

BOOK REVIEW

THE BUSINESS OF HUMANITY: STRATEGIC MANAGEMENT IN THE ERA OF GLOBALIZATION, INNOVATION AND SHARED VALUE

(John C. Camillus, Bopaya Bidanda, and N. Chandra Mohan. Routledge.
2017. Pp.170)

Annavajhula J.C. Bose*

This book has interested me a lot for heralding a transformation in capitalism away from being shareholder-centred to becoming human-centred. The authors have documented this emerging change on the basis of sound empirical evidence wedded to appealing inductive logic.

There are companies which have strategically integrated “humaneness” into their value creation, and have shown better economic performance in the process. And there are also companies which have massively invested in emerging markets to meet the needs of impoverished people in large numbers by doing a rethink of products and services, technology, and marketing, and they too have shown better economic performance. In other words, these companies have considered and included “humankind” at the bottom of the pyramid.

In a nutshell, there are now many case studies of companies which are illustrative of humane values and/or of responsiveness to humankind, so much so that the authors have put forward their fundamental proposition as follows: *Strategic decision making that employs criteria falling under the rubric of “humanity”, in its two dimensions of “humaneness” and “humankind”, leads to superior economic*

* Associate Professor, Department of Economics, Shri Ram College of Commerce, Delhi
E-mail: bose.ajc@gmail.com

performance and sustainability. This is the Business of Humanity Proposition. It is definitely counterintuitive in that private profits and social benefits can be together like “hand and glove”.

The humane criteria in this proposition include safety, quality, environmental sustainability, diversity, gender equality and integrity. Companies such as Alcoa affirm safety as their unquestioned and primary strategic consideration. Concern for safety in the work environment as also in product offerings, clearly aligns with organizational values that give importance to employees, customers and shareholders, the authors say. A company such as Ford has paid more than lip service to its slogan of “Quality is Job 1”. In fact, under its management, Jaguar automobiles rose from the bottom of the list in quality and reliability to heading the list in 2009. Ford's attention to quality was a factor that enabled it to be the only one of the U.S.' Big Three automakers to avoid declaring bankruptcy or asking for a government bailout. There is also an emerging argument and realization that environmental social responsibility can enhance profitability. There is, indeed, growing empirical evidence that strong environmental management is linked to improved financial performance. Gender diversity is also seen to have a positive impact on the bottom line and gender equality has positive profit impacts on businesses. Again Ford is exemplary in this regard. It has elevated environmental sustainability to “mission-critical” status and emphasized gender equality. Similarly, diversity, in multiple dimensions, beyond just the racial and ethnic backgrounds of employees, is seen as important to economic performance. Companies as varied as Timken and Google have valued diverse workforces as a source of innovation and long term economic sustainability. Lastly, integrity, like safety, is intrinsically humane in that it defines the desirable character of the interaction between individuals. It has a causal link to increased performance and improvement in the quality of life.

Consider the 'humankind' aspect of the Business of Humanity Proposition as mentioned above. Groupe Danone, the French giant, has set up a yogurt factory in Bangladesh as a joint venture with Grameen Bank, Grameen Danone Foods Ltd. This yogurt is fortified with vitamin A, zinc, and iodine to help combat malnutrition and

sold at an affordable rate of six euro cents a cup. The factory relies on Grameen microborrowers buying cows to sell its milk and microvendors selling the curds from door to door. Danone has also been providing safe drinking water in India since 2010 through the Naandi Foundation. The Naandi Community Water Services is present in 400 villages, providing safe drinking water to 2.4 million people at an affordable rate of 0.3 U.S. cents per liter. The programme runs on a hybrid model, with governments and investors contributing 70 percent of its initial capital. It is managed as a business that incorporates social benefit in its business model to expand the number of treatment units from 500 to 2000 sites. Danone is surely not doing charity. It assists with issues related to quality, marketing, human resources, the programme's supply chain, and IT.

There are many other fascinating stories of companies following the Business of Humanity Proposition—doing well the humanity practices in the pursuit of profits. Walmart has learned to address gender equality goals and environmental concerns and sustainability. It works for reducing the carbon footprint and gaining social sustainability as well by operating as a wholesaler, serving local retailers with cash and carry stores. Vodafone gives strategic priority to humaneness and breaks all the rules for its customers. Unilever has shown commitment to sustainable sourcing, improving health and well-being, reducing environmental impact and increasing social impact. Grameen Bank enables the very poor to become entrepreneurs. GE meets the fundamental human needs and meets the needs of their vast low-income markets. Coca-Cola is striving to become globally water-neutral. Bharti Enterprises, which is the conglomerate that owns Bharti Airtel, India's largest private cell operator, works to maintain trust and penetrate the impoverished nooks and crannies of rural India. Bandhan Financial Services works to uplift socially disadvantaged and economically exploited women in East India. The Ahmedabad-based Arvind Limited, the flagship of the Lalbhai Group in India, has gone beyond traditional, post-profit-making Corporate Social Responsibility. It enhances its profits by addressing social issues. How it has addressed the epidemic of suicides by cotton farmers in the nearby Vidarbha region is brilliant indeed. The authors inform us that

“Arvind hired the services of agronomists to teach farmers about organic farming or growing cotton naturally, which obviates the need for fertilizers and pesticides. Organic farming is also best suited for marginal farms with poor soil quality as is prevalent in Vidarbha. What started out as a small project now encompasses 41,471 acres of farm land and 5482 farmers. All the organic cotton produced on these farms is certified by Control Union Certification, Netherlands. Arvind has eliminated middlemen and directly picks up the farmers' production. The company has negotiated commitments from global companies to purchase the organic cotton at a premium price. Previously indigent farmers now make a good living, suicides in Vidarbha have dropped, the soil is enriched, the environment is protected, and Arvind has become the largest and most profitable manufacturer of organic denim.”

The authors do caution the reader that spreading the message of the Business of Humanity Proposition is a major challenge because strategies driven by it are very different from today's dominant classic strategies solely focused on enhancing shareholder value.

The book is very useful and a must read for practicing managers, consultants, and educators as also students of B-schools. I have found the nine chapters of the book, a treat to read. The only downside of the book, which is most important to me, is that it has not revealed whether the Business of Humanity companies do not debase the labour process and labour rights and ill-treat workers in their factories and subcontractors.