CHAPTER 4

Global Citizenship: Contributing to Prosperity and Value for All

A few years ago, a group of Thunderbird faculty members, students, and alumni set out to identify the leader who best exemplified the school's values. After a long debate, the group was deadlocked. A single person couldn't capture Thunderbird's values. The school had a split personality, exemplified by two very different individuals: Richard Branson and the Dalai Lama.

Branson seemed an obvious choice. A self-made billionaire and *über*entrepreneur, the well-known Briton has grown a highly profitable global brand from industries once considered moribund. The Dalai Lama felt like more of a stretch. What does a Tibetan monk have to offer as a model for a business school? Turned out, he had the answer a few months later, in September of 2005, when he visited Thunderbird. In his speech, the Dalai Lama spoke about individual responsibility in an interconnected world:

> We are more than six billion people and we are suffering from complex global problems, many of them man-made. The world is one unit, one body, but our minds still think in terms of *we* and *they*. In reality, however, there is no such thing as *us* and *them*. We are one body. So the destruction of one part is the destruction of the whole. We must make an effort to recognize that the "others" are also part of humanity, that my future depends on your future. We may find some comfort in the notion of independence, the idea that we control our destiny and can take care of ourselves, but that idea only exists in our mind. In reality, we are all interdependent.[1]

The Dalai Lama described the two central tenets of Buddhism: one involves a philosophical outlook that recognizes the interdependence of all things; the second, a value system based on the notion of compassion and the consequent requirement to cause no harm to others. These two ideas are interconnected. If I believe that I am connected to you, then your pain or hardship is also mine, and it is in my self-interest to do something about it.

What Is Global Citizenship?

The Dalai Lama's ideas about interconnectedness and compassion helped us frame our views on what global citizenship means in a business context.

Global citizenship involves taking actions and making business decisions that recognize the ways in which the prosperity of one individual, one firm, or one nation depend on the prosperity

of others. A global citizen is committed to respecting the rights and dignity of all individuals who are affected by his or her business. A global citizen will work at creating true value for all parties involved in a business transaction rather than trying to exploit some for the benefit of others.

The concept of global citizenship is not new. More than twenty-four hundred years ago, the philosopher Socrates claimed: "I am not an Athenian or a Greek, but a citizen of the world." U.S. President Ronald Reagan called himself a "citizen of the United States and of the world" in a speech before the UN General Assembly thirty years ago, and Barack Obama appropriated the phrase in Berlin while still a candidate for the presidency. Socrates, Reagan, and Obama all communicated that they were invested in the larger fate of humanity and that their fate was tied up with that of others.

Global Leaders Need to Be Global Citizens

There are two important arguments for conducting business as a global citizen: one is a moral imperative; the other, a practical one.

The influence they wield and the resources they command oblige global leaders to act as good citizens. Alternatives, of course, abound. Global business is full of legal loopholes and ambiguities. It offers plenty of opportunity for moral arbitrage, for a race to the bottom in which each actor tries to outearn the rest by cutting corners and exploiting weak links. Our definition of global leadership excludes that type of conduct, no matter how much personal gain it may bring. A global leader instead chooses to make decisions and build new sources of value that create prosperity, alleviate poverty, and improve well-being. Achieving those outcomes is a direct function of how leaders understand and act upon their personal responsibility

True global leaders do not think it is okay to look the other way when their Malaysian outsourcer employs thirteen-year-olds just because regulation is lax or ideas of childhood are different in Southeast Asia than they are in the West. Global leaders view themselves as citizens of all the communities in which they operate and accept responsibility for their impact on the community's welfare. True global leaders reject the all-too-common zero-sum mindset, which sees prosperity as finite and success as a race to take as much of it as possible.

There is increased recognition of the need for leaders to act as global citizens. Global citizenship for leaders is gaining the endorsement of organizations like the United Nations and the World Economic Forum, and has been written about by influential thought leaders like Harvard professor Michael Porter, whose ideas about "shared value" are not very different from our definition of global citizenship.

On the practical side, global citizenship is not just *right*; it is also instrumental to success. Conducting business in any other way is becoming increasingly difficult. Many individuals and businesses allow the rule of law to serve as the far edge of their moral obligation, but laws rarely reside on the cutting edge of need. Governments are slow-moving animals. Standards of behavior today are increasingly set elsewhere—by the shareholders who believe you are putting their investment at risk by not considering the larger picture; by journalists who make that picture clear in their reporting on the working conditions at overseas operations; at the NGOs that investigate corporate relations and behavior; even on the personal blogs, YouTube videos, and Facebook pages of company employees discussing their experiences. Corporate actions used to be a matter private to international boardrooms. Today, increased transparency, often involuntary, means more scrutiny. The world is watching now, all the time.

Not only does global citizenship reduce a leader's risk of failing; it also pays dividends. Our colleagues Mary Sully de Luque and Nathan Washburn demonstrated in an article in *Administrative Science Quarterly* that the followers of CEOs who emphasize good citizenship values perceive them as more visionary than the leaders who are autocratic and focus on economic results at any cost. The article was based on a study de Luque, Washburn, and collaborators conducted with leaders in 520 firms in 17 countries, which found that those leaders displaying citizenship values had a huge influence on their employees; their subordinates exerted additional effort at work and made their companies more successful.[2]

For global leaders, global citizenship is a base requirement. A businessperson may apply a global mindset to perceive, analyze, and decode situations, and he or she might apply a global entrepreneurship to identify opportunities from divergence, convergence, and networks. But using these skills will only make the person a global leader if he or she approaches every situation with the goal of creating shared value for all parties involved.

Global Citizenship: An Uncommon Path to Common Solutions

Many readers at this point may be tallying the number of successful leaders they know in business and politics who do *not* operate as global citizens. Some high-profile thinkers even revel in rejecting the view that strong leadership requires global citizenship. Politician Newt Gingrich, responding to Obama's speech in Berlin, called the concept of global citizenship, "intellectual nonsense and stunningly dangerous."[3] (It's not clear how he felt about Ronald Reagan's use of the phrase.)

The global recession has spurred more than a little economic nationalism in many communities and businesses. You do not need to look far to find examples of businesses behaving badly for short-term gain in places or situations where the risk of reprisal is low: agribusiness giant Chiquita has paid bribes to paramilitaries in Colombia; Nike sourced apparel and other products from factories in Pakistan that employ children as young as ten; food processor Cargill has discouraged the companies it supplies from testing its meat products for *E. coli* bacteria.

