NONPROFIT **CSR CIVIL SOCIETY** SOCIAL ENTERPRISE PHILANTHROPY

Insights & inspiration for social innovation



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44 CSR & the **New ASEAN** 

52 India's Next Big Social Innovations

68 Making Bets for Impact Investing in Asia





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## The Shifting Sands of Development



Johanna Morden Editor-in-Chief editor@asianngo.org

The hourglass has finally tipped over, setting in motion some big changes in the international development sector.

I liken these changes to what Roger Martin and Sally Osberg call a shift in equilibrium (See Page 57)—social transformation that alters pervasive, self-reinforcing and persistent systems. Systems which have prevailed through the passage of time despite their shortcomings.

For the past 15 years, the eight Millennium Development Goals have acted as a compass for our social progress. While having led the

achievement of significant gains, the framework has failed to attain its ambitious goal of ending extreme poverty. This year, the Sustainable Development Goals (2030 Agenda) have taken over to tackle what inequalities remain, culminating lengthy plans and consultations among its 193 signatory governments and other development stakeholders.

Already, the 2030 Agenda has brought forth a welcome change of direction. Its strong focus on climate issues has prompted the adoption of the Paris Agreement, a milestone pact to reverse climate change and boost clean energy use worldwide (See Page 9). The Agreement is seen by some as the first expression of political will to implement the terms of the 2030 Agenda.

Whether or not this political will—or commitment—can be translated into sustainable, equitable action is another thing altogether. This question is especially vital as intergovernmental cooperation continues to drive equilibrium shifts in the development space. In Asia alone, another important transnational accord broke ground in 2016: the ASEAN Economic Community.

Development efforts come with a hefty price tag as most of us working in this sector would agree. Financing for the 2030 Agenda is expected to cost up to US\$3 trillion annually and the climate deal: US\$100 billion per year. Meanwhile, official development assistance (ODA) to least-developed countries (LDCs) has hit a 10-year low, with the poorest nations receiving only less than 30 percent of global aid flows, according to the latest figures from OECD.

This is not an optimistic prospect. If we are to truly "leave no one behind," as the 2030 Agenda vows, priority must be given not only in terms of the most taxing social challenges but also of the most disadvantaged countries, of which we count many in Asia. The new shifts happening today mark an opportunity to finally put the spotlight on those who need it the most.

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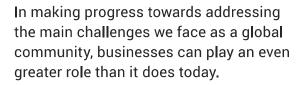
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# The Makings of Humanistic Management

by Ernst von Kimakowitz





Doing so is contingent, however, upon re-establishing a meaningful relationship between the means and the ends of business and its role in society. In essence, we need to depart from a one-dimensional goal-setting where maximizing profit is the only aspiration of a business organization, and shift towards the "triple bottom line" in assessing business success.

Being profitable is a necessary condition of sustainability for any business organization, but it's not its *raison d'être*—profit is a means but not an end in itself.

The reason why we want prospering businesses in our communities is because they deliver goods and services that meet genuine human needs, because they provide livelihoods through employment opportunities, and because they allow us to collaborate in creating value and finding innovative solutions to the challenges we face.

In short: the end of business is to serve society. Healthy profits are only a means to gain and maintain the capacity for doing so, not vice versa.

#### The 3-Pronged Approach to Humanistic Management

As a guiding framework to support the positive impact that businesses can generate, we've developed the Three-Pronged Approach to Humanistic Management at the Humanistic Management Center.

Combining theoretical insights with empirical evidence has led us to define the three main characteristics of companies that seek to do well as much as they do good. These are the unconditional respect for human dignity, the integration of ethical reflection in management decisions, and the active and ongoing engagement with stakeholders.





By upgrading the Kirishskaya Power Plant,

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energy demand while at the same time substantially reducing CO2 emissions. In North Africa our energy solutions ensure

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Siemens technology ensures the region's growing energy demands are met in an ecologically responsible way.

# Unconditional respect for human dignity



# Integration of ethical reflection in management decisions



# Active and ongoing engagement with stakeholders

#### Respect for Human Dignity

Respect for human dignity may seem somewhat remote from business at first glance, but it's central to a humanistic management paradigm. A condition for fruitful human interaction is mutual respect for one another. Doing business involves human interaction, and business leadership is first and foremost about being a human being.

Our dignity lies in our capacity to autonomously define the purpose of our existence—and business can promote as well as hamper our ability to do so. Paying living wages, ensuring safe working conditions, or avoiding environmental damages that adversely affect people's health or their ability to farm their own food are but a few examples of how businesses can be agents for self determination and a life of dignity.

With humanistic management, businesses don't accept that people create value for a business under undignified conditions and they don't pose preventable limitations on their stakeholders' ability to live a self-determined life.

# Integration of Ethical Reflection in Management Decisions

Businesses that are serious about respecting human dignity examine management decisions in terms of their consequences and the risks for all those affected. They don't wait for costly public outcries if and when misdemeanor makes the headlines before they respond with corrective action, nor do they view CSR programs only as a tool to manage reputational risks.

With humanistic management, businesses think that protecting their integrity through adhering to self-imposed, strong values needs no further reasoning for it's the right thing to do.

#### Active & Ongoing Engagement with Stakeholders

Through stakeholder engagement, businesses learn about the interests and concerns of all those who are touched by their operations. Aiming for compromise where interests are in conflict and allowing for the power

of the better argument to supersede factual power, they gain and maintain a high level of public legitimacy.

With humanistic management, businesses are willing and able to make their decisions transparent, while listening to and acting upon the concerns voiced by their stakeholders.

Stakeholder engagement allows the sharing of responsibility and the gaining of insights on public perceptions. This, in turn, provides business intelligence to refine value propositions and promote ongoing success in the market place.

#### **Reality Proves Possibility**

Reality proves possibility—many business leaders I talk to know that sustaining business success over time depends on a value proposition to society at large.

They have a deep sense of responsibility towards the communities in which they operate and act accordingly. Not only at home, but around the world, not only within their own operations but also along their supply chains: they create shared value and share the value created.

Others, however, lag behind and have yet to embrace ideas that establish a meaningful relationship between the means and ends of business.

Humanistic management follows strategies and practices aimed at the creation of sustainable human welfare. Making progress towards a more sustainable and more equitable world is an imperative, not an option.

We need to step up our efforts to preserve the natural capacity of our planet to support life and we need to find more equitable ways to distribute wealth—neither will be possible without the great innovative powers of business. •

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