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**The Role of the Private  
Sector in Fostering  
International Development**

**April 2017**

# The Private Sector and International Development: Key Fundamentals

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*The opportunities for the private sector in developing markets are significant and go beyond extracting natural resources or benefiting from low labor costs. Private sector presence however also comes with substantial risks for local communities. Too many examples of unethical business practices have resulted in distrust amongst various civil society actors. However, when business managers, from no matter what industry, open their horizons and partner with development organizations, they will find consumer markets, resources, spirit and engines for growth that serve both society and business.*

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This paper addresses the following seven key fundamentals of the role of the private sector in fostering international development:

### **1. BUSINESS SHOULD DO NO HARM**

Developing economies come with business opportunities. The private sector must at all times avoid harm when accessing new consumer markets or extracting resources in developing countries.

### **2. GOVERNMENT AID REMAINS**

Spanish reputation and international relations with developing countries are sustained by a minimum level of governmental long-lasting aid and a business ethics approach.

### **3. GRANT MAKERS NEED BUSINESS**

Business development and local social development reinforce one another. Grant making organizations need knowledgeable and quality business partners to reach their development objectives.

### **4. CENTRALISING SOCIETAL DEVELOPMENT**

Business investments are most sustainable when the local development objectives rather than the business objectives are positioned in the center of the stakeholder model. To create development, the public, private, and non-for profit sector should work in partnership.

### **5. BUSINESS AND DEVELOPMENT OPPORTUNITIES**

Energy, water, nutrition, education, social and financial inclusion, agriculture and environment are amongst the indirect health development areas that provide business opportunities.

### **6. BUSINESS MEANS FOR DEVELOPMENT**

For any type of business, relations with their workforces, neighbouring communities, supply chains, investors and philanthropic activities are means to stimulate development.

### **7. DEVELOPMENT MEANS MORE BUSINESS**

Local social development will in turn lead to increased economic opportunities for businesses.

## Introduction

To meet the 17 ambitious Sustainable Development Goals (SDGs) set for 2030, huge business responsibilities and opportunities are anticipated. The private sector is called upon to actively participate in reaching goals in the areas of poverty, climate change, health and building strong institutions to bring about peace and justice. Through means of their operations businesses can bridge existing gaps and take a role in sustainable development. Business approaches promise faster, more scalable and sustainable outcomes, overcoming the longstanding problems of more traditional approaches that were overly reliant upon aid.

Most of the 17 SDGs have an indirect impact on people's health. SDG 3 however explicitly refers to health, stating "Ensure healthy lives and promote well-being for all at all ages". With the increasing expansion of the private sector into the developing world, employee health insurance coverage is just one way of helping reduce the impact of global epidemics and chronic diseases on the private sector as well as on society. Citizen behavior and expenditure patterns of workforces and consumers are other exemplary areas of influence of the private sector. There is a growing awareness among global actors that dealing with global social misery is everyone's responsibility. With the SDGs, and in combination with the shrinking development aid from western governments such as in Spain, the terms private sector's accountability and business opportunities have been added to the development discourse.

The purpose of this paper is to stimulate the debate around the role of the private sector in international development. The paper touches upon the responsibilities and accountabilities of businesses operating in developing markets as well as presents the business opportunities that come with the SDG agenda. It introduces the Societal model as an alternative business strategy to the Stakeholder model and provides a framework for businesses to consider when operating in emerging markets.

## International Development

To run a healthy business, one needs a healthy society. In emerging markets, significant societal challenges persist and may hamper business development. Poverty, access to healthcare, lack of education, access to clean water, unreliable infrastructure and poor hygiene, sanitation and nutrition are amongst the issues facing business in society. Climate change, conflicts, natural disasters and unforeseen events such as arbitrary nationalization of assets add to the challenges of doing business in emerging markets.