It's easy to critique the misbehavior of these corporations. But each situation is more complicated than it might appear. Colombia, for example, has been caught in a three-way conflict between the elected government; a communist guerilla movement that started out as an ideological group and evolved into a kidnapping and extortion racket; and right-wing paramilitaries originally set up to protect people from the guerillas, but have become organized crime and drug-trafficking syndicates. Paying bribes in this context is not necessarily done with overtly corrupt intentions; Chiquita paid the bribes in part to protect its workers from threats of violence from the paramilitaries.[4]

Nike followed the path of many apparel manufacturers and outsourced much of its production to low-cost countries as a way to compete in an extremely price-sensitive market. At first, Nike couldn't understand why the public expected it to police contract factories in far-off lands. Later, when responsibility appeared unavoidable, it asked suppliers to comply with local laws and Nike standards. Nike didn't have the staff, however, to conduct regular audits of all its suppliers (some of whom were outsourced providers for Nike's outsourcers).[5]

Even Cargill had its reasons. The major food processors are constantly challenged to stay competitive while keeping food prices

Cargill's costs, including increased fuel costs, loss of cattle or feed to weather or natural disaster, and fluctuations in demand, among other issues. Food safety is another source of expense, and the outcomes overall are very good; food-borne illness caused by unsanitary practices at the abattoir or processor is very rare. It can be argued that the media pays such close attention when contamination occurs exactly because it is so rare. The necessary investment to make food even safer within the current system would be substantial; removing the last half-percent of error is always vastly more expensive than removing the first 99 percent. The only way to offset the cost would be to make food more expensive, which would put a great deal of pressure on people around the world who already struggle to afford food.[6]

We raise these examples to show that the path to global citizenship is not easy and its rules of engagement are not always obvious. Global leaders confronting these issues often tell us they are the most difficult and complex management challenges they face. Do you pay the paramilitaries or let your employees be kidnapped or murdered? Do you trust the relationships you've established with your business partners or do you spend large sums of money to audit all of them regularly? Do you seek "good enough" protection or establish a higher food-safety standard that makes food less affordable for the poorest consumers?

These situations can seem like catch-22s offering no good choice. Yet they are where global leaders stand out. Global leaders keep the questions and challenges of citizenship front and center for every decision they make, using their mindset and entrepreneurship skills to find a third way—a way that benefits customers, employees, investors, and communities. What's encouraging is that the universe of innovative ways to do business is vast, and global citizens who can find that third option are

Fighting Corruption

A ubiquitous problem facing global leaders operating in a transnational context is corruption. In many countries, government officials expect to receive special treatment from anyone who needs their support. This can be as blatant as handing over an envelope stuffed with cash or as subtle as arranging a well-paid internship for an official's relative. Or it can be masked as professional fees paid to retained local "consultants." The World Bank estimates that $3 trillion every year is misallocated to the personal gain of government officials.

Corruption may seem like a very large-scale, entrenched system whose effects are difficult to influence at the individual level. But even a cursory examination of the well-researched and documented reports on corruption by organizations such as Transparency International, a nongovernmental organization, or the World Bank makes clear that corruption has an enormous effect on the lives of the world's most vulnerable citizens. Nearly all of the countries of the "bottom billion" share the lowest scores in the corruption perceptions index developed by Transparency International (the lower the score, the higher the corruption): Chad, Sudan, Angola, Burma, Turkmenistan, Afghanistan, Somalia, and Iraq.[7] Nigeria, a country that scores a 2.4 on the 10-point index, had by 1990 earned an estimated $300 billion in oil income from the time crude was discovered there in the 1950s. But in that same time, the well-being of the country's populace actually declined. While ordinary Nigerians were losing ground, Nigeria's brutal leader of the late 1990s, General Sani Abacha, retreated to his villa to enjoy the $2 billion to $5 billion he'd taken from his country's bank accounts.

Corruption is not just a scourge of politicians and citizens. It also does great damage to businesses. Corruption can add anywhere

between 25 percent and 100 percent to the cost of a project. Standard & Poor's estimates an 80 percent to 100 percent risk of total investment loss in the world's most corrupt countries.

Corruption is clearly a societal scourge, but the options on the ground rarely seem so black-and-white. In environments where companies feel compelled to play along with corrupt leaders, resistance often means lost contracts, lost market share, and lost jobs for employees and suppliers. In these environments, leaders may feel as if resistance is a lonely, thankless pursuit that makes little difference. But emerging global leaders are showing that resistance is not futile.

Global Citizenship in Action

Bill Browder, the founder of the hedge fund Hermitage Capital Management, took on corrupt practices in Russia. Browder moved to Russia in the mid-1990s and started the fund to invest in Russian companies, particularly in the oil and gas industry. Russia at the time presented huge opportunities in an environment with little order; Russian financial markets had been compared to the Wild West. When the fall of communism led to the privatization of state-owned firms, a great deal of corporate value was sold off at fire-sale prices to investors who came to be called *oligarchs*. The oligarchs often ran the companies as vehicles for their personal benefit. Modern corporate governance was practically nonexistent.

Browder's first opportunity to fight this culture of corruption came when the owner of Sidanco, an oil company in the Hermitage portfolio, tried to cash in on gains in the firm's market value by issuing convertible bonds sold at a 97 percent discount to the market price to a select group of insiders. The move would have diluted Hermitage's position by 70 percent and possibly wiped out the fledgling fund.

Browder contacted other shareholders to ask if they would be interested in joining him in a fight to stop the bond issue, which was clearly illegal under Russia's investment laws. Most wanted nothing to do with a conflict in Russia. "People told me, 'This is just the way Russia works,'" and they refused to join the fight, says Browder. But he refused to capitulate. He devised a sophisticated strategy to bring pressure on Sidanco. He began a media campaign to publicize the dilutive bond issue to all investors in Russia, foreign or otherwise. He then publicly pressured the Russian securities regulator to enforce the law and cancel the dilutive issue. With the combination of media pressure and private coaxing of the regulator, Browder's stand ultimately worked, and the Russian authorities ruled the Sidanco bond issue illegal.

The biggest battle for Browder was yet to come. Seeking to clean up other companies in his portfolio, Browder's team began looking at Gazprom, the largest oil and gas firm in Russia. Gazprom's management at the time was known to be extensively corrupt, but no one knew how far the corruption spread. In the face of this uncertainty, the market was valuing Gazprom at a 99.7 percent discount compared with ExxonMobil per barrel of reserves, a signal that the market believed management was stealing nearly all of Gazprom's value. To test the conventional wisdom, Browder assigned his team of financial analysts to conduct a forensic audit of Gazprom's activities to determine how much money was going missing from the company through corruption. Their research uncovered a startling fact: management was "only" stealing about 10 percent of the value of the company. The common wisdom of the marketplace was wrong, and Hermitage increased its stake in Gazprom to make it the largest position in the fund and made its findings public through the *Wall Street Journal*, the *New York Times*, and the *Financial Times*. As a result of the publicity, the government

was forced to react, and it conducted its own forensic audit of the company. The Russian Parliament launched its own probe as well; as a result, more than five hundred newspaper articles followed. In the end, the scandal became so intense that Russia's president was forced to fire the CEO and replace him with a new manager. As a result, the share price doubled in the subsequent period, rising nearly one hundred times over the next six years, and Hermitage saw a significant increase in the value of its holdings.

