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Philanthropy and Business

Very few of my students have an interest in careers in business. A number of them will pursue professional degrees and will find that there is less difference between business and the professions than they thought, but "business" is not what motivates them. A career is about more than "just making a living," they will say, although they respect both the need to make a living and their own desire to live a more or less comfortable life.

They don't appreciate getting rich because they see that as mindless and soulless self-interest. As a result they undervalue the creation of new wealth and the possibilities of new wealth as a means to a larger social end. Andrew Carnegie said that he was motivated to make money so that he could give it away - and did just that. Carnegie's wealth made possible Carnegie's libraries.

There is another important insight into business that my students seem unaware of. John D. Rockefeller, Sr., once wrote that "the best thing one man can do for another is to give him a decent job." Business has presented itself in recent years as preoccupied not with creating decent jobs but with the bottom line. That is, business is about profits, full stop - it is not about jobs, products, services, and communities. In fact, some voices of business pride themselves on the heartlessness of business - downsizing was presented as a lust for cost-cutting. Job elimination has been more highly valued than job creation.

There are of course quite serious reasons to be concerned with cutting costs and with eliminating redundancy and other forms of inefficiency, and indeed I agree with those who bring Occam's Razor to organizational life. Those values are conceptually smaller than the larger purposes of economic activity, however: business *exists* to create decent jobs for producing products and services.

It is reasonable to look on a business career as an opportunity to create decent jobs - and to improve working conditions and the standard of living. Business leaders in fact

used to talk about business in those terms, and many business leaders I have known seemed to believe what they said.

My point is that young people should be encouraged to consider business careers as *morally* justified if pursued in certain ways. They are instead taught to think of business as simply small and selfish with no higher or better end than meanspirited selfishness. The image of business as a career seems - from my vantage point - to be less honorable than it was a generation or two ago. To be a business leader in the 1950s and 1960s was to have a wide view of the role of business. The image was probably pushed too far and too fast. Corporate social responsibility developed more rapidly than business practice, and not enough attention was paid to responsible behavior during a downturn. The more recent generation of business leaders won success by cutting costs and serving shareholders *and themselves* at the expense of employees and customers and the communities where they did business.

As corporate social responsibility pressed too far in one direction, downsizing clearly overreacted in an opposite direction. Within business, those concerned with manufacturing lost place to the marketers, and the marketers lost place to the financial people. In the process, whatever emphasis there might have been on manufacturing quality yielded to labor and production cost, and marketing was told to make people like it - make people believe cost is more important to them than quality.

If business is justified by job creation and the production of products and services, reduction of business to a financial bottom line obscures the larger mission. The wider sense of business as part of a larger society is also lost, as is a longer-term perspective. Technology drives such changes, often without regard for the larger or indirect consequences. I agree with those who say we're running ahead of ourselves, unable to reshape society rapidly enough to sustain social and political and other non-economic values.

I respect "business." I respect the people who make an honest living in the marketplace and who create decent jobs. It is when business loses sight of those values and speaks only in financial and narrowly self-interested terms that I become discouraged. "Getting rich" is not a respectable goal for a young person *unless* there is something in mind that one might do with what is acquired.

We will always find much to quarrel about in defining "decent" jobs and "useful" products and services, and "honest" business practices. But the qualifiers are important reminders that the business of business is always more than business. The CEO of what was at the time the largest industrial organization in the world once said that the company would continue as a private business only as long as the society permitted it to.

If society is to respect business, business must respect society. On the basis of what some of the very brightest young people seem to think - including those who head for Wall Street to get rich - there is no reason to respect business.

Young people in philanthropy approach business in two ways, one consciously and the other unaware. The conscious way is to say that they would like to work in "corporate philanthropy." The other way is to say they want to work for "a foundation," detaching in their minds the business enterprise that created the wealth that made the foundation possible in the first place. Many young people are snobs about people who make money yet have no difficulty in helping the unenlightened wealthy to give their money away. At least two of the largest foundations - Kellogg and Lilly - make a point of keeping the sources of their wealth clearly in mind. The sources are two: the individuals named Kellogg and Lilly who established the foundations, and the corporations that continue to generate profits and dividends that expand the endowments. These two foundations constitute a special case under the tax law because they are able to keep most of their investments in the companies that first made them possible. Almost all other foundations, beginning with Ford in the 1940s, dispose of the parent company's assets and invest elsewhere, putting distance between themselves and their parents.

That has been a largely unquestioned tax policy for a long time, but as I write this I'm not sure of its merit. Most serious is the loss of contact of the foundation with its origins in business. It becomes too easy to think about distributing wealth without thinking carefully enough about how wealth is created. The individual and family values that build corporate wealth are often lost sight of now that public ownership of companies diffuses control. All shareholders are created equal. It is not appropriate, most corporate executives now agree, to impose private or personal values on public shareholders. That detachment from personal morals encourages the amoral philosophies that have sustained the tobacco companies through their recent troubles. "Morality" is not a business word.