At the same time, rising populations, economic development, innovation and leadership lead to a wealth of business potentials. An increasing number of business leaders are searching for returns on investments in emerging markets. They are not only driven by the economic opportunities in emerging markets, but also by business pressures due to the global financial and economic crises; thus, they are looking for new markets off the beaten track. In Bangladesh, for example, a UK bank, through its local business operations, supports 1.5% of GDP and some 655,000 jobs. It is one of the country's most important taxpayers, and through trade finance supports over 13% of Bangladesh's international trade. Assessment revealed the bank's other contributions to the public good, in areas such as trade services, financial innovation and development of expertise.

Business and economic development - financial injections, scalable business opportunities and international trade - contribute to solving societal challenges. For local economies and populations in developing markets, foreign investment often positively influences local economic development, contributes to the enhancement of the rule of law and to a sense of community. In conflict-sensitive areas, the presence of foreign business leading to local economic development, stimulates stability and peace (Kolk & Lenfant, 2009) and –maybe the most impactful of all– hope in building a better future. Knowledge transfer between businesses and civil society contributes to creation of level playing fields, equality and potential cooperation between different societal actors.

Partnerships between the public and NGO sector with the private sector can further link security, justice, governance, reconciliation and economic development in volatile areas. Business approaches to development sector challenges promise faster, more scalable and sustainable outcomes, overcoming the longstanding problems of more traditional approaches that were overly reliant upon aid.

Unfortunately however, in the past and still today, the negative impact of business presence such as unbalanced power structures, creation of waste, bulk consumption of water and energy and exploitation of vulnerable people is still surpassing the positive impacts. When investing in developing markets, companies must realize that good ethics rather

than the rule of law lead to performance. Good ethics is normative and should therefore be a combination on a societal held moral law as well as one's own belief as to rightness or wrongness of an action. In any case, business profits from development so stimulating development is in the businesses own benefit.

## What Makes Doing Business in Developing Markets Different?

Doing business in developing markets provides opportunities that cannot be found in mature markets. Competition is increasing but still far from competition levels in mature markets. An abundance of resources and investment opportunities in unexplored areas in developing markets combined with the technologies, innovations and leadership found in Spanish companies provide a range of opportunities for the Spanish private sector. Africa for example, a widely unexplored continent with good economic and political prospects, has an increasingly integrated approach to tackling societal challenges through business operations. Despite Africa's poor reputation – Africa being positioned by the media and perceived by the Spanish population as a poor continent with conflicts, disasters and diseases – an increasing number of investors, in particular from Asia, Northern Europe and Latin America, are competing for land, goods and services in Africa. Whilst much foreign investment focuses on extracting natural resources, various investors have found ways to create and develop local consumer markets for local and overseas products and services.

Urbanization is one of the main drivers for economic growth in developing countries. Cities command an increasingly dominant role in the global economy as centers of both production and consumption (Cohen, 2005). Elites and middle class consumers have lifestyles that in several ways can be compared to city life in mature markets and provide a wealth of opportunities for businesses in film, fashion, food & beverage, culture and arts. Moreover, the need for transport and infrastructure, electricity and other basic public services increase the prices and provide ample employment. A Mexican restaurant in Nairobi, Spanish wine in Lagos and Indonesian fabric in top brand retail shops in Buenos Aires are amongst the growing number of foreign investment examples in developing markets.

The costs of doing business in emerging markets cannot be calculated with conventional Western business models. In democratic led, well-legal-structured and open societal countries, businesses are regulated and taxation provides the necessary governmental income to pay for social costs. Many developing economies are either in the process of developing democratic structures or retain different types of systems that leave space but also uncertainty to businesses to assume their responsibilities.

## How Can Governments and Civil Society Support Sustainable Business?

Integrating certain values in business operations automatically leads to care for people and the environment, whether employees, their families, contractors, supply chain workers, consumers or community members. Ultimately, integration of social and environmental aspects in business operations will lead to development whereby business and society are impacted in a positive, social and just way. But the private sector does not have to operate alone in creating economic and societal development.