If that were the end of the story, it would hardly be an example of global citizenship. But Browder's intent wasn't just to profit, it was to improve corporate governance and fight corruption so that everyone in Russia, not just investors, would benefit. So Hermitage launched the same type of anticorruption campaign at the national electricity company, the national savings bank, and many other companies. The campaign took several years, but it was also a success. The Russian government ended up changing the law to prevent dilutive share issues at banks, it changed the charter of the electricity company to prevent asset stripping, and it started cracking down on dubious intermediaries in gas exports out of Russia.

Unfortunately, Browder's story in Russia does not have a happy ending. While he won the battle against corruption at a number of companies, he also created powerful enemies. Browder was eventually expelled from Russia and named a threat to national security, a victim of retaliation. Once he was banned from the country, corrupt Russian authorities raided his offices and seized all of his corporate documents to fraudulently take control of his investment companies. They then used the companies to apply for an illegal rebate of $230 million of taxes paid by Hermitage the year before. Hermitage's Russian lawyer, Sergei Magnitsky, discovered the scheme and testified against the corrupt officials involved in the fraud. He was subsequently arrested on trumped-up charges by the same officers he had testified against. He died in jail after being held in appalling conditions and denied medical care for 358 days as these officials tried to get him to retract his testimony.

Browder nonetheless continues the fight. At the 2011 annual meeting of the World Economic Forum, he called attention to the lack of transparency and corruption of Russian officials during a session where Russian president Dmitri Medvedev was speaking. He says, "What motivated me at first was economic interest. When we got into Gazprom and saw how costly it was to the company and the country, it became a fight of moral indignation. We wanted not to just make money but to make Russia a better place. After what they did to Sergei Magnitsky, it is now exclusively a fight for justice."

Meanwhile, Browder has carried his fight against corruption and for better corporate governance to companies and markets around the world. Browder offers a cautionary thought for all leaders about the dangers of not being a global citizen: "If you don't fight corruption, you're not just acquiescing. You become complicit. You are a part of the corruption. Once you cross that line you may be able to make more money, but you can no longer sleep at night."

The Group Effect of Fighting Corruption

For some, the price paid by the Bill Browders of the world—or more saliently, the Sergei Magnitskys—may simply be too high. Why do business at all in environments where the rule of law is weak and unpredictable? There are at least two powerful reasons. First, there are still great opportunities to create value, even in environments that are loosely regulated. Second, responsibly run businesses are

a necessary component of a just, prosperous society. By seizing business opportunities rooted in global citizenship values, global leaders can create new value *and* contribute to a better society.

Whatever the motivations, firms of all sizes find it desirable or necessary to work in regions or countries that challenge their ideas of citizenship. GM, for example, pursued a joint venture beginning in 2001 with Russia's largest carmaker, AvtoVAZ, despite concerns over the unpredictability of Russian law. GM's continued growth depended on such expansion. Far from validating corruption, when major stakeholders like GM enter markets with corrupt elements, the way they choose to conduct themselves can create great opportunity for change. It is very difficult, after all, to positively affect a system in which you do not participate.

Global Citizenship at Fluor: Developing PACI

The path for Browder and Magnitsky was made more difficult by the fact that they were in the minority among firms willing to take the risks that are sometimes necessary for a global citizen. Fluor Corporation has taken the different tack of seeking strength in numbers. Fluor is an international *Fortune* 500 construction and engineering firm that serves the oil and gas, petrochemical, and defense industries, building power plants, pipelines, and other infrastructure projects. Fluor is active in more than twenty-five countries.

The construction industry is particularly vulnerable to corruption, largely because the number of contractors and subcontractors and the volume and variety of supplies make it easy for groups to band together to rig bidding, hire shell companies to funnel bribes, and bill for hours not spent or for goods not bought. Transparency International reports that oil and gas, aerospace, and defense are also high-risk fields for corruption.[8] In 2009, for instance, Halliburton agreed to pay $559 million in fines to the U.S. government to settle charges of corruption in Nigeria. In late 2011, *Bloomberg BusinessWeek* published an investigatory series on allegations of corrupt business practices at various subsidiaries of Koch Industries, another major player in oil and gas infrastructure.[9]

Corruption is a complex social cancer because it creates what sociologists refer to as a *social dilemma*. In a social dilemma like corruption, individual actors, that is, those who solicit or give bribes, benefit personally from the behavior, yet the entire community bears the costs. Social dilemmas can be difficult to break because each person in the society figures he or she is better off if complicit regardless of what others do. Each has to bear the societal brunt of corruption, no matter what, so at least by cheating each reaps some personal reward. Sociologists have nonetheless documented several paths to break down social dilemmas, one of which is collective action.

For Fluor, the collective approach gave the firm a way to retaliate after years of being hit for bribes and losing contracts to those willing to play along in a corrupt system.

Fluor board chairman Alan Boeckmann began working with other companies at the World Economic Forum to develop a number of anticorruption principles. As the new kid in the CEOs club at Davos, Boeckmann was elected to lead his sector group. He agreed to the position on one condition: that the group take action on corruption, a problem that was vexing them all. His peers agreed, and their work evolved into the Partnering Against Corruption Initiative (PACI), a pledge that participating firms take to fight corruption in their own ranks. PACI signatories refuse to pay bribes and agree to share anticorruption best practices with other companies. PACI commits signatories to attack the supply

side of bribery that they control. Doing so collectively ensures that no one gains unfair advantage in contracts. Call it an anticorruption cartel.

There are now over 145 signatories to PACI, including Coca-Cola, Archer Daniels Midland, De Beers, Siemens AG, UPS, Royal Dutch Shell, and other major international players. PACI operates in cooperation with Transparency International as well as the International Chamber of Commerce and the United Nations Global Compact.

When PACI was first introduced in 2007, 28 percent of the participating companies did not have an anticorruption program in place; at the end of 2009, only 2 percent did not have a program. Fluor, for example, puts all employees through anticorruption training and has set up a hotline to allow employees to report incidents at their sites and get advice on how to handle them. It also requires its business partners to sign on, extending the impact of PACI throughout the supplier network.

