

No ragged-trousered philanthropists these

One of the most unexpected trends to emerge in the first years of the new millennium is the popularity of corporate rectitude.

Everywhere, companies are supporting local community projects, funding environmental improvements and setting up charitable foundations.

After the collapse of communism, it was widely believed that the triumph of capitalism was due to its innate virtue. Capitalism went wild. The re-

A moral purpose allows employees to all pull together

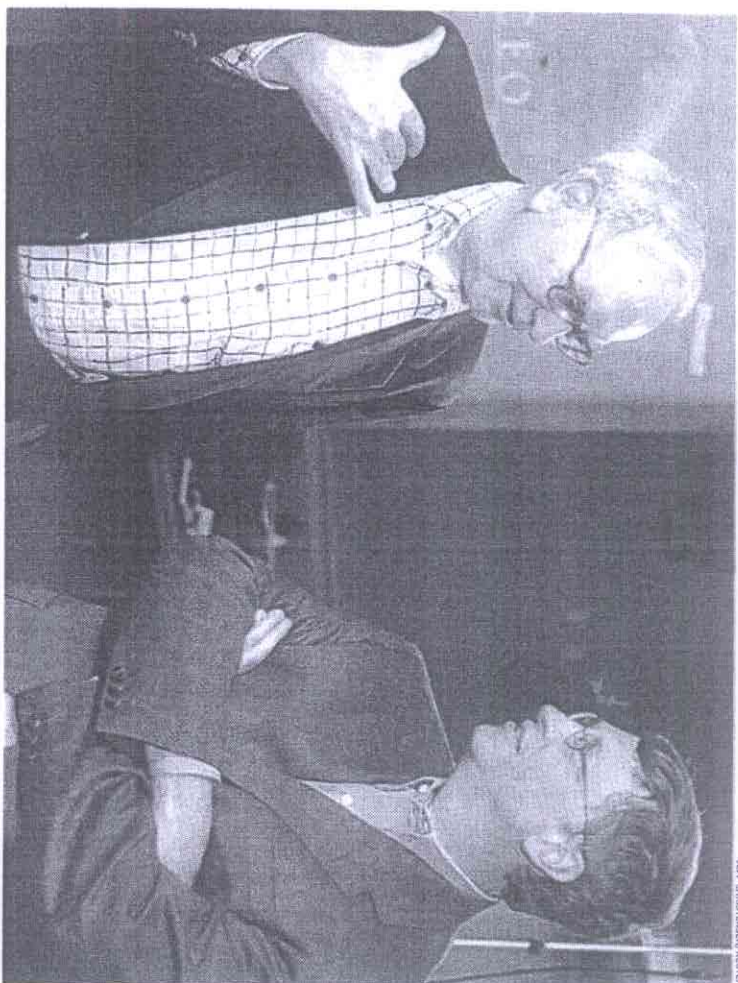
sults were shameful — the corporate scandals of Enron, WorldCom, Arthur Andersen and many others.

Since then, corporations worldwide have tried to clean up their acts. In this age of campaigning websites and internet search engines, they are finding that it is no longer possible to hide behind the fine-sounding platitudes of a "policy statement". Customers are demanding ethical behaviour, and companies that refuse to listen are likely to face severe punishment whenever they are caught acting wrongly.

Moral purpose must be at the heart of leadership, says analyst Nikos Mourkogiannis, author of *The Starting Point of Great Companies* (Palgrave Macmillan, £17), published this month.

Mourkogiannis defines moral purpose as one of four principles that underpin all a company does.

Some companies, for example, are "discoverers" that love new ways — the "joy of innovation" that was part of Sony's mission statement. Others strive for excellence — Warren



JEFF CHAMBERS/REUTERS

Dynamic duo: Warren Buffett and Bill Gates have created a charitable fund with huge clout

Buffett's spectacularly successful investment house Berkshire Hathaway being the prime example.

Heroism, Mourkogiannis says, is the quality of men such as Henry Ford and Bill Gates that gives them the ability to achieve great things. Altruism, he says, is exemplified by businesses such as the Body Shop,

which have ethical aims that are not necessarily aligned with their business objectives.

Mourkogiannis links each of these qualities with philosophers, but the real point of his argument is that establishing a clear moral purpose behind a company allows its employees to align themselves with it and all pull together.

Another aspect of the new concern with ethical behaviour is the fashion for philanthropy. This reached its apogee this year when Warren Buffett announced that he will give the bulk of his fortune to the Bill and Melinda Gates Foundation, one of the richest charitable funds in the world.

Just two men have created a fund that has more clout than most nations in the fight against disease and poverty.

An interesting insight into the direction of corporate philanthropy is given in *The Business of Changing the World* (McGraw-Hill Education, £17.99), by Marc Benioff of Salesforce.com.

Salesforce.com, a web-based customer relationship management services company, is famous for its "1 per cent" system — it gives 1 per cent each

of its time, profits and equity to charity. The aim is not only to benefit others, but to attract employees who want to have a life as well as a career.

The book offers essays by industry leaders such as Michael Dell and Kevin Rollins, of Dell, Jean-Pierre Garnier of Glaxo-SmithKline and Peter Gabriel, the musician-activist.

The message of both these books is benign but mixed. Everybody wants to do well by doing good, and some chief executives are clearly passionate about giving back to the world that has made them rich.

But there is a tendency to define altruism as "bringing consumers top quality goods at low prices".

That is laudable but as an ethical statement it is at the bottom end of the chart.

Chris Partridge