Moreover cross sector collaboration with governments and civil society organizations is a must in order to create economic development and address some of the global challenges. Only combined and shared technology, research, knowledge, experience and entrepreneurship, leadership and innovation can lead to creation and care. New financing models, supply chain structures, communication tools, resource sharing and savings should be on the business agendas as essentials for enabling sustainable development.

The Spanish private sector, including all industry types, at least if it aims to continue to grow and tap into new consumer markets, has to be mobilized as the developments in emerging markets are evolving rapidly. Being part of the solution will stimulate Spanish international trade, its international relations and its economic growth. Already in various European markets, business executives are grasping the sense of urgency of the rapid pace of change in emerging markets and want to jump on the train of cross sector collaboration. Governments realize the increasing importance of business overseas relationships as a means to international cooperation and networking. With the reducing role of governments and the growing power of the private sector, national governmental institutions in Spain and elsewhere are increasingly dependent on their national private sector for sustaining international relations. For Spain, the diplomatic and political frameworks have to become strongly supportive of sustainable private sector or entrepreneurial endeavors in emerging markets in order for Spanish international affairs to prosper.

In parallel, Civil Society Organizations (CSOs) will continue to activate the Spanish government to protect developing countries by preventing unsustainable Spanish business activities such as fishing that threatens the livelihoods of coastal communities off Africa's coast. Furthermore, by stimulating Spanish foreign investment in Africa, the Spanish government contributes to tackling the increasingly worrying migrant labor situation in the Mediterranean. Christopher Columbus in the 15<sup>th</sup> century had to deal with ethical dimensions when expanding religious and business objectives for what was then seen as ethical colonization. Today, modern international business managers are

ambassadors of Spain and vital for good Spanish international relations. Vice versa, a minimum level of long-lasting Spanish governmental aid efforts will lift the country's reputation in emerging markets and will help build trust amongst all overseas relations.



## What Business Strategy Is Needed?

For the Spanish private sector to stay or become involved in the opportunities provided by emerging economies, a cultural shift towards risk and resources is required. Perceptions of developing countries as high-risk and poor resource have to make place for new drivers of innovation and long term consumer markets. Perceptions of fear of doing business in unknown terrain have to give way for prospects of working in partnership with governments and civil society organizations that are eager to co-develop local economies and share the benefits for both business and society. Perceptions of being first to enter an underdeveloped area have to make place for an open eye to build upon existing business and CSO development by providing complementary knowledge, competencies and resources.

Once the perceptions of doing business in what were previous perceived as in-need-of-aid countries shifts towards profitable operations in areas of comprehensive business opportunities, one can start working on developing the appropriate business strategy.

When setting a business strategy, the Spanish private sector may either perceive host countries lacking governance structures and regulation as an opportunity for non-accountability and aim for short term benefits. However, increasingly, companies review and adapt ‘SDG-proof’ strategies that integrate societal development into their core business. As in underdeveloped countries businesses need to be part of societal development, the societal model as a business strategy would be in place. Contrary to the stakeholder management model, a modern strategy as opposed to the classical shareholder model, the company does not address stakeholders as business stakeholders but it approaches itself and others from the perspective of what is required for societal development or the Sustainable Development Goals (SDGs) (Van Cranenburgh, 2016).

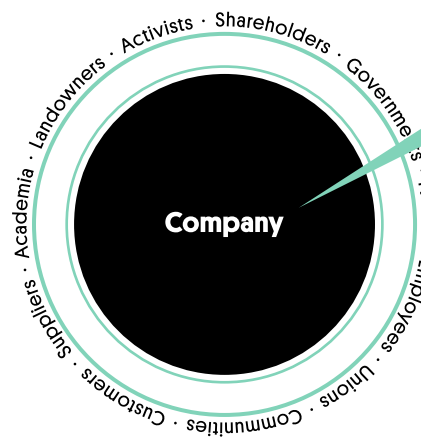
As a result, the company is a civil society actor itself, rather than that it positions itself as ‘different’ from civil society actors. The societal model also differs from the commonly used issue management model. When responding to a certain issue and mitigating business risks the issue brings, managers often face new issues as issues are interrelated. Rather than having a ‘one-problem-based approach’, the sustainable societal model stimulates a more holistic management approach in which sustainable development or the SDGs in a certain geographical area are always at the center of attention.