PACI also puts teeth into the commitments. In many instances, signatories offering competitive bids against each other for work in corrupt environments enter into what are termed *integrity pacts*. These are binding legal agreements in which each participant promises not to engage in bribery. Failing to live up to the pledge comes with a stiff penalty, like forfeited damages. There have been dozens of these agreements enforced around the world.

Possibly even more relevant is the cooperation that PACI encourages between companies and government officials. When Fluor employees were harassed and arrested after refusing to hire a local firm to provide "security," the local manager sought the help of the regional government. Fluor also signaled in another context that it would not pay bribes to port officials and worked within the region to bring its goods in through other, less convenient methods. By making the announcement and holding to it, Fluor sent a clear message and now passes goods through the port without incident. Those successes have made it possible for Fluor, when it enters into a contract within a country, to enlist the help of the local, regional, and national governments and work with officials to sign an agreement in which the government commits to prosecute any company or official that pays or seeks bribes.

Such creative solutions seem to be catching on. Intel in Vietnam was not a signatory to PACI at the time of this writing. Yet in 2007, it signed a memorandum of understanding with the Saigon Hi-Tech Park that confirmed the parties' mutual agreement to adhere to a set of business ethics and rules of conduct. The idea was to maintain fair competitiveness between Intel and other investors in the Saigon Hi-Tech Park.

At the grassroots level, a number of projects have recently emerged to leverage crowdsourcing and online social networks as a tool against petty corruption. For example, the organization Mi Panama Transparente is using Ushahidi, the mobile crowdsourcing platform, to gather citizens' reports on where they have been victims of corruption or crime. A text message sent to the Ushahidi platform contains information about the location of the interaction, which allows the system to create maps highlighting hotbeds of corrupt activity or crime. When events cluster in a particular location, it becomes increasingly hard for governments or law enforcement to ignore them.

Another example of grassroots anticorruption activity is Vijay Anand's invention—the zero-rupee note. Anand is a social reformer in India whose mission is to mobilize average citizens to fight corruption. In a recent effort, he designed and printed 2 million zero-rupee notes. When rolled or folded, the notes look

for bribes. When the official later opens the note in private, he instead sees an anticorruption message printed next to the face of Mohandas Gandhi.

Global Citizenship in Extractive Industries

Collective approaches are emerging in a variety of industries. The Extractive Industries Transparency Initiative (EITI) is another effort like PACI that garners the support of governments and companies to fight misallocation of funds. First initiated in 2003 by the government of U.K. Prime Minister Tony Blair and a coalition of nonprofits called Publish What You Pay, EITI signatories in the oil and gas and natural resources industries agreed to publish the terms of contract agreements between extraction firms and countries that own the natural resources. EITI attacks the problem from both sides: extraction firms publish what they pay to countries in exploration licenses or resource revenues, and the countries themselves publish what they receive. If the numbers don't match, then something has happened to the funds in between.

EITI is not perfect. Participation and disclosure are voluntary, and many companies resist the mandatory reporting requirements. Demanding virtue in business dealings can be rough as well. In 2001, BP was almost kicked out of Angola for making public its payment of a $111 million signature bonus to the government.

The benefits of taking the lead in global citizenship can accrue to companies that find themselves at the forefront of social change. Indeed, many initiatives like PACI and EITI come ahead of wider government policy. The U.S. Congress has passed a bill that would require U.S. extraction firms to publish payments to governments as part of their SEC filings. The European Commission is looking to do the same.

The advantage of programs like PACI and EITI is that they begin to address the issue of corruption by changing the calculus of whether to play along with a corrupt official. Today, when a government funds a major infrastructure project or resource exploration project and members of PACI or EITI withdraw from the process, it's a clear indication that corruption is a problem, without putting any of the members into direct conflict with government officials. There is a long way to go, but this safety-in-numbers approach will eventually make it difficult to hide corrupt practices and the Bill Browders of the world will no longer have to stand alone. As more firms sign on, the gaps in data get smaller and there are fewer places for corruption to hide.

Standards of Practice

Boeckmann and Browder are pioneers in rooting out corruption and are, without a doubt, leaders in citizenship. They recognize that their actions either affirm corrupt practice or work to change it.

There is still a long way to go. Despite encouraging examples like PACI, critics of world trade claim that globalization is nothing more than a race to the bottom between companies jockeying to establish operations in jurisdictions with lax social and environmental regulations, the lowest wages, and the weakest worker protections. During the 1990s especially, the media were filled with stories about the major brands like Gap, Levi Strauss, and Nike using sweatshop factories and child labor in countries from Honduras to Bangladesh. It seemed common practice to turn a blind eye to sweatshops in order to provide affordable products. Some influential commentators on international development policy even argue that sweatshops are better than the

alternatives, since they offer formal employment in places where it is scarce.[10] Firms that acquiesce to and become complicit in corruption likewise claim that it is impossible to do business any other way. For some firms, it is easier to look for reasons to justify their actions than change their approach.

But change is happening, albeit slowly. Public pressure coupled with the leadership vision of some true global citizens has led to widespread adoption of codes of conduct in industries like textiles, electronics, and petrochemicals. These codes require participating companies to ensure that their suppliers are complying with a range of requirements for working conditions, environmental performance, and so on. Companies don't just take their suppliers' word for it. They check compliance with onsite audits and third-party verification.

The slow spread of codes of conduct has created a real-world opportunity for scholars to design experiments that evaluate whether higher wages cause job losses. Ann Harrison and Jason Scorse, academics at University of California, Berkeley, and the Monterey Institute of International Studies, respectively, conducted a study to measure the effect of wage increases on the textile, footwear, and apparel industries in Indonesia.[11] They found that the anti-sweatshop campaigns resulted in large increases in wages—sometimes doubling the workers' income—but did not affect the number of people those factories employed overall. There were costs, of course: investment in capital slowed, some smaller firms closed entirely or left the Indonesian market, and profits of the firms fell. But the idea that a race to the bottom is inevitable, that leaders have to choose between treating workers fairly and offering jobs, is wrong.

Of course, creating standards and enforcing them is not cost-free for businesses, and in an ideal world, private companies would not be solely responsible for ensuring compliance. National governments and regulations would also do their part to protect the welfare of employees and citizens. But operating globally means confronting situations where local governments are unable or unwilling to provide needed social protections. Paying a living wage costs more, but it doesn't necessarily lead to massive layoffs or capital flight to the next low-wage haven. It is best managed as an investment in the growth, prosperity, and stability of the communities in which a company is operating, one that may result in decreased business risk and enhanced local productivity.

