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Headline: GLOBALISM DOESN'T HAVE TO BE CRUEL

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In the twilight of the 20th century, making globalization work humanely is quickly becoming the dominant issue of our time. From Boston to Bangkok, trade, investment, and information technology are exploding across borders and overwhelming governments' ability to provide social safety nets and public services to cushion the impact on people. A political backlash is building in Asia, Europe, and Latin America. It could even happen in the U.S., once the current economic expansion comes to its inevitable end. Although international corporations cannot shoulder all the responsibility, no challenge is more central to global management than finding a balance between the relentless pressure for short-term profits and broader social responsibilities.

What's a chief executive to do? To what degree should companies take on the responsibility heretofore shouldered by governments? To what degree can they? One chief executive, John Browne of British Petroleum Co., has a clear philosophy and strategy. Browne believes that for BP to thrive, so must the communities in which it does business. To make that happen, Browne has insisted that the economic and social health of the villages, towns, and cities in which BP does business be a matter of central concern to the company's board of directors. He has also made social investment for the long term an important variable in compensating BP employees around the world.

AMBITIOUS GOALS. What to do and how to do it is left to local BP business units. But regular reviews of their activities are held by regional executives. In such areas as job training for local employees and building schools, ambitious goals are set, and performance is measured against them. Involved in the process along with BP employees and board directors are local residents whose views are regularly surveyed.

BP's community investments are extensive. In Vietnam, the company is providing computer-based technology to control the damage from recurrent flooding. In Turkey, BP recently financed the replanting of a forest around the Black Sea that had been destroyed by fire. In Zambia, it has supplied 200

solar-powered refrigerators to help doctors store antimalaria vaccines. In South Africa, it has supported the development of small business in urban areas such as Soweto. In Colombia, it is turning its own waste material into bricks for local homebuilding.

In addition, accidents in the workplace, noxious emissions, and oil spills are subject to monitoring and quantification. Ernst & Young verifies company recordkeeping. There is constant pressure to eliminate accidents.

NOT CHARITY. So far, the strategy has not impaired BP's bottom line. To the contrary. "These efforts have nothing to do with charity," says Browne, "and everything to do with our long-term self-interest. I see no trade-off between the short term and the long. Twenty years is just 80 quarters. And our shareholders want performance today, and tomorrow, and the day after."

So far, they've gotten it. Since the end of 1992, if an investor bought BP stock and reinvested the dividends, he or she would have earned a 33% annual return, outstripping by over 50% the comparable returns thrown off by the Dow Jones industrial average, the Standard & Poor's 500-stock index, or the S&P Energy Composite. In the past five years, the company's market capitalization has expanded nearly fourfold, to \$77 billion. Meanwhile, profits have climbed nearly fivefold, to \$4.7 billion. In the past year, BP's return on capital invested exceeded that of all other major energy companies.

Despite Browne's success in balancing the immediate needs of his shareholders with broader social responsibilities, he treads cautiously. "We have to be acutely conscious of our limitations. Companies can't substitute for governments." True enough. Even if governments shrink, they will have to become more effective in addressing everything from financial regulation to health care. But global companies do have a great stake in social stability and economic progress, and as governments recede, they will have to fill much more of the void.

Corporations would do well to take a page out of Browne's playbook: think long-term, invest heavily in the communities that you do business in, be obsessive about achieving profits, and fully integrate social responsibility into your policies on governance and compensation. The big question is whether Browne is part of the vanguard of a new breed of corporate leadership or just an admirable exception. The answer could help determine

the magnitude of the backlash against globalization.

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