To enable businesses to have a societal approach, there is a need for businesses to participate in sustainable societal development on a continuous basis. This means businesses do not engage with civil society when there is an issue at hand or when an activist, CSO or governmental institution approaches the company for help, but the company, as a civil society actor, participates in development on a permanent basis.

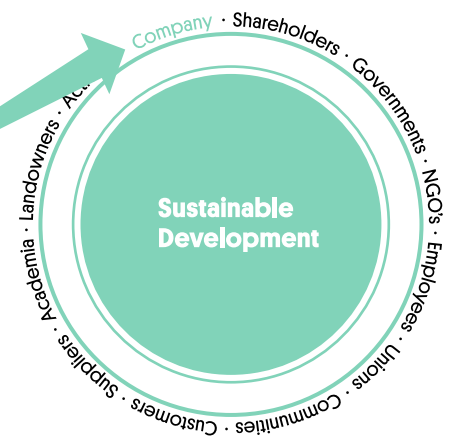
For businesses to engage in development, there is a need for multi-stakeholder fora. If these fora do not exist, businesses will have to initiate actions to create and develop them. This means businesses may have to take a more active role at first but will be an equal partner in a multi-stakeholder forum when up and running. Businesses may choose to develop fora themselves, but preferably they should outsource this to an independent 3rd party to avoid 'easy-criticism of business-self-interest'.

## Shifting from the company –centered stakeholder strategy to the sustainable societal development strategy

2010  
Stakeholder Model



2020?  
Societal Model



<sup>1</sup>Van Cranenburgh, K.C. Money or Ethics. Multinational Corporations and Religious Organisations in an era of Corporate Responsibility. Erasmus Research Institute of Management, 2016, page 202.

*The Spanish private sector has an opportunity to drive business and create development simultaneously. As good health is key in creating development, this paper will focus on health-related aspects and opportunities.*

## The Global Health Burden and the Private Sector

The impact of global epidemics on the private sector is increasing dramatically, in parallel with the expansion of the private sector into the developing world. The impact of the burden of chronic diseases on the private sector is also increasingly alarming, fueled by the behavior and expenditure patterns of workforces and consumers as well as the costs of increasing technical possibilities in healthcare. The private sector cannot escape a certain level of reaction and responsibility. There is a growing awareness among global actors that dealing with global social misery is everyone's responsibility.

The worrying global healthcare situation needs to be taken into account by the private sector when setting up a business strategy for working in developing countries. Infectious or communicable diseases such as HIV/AIDS, malaria and tuberculosis are still the main burden in developing countries and need to be calculated in the costs of doing business. Besides the costs, business policy is key to prevent discrimination, support social inclusion and participate in wider societal initiatives to promote health. Furthermore, business ethics should prevent businesses from activities that do harm or are in contradiction with the SDGs. Smart tax policies might provide higher short term profits but lower state income will lead to less revenues available for investments in public healthcare. Lobbying for soft regulations or benefitting otherwise from low governance regimes will eventually backfire upon business as it lacks a long-term business vision.

In general, low household incomes, labor productivity and social mobility due to diseases are resulting in lower labor supply and bringing forward retirement. Employers absorb a significant portion of the economic burden of diseases through absenteeism, presentism (being present at work but with diminished productivity), reduced productivity and increased employee turnover (Suhkre *et al.* 2006).

Communicable diseases have decreased over the last decade though: due to the efforts made by the international community in response to the millennium development goals, mother-to-child and children under five mortality has decreased significantly. Whilst that has resulted in a relative growth of mortality due to chronic or non-communicable diseases such as cardiovascular disease, cancer and chronic respiratory disease, there are also indicators that the patterns of diseases have changed due to economic development. Chronic diseases such as diabetes are an indicator of increased economic development and consumerism and nowadays account for over half of the health problems in developing countries.