Intel in Costa Rica: A Race to the Top in Global Citizenship

Intel's approach to expansion in Costa Rica shows how a firm can flip the equation in foreign operations from a race to the bottom to a race to the top. In the mid-1990s, Intel had plans to build a new testing and assembly facility in order to meet demand for its products. Intel already had operations in Malaysia and China, as well as in Europe and the United States. Putting the new plant in Latin America offered an opportunity to spread its international risk exposure. After considering Brazil, Mexico, and Chile, the firm ultimately decided to build its new $300 million plant in Costa Rica.

Costa Rica was not an obvious choice. The other contenders had higher populations of educated professionals, less-expensive energy costs, and existing clusters of high-tech companies. Though Costa Rica had a well-educated population and a growing economy, its GDP was dominated by coffee and banana exports, and some low-skill apparel and textile activity. But Intel executives [illegible] the Costa Rican approach. There was less talk

about exclusive tax breaks and sweet deals and more conversation about how they could work together to collectively create economic and governance conditions that were favorable to Intel's and, ultimately, Costa Rica's success in the global marketplace.

Choosing Costa Rica put Intel into a pioneering position. The government would make some changes to existing policies on volume charging for energy consumption, education curricula, and airport traffic. These were all initiated to accommodate Intel's needs, but both parties agreed that Intel should not receive special treatment. Any changes in policy or law needed to be universal, so that any large firm could take advantage of them. This served Costa Rica's larger goal of promoting itself as a location for large, foreign tech and electronics firms. It also protected Intel from the possibility that a change in government might bring a less generous administration to power and put the firm's investment at risk.

During a panel discussion at Thunderbird in 2006, Craig Barrett, Intel's CEO at the time, described how the commitment of Costa Rica's president, José María Figueres, to passing stronger business regulations influenced the firm's decision to invest in Costa Rica. President Figueres reminded the audience that Intel requests were good not just for Intel, but for Costa Rica: the regulations put in place made the country more competitive. This was a case of two global leaders—one in business, one in government—demonstrating global citizenship that created shared value for all parties.

The development benefits that a country can gain from having a major multinational foreign direct investor are huge. For a country as small as Costa Rica, a firm like Intel, whose annual worldwide earnings in the mid-1990s were nearly twice the Costa Rican GDP, would create big benefits in employment, exports, tax revenues, and other benefits. In his presentation at Thunderbird, Figueres likened the impact of the Intel investment in the Costa Rican economy amounted to "replacing the engine of a Volkswagen Beetle with a jet engine from a Boeing 747." Workers' advocates may look at this willing investor and (overly) eager government and see a situation ripe for exploitation of the vulnerable. But Intel has contributed more than jobs and tax revenue to the country. In contrast to the typical narrative of low wages and poor conditions, Intel's investments in Costa Rica include significant enhancements to the country's educational system, stretching all the way from college-level course materials to the secondary grades. While generous, there was also a good deal of enlightened self-interest.

When Intel first considered Costa Rica as a location for its assembly and testing facility, the firm was legitimately concerned that the country did not have enough skilled professionals to fill the needed positions. An assembly and testing facility is not as sophisticated as a semiconductor fab, but Intel still needed eight hundred midlevel technicians to start, and fifteen hundred when the plant was fully operational. This was a large number of skilled specialists for a country with only 3.5 million citizens. For the Costa Rican negotiators, Intel's needs were in perfect alignment with the country's needs. Since the early years of the twentieth century, Costa Rica had had a history of significant investments in its primary and secondary education infrastructure, and a more recent focus on math and science had cultivated strong educational institutions that turned out skilled professionals. But Intel needed more.

In response, the firm collaborated with the Costa Rican government and two of the country's public institutions, the Technical Institute of Costa Rica and the University of Costa Rica, to enhance the existing educational programs. From 1998 to 2000, the first two years of the collaboration, Intel provided training programs to

to be used for students' hands-on training and skill development; and it offered scholarships for both engineering and English as a Second Language (ESL) courses.

The success of the first effort spurred Intel. A second phase of investment began in 2000, when Intel decided to create an engineering center in Costa Rica to contribute to its worldwide initiatives around very-large-scale integrated circuits, networking, and wireless products. The three hundred–strong staff of the center would be engineers, a more highly skilled group than the technicians at the assembly and testing plant. To prepare Costa Ricans to succeed in those jobs, Intel worked again with its university partners to develop courses that would equip graduates with the computer science and electrical engineering skills they would need at Intel.

In the third phase, which began in 2002, Intel sought to expand the pool of professionals skilled in component design, package development, product development, manufacturing, software development, and research—all areas that the firm had previously concentrated in different geographies. To meet these goals, Intel again worked with the universities to fund the creation of specialized labs with specialty equipment and set up research study-abroad programs for PhD candidates.

Intel's education efforts did not stop with the universities. As soon as it arrived on Costa Rican soil, the firm began investing in the basic sciences and math programs at the country's technical high schools and worked to expand the capacity of ESL programs by training teachers and funding resources. The Intel Teach to the Future (ITTF) program for training master teachers in participatory teaching methods that employ technology has been shown to improve teacher skills and student learning. In Costa Rica, 20 percent of the country's K–12 teachers had received the training by 2004

All of these efforts naturally serve Intel's interests at the same time that they enhance the skills and capacities of Costa Rica's institutions and the people they serve. In so many ways, investing in Costa Rica's education system is just smart business. In 2004, Intel's education budget in Costa Rica was $950,000. From 1998, when these programs began, to 2003, Intel hired only 10 percent of the graduates of the technical programs that it supported. The majority of the remaining graduates were employed by other companies in the electronics and technology sector, some of which are Intel suppliers, and all of which have contributed to growing the share of Costa Rican exports that come from the electronics sector.[12] In doing so, Intel has become a citizen, a native of Costa Rica, contributing to the country's growth and benefiting from its economic success.

Building Prosperity for All

There is a certain moral clarity to the examples of combating corruption in the examples of Fluor, PACI, and Bill Browder. Few would argue against the benefits of Intel's adherence to a higher standard of worker skill development. But it should be said that global citizenship is not always so clear. When Nike manufacturing partners in Pakistan employ eight-year-olds to make soccer balls for pennies a day, the moral imperative is clear; such practices would be unacceptable in Nike's Portland, Oregon, headquarters, so they should be unacceptable anywhere Nike flies its brand banner. But where is the cutoff? In the West, we consider people under sixteen years old to be children, but that standard does not hold around the world. And what about the worker who is of age by any standard and the income, paltry for the West, is the going wage for such work in the region?

We discussed in chapter 3 how competitiveness in an international environment partly requires the ability to identify the advantages that one geography offers over another. Recall that Apple can make the iPhone at a price that people can afford because the infrastructure and labor costs paid by Foxconn in Shenzhen keep product prices low. Why else would companies manufacture far away from their selling markets?

