need. Even so, I would not compel corporations to engage in humanitarian actions. A better way would be to encourage and legalize voluntary actions. To be successful, corporate humanitarian interventions should be: (1) connected to the organization's core values, (2) based on special competencies, (3) done in a manner consistent with the company's responsibility to generate profits, and (4) based on specific goals and performance measurement.

It is very likely that the expectations that society and other stakeholders place on firms will change in the near future, creating pressure for them to help reduce tensions in

places of unrest. Firms that are adept at such interventions may obtain what could come to be an admired title: a humanitarian corporation.