With shrinking funding from western governments such as in Spain, business opportunities are evolving as healthcare solutions are increasingly being sought in innovative financial frameworks and bottom of the pyramid business opportunities. Strengthening

of healthcare systems, informing and educating communities, provision of quality services and participating in public/CSO-corporate partnerships that involve seed funding and business models for growing quality healthcare provision are key elements of development in healthcare. Private sector initiatives such as the Global Business Coalition on Health serve as platforms for businesses to participate in the challenging but rewarding path to prevention of health problems around the world.

When highlighting the benefits of business innovations that help achieve the global health agenda, one cannot escape the debate around pharmaceutical companies that operate in accordance to the law but refrain from operating in accordance to the spirit of the law. The universal 'right to health' comes with ethical dilemmas for the pharmaceutical industry that can only be solved by constructive and respectful consultation amongst all stakeholders. Involvement of the private sector including the pharmaceutical companies will be key in the 2015-2030 United Nations Sustainable Development Goals focused on human health, for which the role of private sector development will be indispensable.

## Indirect Health Development Areas for the Private Sector

Tackling health from the narrow view of diseases and healthcare provision would however oversimplify the scope and scale and again would position developing economies in a negative short-sighted position of being in need of aid. Private sector involvement in improving healthcare is not just a business opportunity for the pharmaceutical industry and does not only rely on ethics in the pharmaceutical industry. Opportunities and risks can be found for all sectors and go beyond occupational health and safety (much as that is important) or corporate philanthropy / corporate giving.

For a healthy business to prosper it needs a healthy society and a healthy society is related to factors such as energy sources and availability; access to water; nutrition; education; social and financial inclusion; and environmental and agricultural sustainability. All these aspects are interrelated and health-related and impact human development and the environment. It is up to the private sector industries to either approach them with a risk-avoidance or a value-creation strategy. Whilst in the past there was a tendency to position health issues as business for the pharmaceutical sector and the role of non-pharmaceutical companies was limited to monitoring and mitigating occupational health risks, executive leaders across all sectors and from all industries are moving towards service delivery and business growth strategies in the global health agenda. A closer look into the health-related business strategies and examples of businesses creating shared value provide private sector players enriched understanding of the relation between global health, international development and business.

### **Energy sources and availability**

Lack of power or frequent power cuts hamper local economic growth. Whilst many developing nations have significant oil, gas and mining potentials, local business operations are short of stable power supply. Whilst foreign investments in for example the extractive industry may put pressure on the availability of energy resources, they can also be part of the solution of generating and distributing energy. A gas supplier partnered with an international development bank and a local CSO and provided gas to 50.000 families in the poor neighborhoods of Buenos Aires. In the early years of their investments no profits were made. However, the change from using gas tanks to provision of natural gas through a pipeline system reduced the people's gas expenses, increased the value of their houses and led to a decrease in respiratory diseases. Now the business is profitable and the economic development continues. Partnerships between companies and civil society organizations or governments lead to up-scaling sustainable energy solutions and provide for efficient, effective and sustainable energy generation and distribution amongst all stakeholders. Modern energy services, energy efficiency throughout the energy value chain and significant increase of renewable energy

in the world's energy mix are three pillars for business to contribute and to prosper from.