Economists and other observers assert that companies that bring jobs to impoverished regions are helping pave the road to prosperity through reliable employment, and that their continued presence there relies on the continued competitiveness of the region and of their spending. But is it enough to just bring jobs when there is so much greater need for employees, employees' families, and partner networks?

Companies like Intel believe it is not and see shared value in contributing to social progress. Intel is not alone; there are others with a larger idea of responsibility taking steps to fill the gaps in the communities in which they operate. Like Intel, mining giant Freeport McMoRan announced a partnership with Thunderbird in 2011 to train women entrepreneurs in mining towns in Chile and Peru, with the goal of creating a sustainable local economy that would survive the life of the mine.

Another mining company, Debswana Diamond Mining Company, a De Beer's joint venture with the South African government, identified that 35 percent of its employees in mines in South Africa were HIV positive. Beyond the tragic circumstance, having a third of the workforce infected with HIV poses obvious practical problems for the company. In the interest of keeping its employees healthy and working, the company made antiretroviral drugs available to its HIV-positive employees and their families. This effort began in 2001, before the South African government began offering treatment to people living with HIV/AIDS. By stepping into a gap in the social fabric, Debswana has benefited from a significant decline in sick leave as a result of the program.

Programs such as those offered by Debswana are possible in part as a result of citizenship work within the pharmaceutical industry. That citizenship takes one of two forms: the first is in the innovation in drugs to combat disease; and the second in making those drugs available to populations that need them at prices they can afford.

Global Citizenship in Disease Control

Dr. Joseph Kim, CEO of Inovio, is also working to make needed medications for the world's poor. As the founder of VGX Pharmaceuticals, Dr. Kim had worked on a newer class of vaccines, called DNA vaccines, to combat complex diseases such as HIV/AIDS, influenza, and various cancers. After merging VGX and Inovio Pharmaceuticals, Dr. Kim has continued that work. His company has a number of experimental HIV vaccines in human tests, as well as a universal vaccine to combat pandemic and seasonal flu.

Traditional vaccines use either a live, weakened form of a virus, or a killed virus, to train a person's immune system to deal with that virus when it confronts it in the future. Traditional vaccine technology has rid the world of smallpox; reduced the threat of former world scourges such as polio, measles, and rubella; and improved the health and quality of life for millions. Yet a number of virology experts, Kim included, believe science has reached the limits of traditional vaccine technology. Pathogens such as HIV, malaria, influenza, and tuberculosis, adapt and mutate rapidly in response to new threats. These adaptable pathogens require new methods to attack them.

Global citizenship comes into play when the need for new methods comes in conflict with pharmaceutical economics. The research and development expenses in the pharmaceutical industry are astronomical, but are worth it for the firm that discovers an effective drug for which it holds a profitable patent. Profit, by definition, comes from selling drugs to people or institutions that can pay. Yet some of the world's most widespread and deadly diseases, such as HIV/AIDS, malaria, and tuberculosis, disproportionately affect the world's poor, who often have no means to pay. What's worse is that poor children are more likely to die from these diseases, given the immaturity of their young immune systems. The developing nations of Sub-Saharan Africa, South and Central Asia, and Latin America, where these illnesses are common, likewise lack the government budgets to pay for medicines and the public health-care infrastructure to equitably distribute medicines to everyone who needs them. As a consequence, pharmaceutical companies looking for projects with high-profit potential often shy away from diseases of poverty.

Seeing both need and opportunity, Kim entered into a partnership with the Malaria Vaccines Initiative (MVI), a nonprofit funded by the Bill & Melinda Gates Foundation. MVI is funding Inovio's research and development of a vaccine to fight malaria using Inovio's synthetic DNA vaccine development technology. Inovio, in turn, is creating the vaccine compounds and seeing them through the various phases of animal and human testing to licensure. If Inovio successfully develops a malaria vaccine that protects more than 50 percent of people who receive it, then the two organizations will share the proceeds (50 percent protection is currently the best result a malaria vaccine has achieved in human trials, in this case a vaccine developed by GlaxoSmithKline [GSK] and MVI). MVI will own the distribution rights for all the countries of the developing world, and Inovio will own the distribution rights for developed countries, a market that serves Western travelers.

Kim says, "Being able to make an impact in a real scourge like malaria, especially when it gets to be so far reaching in the lives of children around the world, was a big attraction for us. In Africa and Southeast Asia, malaria is impacting the whole society. Is this something we would have been able to go after on our own? Probably not—we are still a for-profit investor entity. But I am very proud of the relationship we have developed with Gates/MVI. It is a fair partnership in which both parties can succeed."

Making Health Affordable

In addition to development, the pharmaceutical industry has also made inroads in making drugs available to needy populations. For the reasons outlined earlier, the industry has not always embraced this part of its citizenship. Innovations that lead to treatments for previously untreatable ailments and diseases come at a cost, and pharmaceutical companies have been unwilling to put in the investment to develop a drug that they have no hope of selling. This hurts everyone, especially those who need drugs the most.

A number of leaders are working to change the equation for pharmaceutical companies. Global leaders like Owen Barder, Michael Kremer, and others at the nonprofit Center for Global Development (CGD) think tank in Washington, D.C., pioneered the concept of advanced market commitments (AMC) for vaccines for neglected diseases, for instance. An AMC allows philanthropic donors and national governments to pledge guaranteed funds for purchasing a vaccine once it is developed. AMCs rely on a market test; in order to qualify to receive AMC funds, pharmaceutical companies must not only develop a vaccine but widely deploy it.

AMCs reduce risk for pharmaceutical firms because they know if they develop a product, they will earn a return on it. The approach has already led to the development and wide deployment of a new pneumococcal vaccine that has the potential to prevent illness and death for tens of thousands of the world's young children each year.

In the case of HIV/AIDS drugs, the pharmaceutical industry initially resisted the call to offer antiretroviral drugs at reduced cost to countries with a high burden of disease and little ability to pay. The concern over HIV/AIDS drugs was that lower prices for one country would result in cries for preferential pricing for other regions or groups. The concerns reached even farther: if concessions are made for one drug, why not for the rest of a pharmaceutical company's product portfolio?

This slippery slope was surmounted when Indian pharmaceutical manufacturer Cipla, with the support of the Indian government, unilaterally began producing patent-protected antiretroviral drugs, causing the economics of the drugs to implode. That move opened the way for organizations such as the Clinton Foundation and others to work with the industry to develop a tiered pricing approach for different regions. Today, companies such as Merck and GSK sell antiretroviral drugs in impoverished regions at or slightly above cost. Nonprofit and government aid organizations buy significant volumes of drugs, and the pharmaceutical companies have higher pricing models for wealthier regions where the ability to pay is higher and profits are possible.

HIV/AIDS drugs are a good example because the disease is so well known and has such high impact. Yet HIV/AIDS is by no means the only disease that has benefited from the pharmaceutical industry's citizenship. For instance, Swiss pharmaceutical company Novartis has done significant work on leprosy. Its work has aimed to reduce the stigma and promote the understanding of leprosy as a treatable infectious disease. To that end, the firm has developed radio jingles and produced a television romance that aired in Sri Lanka in which leprosy comes between two lovers—until the young man is cured. Novartis also offers drugs to combat the infectious disease and delivers them in blister packs so they stay clean, can be easily counted, and can be returned to the distributor for better inventory management. This approach helps distributors know that the drugs were used properly, according to the defined regimen.

Another example of how global citizenship has changed the industry is GSK and Merck's commitments to dramatically reduce or eliminate a number of what are known as *neglected tropical diseases* or NTDs. NTDs, such as parasitic worm infections, affect billions in developing countries but have historically received little attention from developed world pharmaceutical companies. The Abdul Latif Jameel Poverty Action Lab, a research center at MIT, has identified worms as an important cause of school absenteeism and it has calculated that deworming is one of the most cost-effective interventions to increase school participation. Both Merck and GSK had drugs (ivermectin and albendazole, respectively) that fight parasites effectively—though they were developed primarily for veterinary applications. As early as the mid-1980s limited donations of these drugs were being made to global health programs. But by the beginning of the twenty-first century, these firms had reached a new seriousness about tackling NTDs.

For instance, in a presentation to senior leadership, GSK scientists showed that if albendazole was used consistently over a five-year period in endemic countries, lymphatic filiarisis (LF, also know as elephantiasis), an NTD that causes crippling fevers and swelling of the limbs, could be eliminated from the planet. The catch? It would require a twenty-year commitment at a cost of

$1 billion to provide the treatment needed for the 1 billion infected and susceptible populations. In 2008, GSK officially began its program to rid the world of this disease. Merck and GSK have continued to up the ante, expanding their programs in the last few years to provide as much albendazole and ivermectin as necessary to not only eliminate LF but to provide deworming treatments for all school-aged children around the world in regions where parasitic worm infections are common.[13]

Reaching Sustainability

In its own way, vehicle manufacturer Toyota recognizes the responsibility of citizenship in the communities in which it operates. In one instance in the 1970s, Toyota increased its presence within Indonesia after its factories and showrooms had been damaged during the country's civil war. According to Akira Yokoi, the section manager for Toyota in Indonesia at the time, part of the company's commitment was to help Indonesia industrialize and develop demand for cars, no small feat in a place where all the bridges had been destroyed and there was almost no commercial market. In response, Toyota developed an affordable car called the Kijan that could be assembled in local factories employing local people.

Toyota's action in Indonesia is consistent with the company's philosophy that it has a commitment to the communities it serves. Yet Toyota is a manufacturing company; it never loses sight of that. As such, it seeks as much as possible to fulfill its commitment within its core function of making high-quality products that people want and can afford. The Kijan was its solution for the Indonesian market in the 1970s. Today, it fills a similar role with the Prius.

The Prius dates back to 1992, when Toyota in Japan published a document called the "Earth Charter," which communicated its intention to develop the lowest-emission cars possible. In 1992, climate change was a new international environmental issue, and public understanding of the role of human activity in environmental change was not widespread.

Nonetheless, recognizing a problem, Toyota set out to design a low-emissions vehicle. It developed a prototype by 1995, and was selling the car in Japan two years later, before any other automotive manufacturer had a competing product. At the time, Toyota was ridiculed by its peers. No one believed that the driving public would buy a gas-electric hybrid vehicle. The idea was even used as a political jab against Al Gore during the 2000 U.S. presidential campaign. And in the early years, the sales of the Prius did not prove that view wrong. Only eighteen thousand cars sold in the first year, and Toyota was pricing the Prius so low that it was literally losing money on each car sold.

Ten years later, life looked very different for the Prius. In 2008, Toyota announced that more than 1 million Prius vehicles had sold since its launch, and an entire market has developed around low-emissions vehicles. The Prius brand has become the Kleenex or Xerox of hybrid vehicles. Today, U.S. manufacturers Ford and GM seem to be building their futures on hybrid and electric technology, while Nissan has released the all-electric LEAF at a midrange price. Toyota offers an example of how an idea oriented around global citizenship—even one that seems so obvious in retrospect—could contribute to a portfolio of solutions to the seemingly intractable problem of climate change. But it required a commitment of attacking society's challenges and a long-term view.

Toyota also displayed its citizenship during the 2008 recession in the way it treated its employees. The dip in the economy

corresponded with one of the greatest challenges Toyota has ever faced. In 2009 and 2010, Toyota recalled millions of vehicles in response to claims that they were accelerating uncontrollably. In one tragic case, a family died in a Lexus they had borrowed from the dealer while their own car was being serviced. That accident received a lot of coverage, as newspaper articles worldwide speculated on whether Toyota vehicles were safe to drive. An intensive investigation by the National Highway Transportation Safety Administration ultimately exonerated Toyota, but it took nearly a year to complete. Toyota vehicle sales plummeted, helped in their downward direction by the long-term declines the whole industry experienced as a result of the global recession.

During the long investigation, Toyota had a huge drop in profitability and sales from a combination of tepid market conditions, lost consumer confidence, and recall expenses. Yet, despite these challenges and financial pressures, Toyota did not engage in any involuntary layoffs. Toyota's commitment to long-term employment for its employees dates back to the 1950s when Kiichiro Toyoda was at the helm. The firm became overextended and was forced by lenders to lay off a large number of workers. Toyoda designated himself as the first employee to be laid off; the firm itself committed to a long-term strategy to never be forced by outsiders to lay off workers again. Toyota views its workers as incredibly rich sources of organizational knowledge and experience. Recessions are temporary, but a person's skills, when cultivated and maintained, are permanent. So Toyota does everything it can to keep its workers on its payrolls. It even used downtime in the plants to conduct trainings and improve processes so that the workers would be even more effective when demand rose, which it did toward the end of 2010.[14]

The Citizen Entrepreneur

One of the important elements that link Fluor, Intel, Inovio, and Toyota is the fact that these profit-making companies are all engaging in global citizenship in a way consistent with their commercial aspirations. Toyota's development of the Kijan also illustrates that the poor themselves—or the countries where they live—can be customers too.