### **Access to water, hygiene and sanitation**

One in eight people of the global population has no access to clean water resulting in two million deaths every year. The emerging economies are hit hardest due to exploitation of natural resources and population growth. Private sector initiatives have led to cost-effective basic water services combined with hygiene and sanitation awareness programs. Business leaders in various sectors are increasingly grasping the opportunities to develop products and services that, combined with educational messages, provide long-lasting access and well-informed usage of water sources. Whether from a savings perspective - decreasing water usage in the production of soft drinks or the development of mines - or from an opportunity perspective - selling soap whilst contributing to national hygiene programs, water-related business development creates shared value for both the company as well as the society in which it operates. Businesses that provide new technologies can support the geological mapping of water sources and develop tools for water extraction and water distribution whilst keeping the consumer costs to a minimum. Capturing and safeguarding rain water may cause components companies to participate in a village-scale water initiative, pharmaceutical companies may focus on wastewater treatment, technological companies provide innovative technologies and brewers find ways to up-scale their wastewater into agricultural or sanitation resources. Cooperation and partnerships with local, national and international initiatives are key.

### **Nutrition**

The food and beverage industry finds many nutrition initiatives by various (international development) institutions make attractive business development. Advancing the innovations in nutritious solutions both serve one of the most serious health problems in developing markets whilst providing a commercial opportunity, often subsidized, that make businesses decide to take the step to invest in emerging markets. More indirectly, improvement of the nutrition value of food and beverages positively impacts childhood education and adulthood productivity. Companies' opportunities lie in the provision of market based solutions using local supply chains and working in partnership with foundations, institutions and grant making organizations in order to reach those in most need whilst commercializing the market for medium income populations. Involved companies have improved their sales, have accessed low-income populations with base-of-the-pyramid strategies and have increased their brand reputation by demonstrating to be active in fighting malnutrition. Private sector firms work with the Global Alliance for Improved Nutrition that coordinates procurement of nutrients, provides an organizational structure working with local governments, identifies vendor activities and mobilizes resources to support fortification projects.

### **Education**

The Sustainable Development Goal agenda has education as a priority area. The demand for schooling continues to increase and social equality in education is called upon. Lack of infrastructure, quality teachers and higher education possibilities call for innovative technologies in order to meet the needs of growing populations in cities and remote areas. Investments in technological solutions and alliances between businesses, ministries of education and school management can grow the talent pool that human resource managers fish from. Education can be approached from many angles and does not only refer to schooling. In 2000, a 1.8 million people refugee camp in Colombia was facing enormous challenges when an electricity company implemented an energy educational

program in combination with the provision of safe and stable electricity networks. It was a bottom-of-the-pyramid strategy in partnership with the local government that provided the refugees property of their land if they would pay their electricity bills. This led to the refugees becoming property owners, gave them financial citizenship and enabled them to start small businesses such as laundry services, hairdressers and retail shops. For the company it became a profitable business.

### **Social and financial inclusion**

Entrepreneurs, families and small and medium sized businesses in emerging markets have a general difficulty of getting access to credit. Tools for saving money, transferring money and various insurance mechanisms have already impacted many of the poorest populations. Micro-finance initiatives from various financial and non-financial organizations have provided credits for starting up small businesses, investing in quality clinics and advancing sustainable agriculture. The impact of financial inclusion is significant, not only for the individual, but also for the economic development of a region or country. It is a critical part of international development. Financial inclusion, if well-regulated and supported by tools and services from the private sector, is high-priority for many governments in developing markets. Business solutions from the banking and insurance sector, the communication and technology sector and various other sectors are required to complement governments and civil society efforts to reach financial inclusion targets for low-income households. The shared value of commercial benefits with societal development is significant and indirectly improves individual and economical health prospects.

Business investments in innovative healthcare systems, in quality improvement, in loans for healthcare providers and in health insurance stimulate the demand for and supply of healthcare. The introduction of health insurance makes healthcare affordable to low-income families and leads to increased utilization of clinic services. The income received by healthcare providers through the insurance premium and the provision of affordable loans enables them to invest in healthcare quality and business potential. When employers participate in health care insurance programs for their workers and suppliers, they not only keep their workforce and supply chain healthy; they also keep their productivity at a high level. Microcredits, insurance systems, result based financing and other innovative forms of financial stimuli allow for participation in society and enhances the infrastructure required for sustainable living.

### **Environmental and agricultural sustainability**

Population growth, water scarcity and climate change provide challenges and opportunities to the agricultural sector that go beyond the need for innovation in farming. Sustainable agriculture involves joint civil society-governmental regulation of land-ownership, access to water, integration of small-holders in commercial supply chains, development of sustainable supply chains including better storage and transport, nutritional product development and industrial and technological innovation.

Companies can participate in sustainable agriculture by sustainably managing their water, waste, energy and CO<sub>2</sub> emissions. Business opportunities lie in the area of improving the nutritional value of food products, finding sustainable grain solutions and inclusion of small-holders in business processes. Corporations from food and beverage industries have been partnering with large landowners, farmers and CSOs to secure sustainable food chains. The Sustainable Agriculture Initiative Platform connects the industry players to share knowledge

and initiatives to ensure efficient production of safe, high quality agricultural products in a way that protects the environment, the people and biodiversity.



# The Private Sector Workplace, Neighbors, Supply Chain, Investors and Corporate Philanthropy

As described in this paper, companies are directly affected by the global health status. Business logic points out that global health needs cannot be controlled without business participation. Whilst one may argue the corporate social responsibility of sharing the global burden of diseases, the other side of the spectrum is the increasing business opportunity. The commercial benefits of participating in water, energy, nutrition, financial inclusion and sustainable agriculture have been identified; but there are more general private sector related opportunities. Whilst this section describes the business opportunities in getting involved, it goes without saying that activities that contradict with the SDGs or abuse or misuse governance gaps should at all times be avoided. As tempting as it may be for business to tap into legal but unethical tax regimes, environmental flaws or unfair access to law makers and law keepers, it goes against the (civil) societal development so much needed in developing and developed countries.

## **Workplace Opportunities**

As described in this paper, companies are directly affected by the global health status. Business logic points out that global health needs cannot be controlled without business participation. Whilst one may argue the corporate social responsibility of sharing the global burden of diseases, the other side of the spectrum is the increasing business opportunity. The commercial benefits of participating in water, energy, nutrition, financial inclusion and sustainable agriculture have been identified; but there are more general workplace related opportunities. Viewing the workplace as a means to access large populations and build employee engagement by provision of healthcare messages is one important aspect. The essence of corporate involvement is approached from the ethical, deontological idea that one should use the means at one's disposal to do good. Provision of intelligence, building on marketing skills and public relations channels, development and distribution of health education are amongst the possibilities. The workplace provides a natural platform for addressing healthcare aspects in a targeted approach. The workplace can provide a critical access point for healthcare, prevention messages and treatment clinics.

## **Neighboring Communities**

As an extension to the workplace, families of workers are reached by organizing special family days or communicating directly with the family. For example, enclosing disease prevention messages with workers' wage slips would result in health messages going directly to the residential address of the employees' family. While in some countries places of worship such as churches, mosques or synagogues fulfil such a role, the workplace is far superior in terms of scale and bounded structure. Although the trend of corporations outsourcing workers is growing rapidly, the possibilities of reaching communities via corporations remains very attractive for health promotion and disease prevention. Corporate healthcare pro-

grams can be up-scaled to neighboring communities with little efforts and large benefits. Mining companies in malaria-dense regions have not only provided their employees with bed nets and medication kits but have extended their efforts with regional community anti-malaria spraying programs in partnership with governments and funding agencies such as the Global Fund. Besides bringing employment in the public healthcare sector, the programs have led to increased consumption as the local families medical expenses were reduced significantly. Increased expenditures in for example soft drinks have resulted in increased sales for the drinks industry, another industry that, from a distribution and nutrition perspective can be so important to developing markets' healthcare systems. As with the mining industry example, a similar type of partnership between international funders, national governments and a corporation is the Last Mile project that ensures distribution of medication to remote communities in Africa through corporate expertise. Government agencies managing the procurement and distribution of medicines and medical supplies receive training and support from the private sector. The business training skills enable governmental officers to become experts in forecasting demands for medicines and vaccines, efficient and quality warehousing and on-time distribution of life-saving products.

### **Supply Chain**

Economic impact assessments reveal the significant impact business activity has on local supply chains and vice versa. Presence of a foreign beer producer in Nigeria has generated over 500 thousand related jobs in agriculture, distribution and retail. Procurement of local agricultural products versus importing grains decreased the companies costs and increased local agricultural infrastructure. Extending local supply chains is key for maximizing a firm's economic impact and supports financial inclusion of entrepreneurial local businesses. Foreign investment strategies can build trust and reliability through long-term pricing and procurement structures that in turn allow suppliers to gain access to credit and scale up operations. Seed investments are often supported or subsidized by international civil society organizations or governments that seek to provide aid by ensuring a minimum level of quantity and quality, requirements as set out by corporations. Seed money may also be subsidized or provided by impact investors and focus on delivering technical assistance (providing training and seeds to farmers) and incentives (result based financing) that lower the risk and investments for the corporations involved.

Expanding a corporation workplace policy to supply chains implies more than a paper exercise whereby a supplier ticks a box stating it will comply with a supplier code. Truly integrating a companies' HIV/AIDS policy or workplace health policy on TB and malaria involves practical implementation, support and monitoring. Mobile phone companies have supported communication through provision of mobile phones, solar chargers and healthcare text messages to rural women addressing agricultural issues and disease prevention. Receiving messages that help improve quality and production at the farm and receiving a bed net reminder when it is children's' bedtime, strengthens farmers and families and encourages companies to opt for local products rather than to import from mature markets.

### **Investors**

With the rise of responsible and mission/faith based investing, an increasing number of investors are on the look-out for business opportunities with high social positive impact in developing markets. Impact

investing in microfinance, affordable housing, forestry, agriculture, alternative energy sources and various other industries aim to do good whilst providing a modest financial return on investment. Large pension funds, churches and other institutional investors in mature markets are increasingly forced to look for alternative investments for fossil fuels or conflict-related investments, engage with companies from all industries demanding good business practices, and devote part of their portfolio to sustainable investments in developing markets. The business community already operating in developing markets has to respond and new foreign investments have to be aware of the growing demand for 'good business' in developing countries.

### **Corporate Philanthropy**

Corporate philanthropy, defined as a way of promoting development in resource poor settings through aid or charity, has recently been under scrutiny by scholars and activists for its alleged lack of impact. Activities that serve society and entail little or no business gain—which could be called *altruistic CSR* (Lantos, 2001) or *voluntary action for the public good* (Meijs, 2010) has challenges of its own and is often discussed in terms of aid versus trade. The impact of corporate philanthropic time and money through controlled grant-making endowments has to be measured on several levels and has to align with local government strategies and activities. When done with good intentions but in isolation, in other words not acknowledging the complexity of public healthcare needs, aid can do more harm than good. To build a new clinic or hospital in a resource poor area may provide companies a good feeling and respect from some; it does however not recognize the complex necessities of a public healthcare system and might actually negatively impact initiatives or direct resources to roles of secondary importance. Through partnerships with civil society organizations and independent quality monitoring, corporate philanthropy can have significant positive impact for society whilst providing corporations with reputational benefits. However, corporate philanthropy can only function as an add-on to existing good business practices and therefore aid will always be in addition to trade and cannot replace it.

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## In Conclusion

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Doing business in developing countries comes with risks and opportunities. Understanding how to negotiate in different cultural settings and having the right political and cultural advisory support helps foreign investors in understanding the landscape of business operations. For in-company strategists it is key to take a societal approach and work in partnerships. This will help mitigate risks and ensure sustainable growth for both business and society. Foreign investments can be designed in such a way that it leads to profits and development with little or no harm to social and environmental landscapes. The products and services produced may circulate at a high quality, approach diversity as a strength, provide little to no waste and acknowledge the strength of business-society interrelatedness to create economic prosperity and social justice, key ingredients for a sustainable future of developing countries.

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