Paul Meyer, the founder of Voxiva, is counting on it.

When Meyer graduated from Yale Law School, he refused to accept the dilemma he seemed to be presented with—either public service or profit making, in his words, to "either join the Peace Corps or McKinsey." Meyer rejected this as a false choice. He intended to be a financially successful businessperson and make the world a better place at the same time. After several initiatives and career turns, he would find a way to do just that: Voxiva.

Voxiva is a for-profit venture Meyer launched with the aim of creating a technology platform to enable unobstructed information flow between the places and individuals in the world that have problems and the places that have resources to solve them. This may seem like an obvious idea in the Internet age; there has been no shortage of ideas for linking people through the use of technology. But not all technology systems work in all contexts. Where there is no network infrastructure, no linkage to the electric grid and widespread illiteracy, Internet or wireless solutions fail.

Mobile network infrastructure is increasingly penetrating around the world, and mobile phone adoption is expanding in kind, even among the poor. Yet, as with all innovations, adoption is uneven. In Kenya, cell phone use in some rural villages is widespread. In Bolivia, it is practically nonexistent. As a result, there are many rural communities for which the only link to the

outside world for many miles is a single village phone. Voxiva's initial efforts focused on these remote regions through the systems those regions have.

Voxiva's first project involved setting up a medical reporting system in a remote region of Peru, called the Alerta system. With funding from the Markle Foundation, Ben Cohen of Ben & Jerry's fame, and the World Bank, Meyer and Voxiva launched a program to enable health workers in Peru's remote Andean villages to report health information to a central government system by using the village touch-tone phone. Village health workers were given cards with simple, picture-based instructions to navigate the system. By receiving health and disease information in this way, the Peruvian health ministry was able to identify needs that it otherwise would not have known about. Alerta even allowed the country to get notification when one village developed a few cases of Bartonellosis, a potentially fatal illness transmitted by sand flies and marked by fever and seizures. That information allowed the government to send university doctors to treat the ill and prevent a more widespread outbreak.

Since launching this proof of concept, Voxiva has developed other disease surveillance systems: it has created a program for the Peruvian navy, a system that allowed the U.S. Department of Defense to track adverse reactions to smallpox vaccination among armed forces personnel, and a telephone-based system for the U.S. Food and Drug Administration to track blood shortages among the country's blood banks. Voxiva's projects are not limited to land-based telephone systems. Recently, the firm developed a platform for managing the informative text messages developed by the U.S. Centers for Disease Control and Prevention and sent to pregnant women and new mothers on how to have a healthy pregnancy and healthy baby. These projects also show how Voxiva has moved and reflected in their ways of speaking, practices, and rewards systems. Students—and the employees they become—in turn need to choose the institutions and organizations that act in ways that correspond with their beliefs.

One concrete effort to bring values to the fore in management education has been spearheaded by the dominant trade associations in Europe, the European Foundation for Management Development (EFMD), and in the United States, the Association to Advance Collegiate Schools of Business (AACSB), in partnership with the United Nations and other multilateral and nongovernmental organizations. These organizations have launched an initiative, Principles for Responsible Management Education. These six principles, in whose gestation we were both involved, offer a voluntary set of guidelines that business schools can follow to promote ideas of sustainability and responsibility in their developing leaders.[16] So far over three hundred business schools around the world have endorsed the principles.[17]

Practicing Citizenship: The Thunderbird Oath of Honor and the Oath Project

Thunderbird has long identified global citizenship as one of its core values. The campus's main gate greets departing visitors with Socrates' statement, "I am not an Athenian or a Greek, but a citizen of the world." We see management as a true, honorable profession, and we believe we have a responsibility to give our graduates not only the tools of leadership, but also guidance on how to use those tools in ethical ways that create what our mission statement refers to as "sustainable prosperity worldwide." One way that we ingrain these values in our faculty, staff, and educational and corporate activities was inspired by another great Greek, Hippocrates.

When Hippocrates first began teaching medicine in the fourth century BC, he recognized his students could use their skills to both save lives and extinguish them. Ever since, the Hippocratic Oath admonition to "do no harm" has been core to medical school teaching. In 2005, the Thunderbird community developed and adopted an Oath of Professional Honor, perhaps the first of its kind for a business school, which is now recited by all graduating students during commencement:

As a Thunderbird and a global citizen, I promise:
I will strive to act with honesty and integrity,
I will respect the rights and dignity of all people,
I will strive to create sustainable prosperity worldwide,
I will oppose all forms of corruption and exploitation, and
I will take responsibility for my actions.
As I hold true to these principles, it is my hope that I may enjoy an honorable reputation and peace of conscience.
This pledge I make freely and upon my honor.

The oath has inspired both admiration and criticism. One of the most cited concerns is that it is too naive and that it has "no teeth." As a voluntary, unenforceable code, there is obviously the risk that graduates will sign it, but go on to behave in any way they wish. That criticism misses the point. The oath is not simply a nice exercise in ritual. It is a defining document, a set of core values and commitments that fully define Thunderbird's academic and social culture. It is at once a product of those values and a tool to reinforce them. The school's experience offers a case study in what an organizational culture can instill in its community members. Our students, colleagues, alumni, trustees, and other members of our community are constantly pushing us to live up to the intention of the oath. The school's explicit commitment to those values has encouraged countless initiatives, curricular changes, and voluntary programs on campus.

For example, student teams set out to help the school understand its environmental footprint and discover ways to improve it. The student-led Thunderbird Climate Initiative began as a project in the traditional business intelligence course as an effort to map our sources of carbon emissions. The teams then went on to implement projects to reduce our climate impact through awareness campaigns and energy-efficiency improvement efforts.

The commitment to the oath has also raised the expectations of our applicants, students, donors, and broader community, and has created real social costs for anyone who acts inconsistently with the oath. That academic culture is the best tool at our disposal, perhaps the only tool, to have a positive impact on the value systems of the thousands of students and executives who populate our classrooms every year.

The contributions of our students are not in any way trivial. The global leaders we've profiled in this chapter are often in a position—as a function of their leadership roles—to create change. But the decisions and actions made on the ground by the thousands of employees at those leaders' firms offer the true measure of a firm's citizenship, just as the actions of our graduates after they leave Thunderbird are the strongest measures of the school's commitment to citizenship. Babson College Professor Mary Gentile has powerfully argued that cultures of responsibility are only possible when every individual in an organization can have the courage to speak up for what he or she thinks is right; Gentile has developed an entire curriculum, "Giving Voice to Values," to empower employees and managers to act on their values despite opposing pressures from others.[18]

The Thunderbird oath serves as a way for us to empower every individual to commit and stand up for his or her values in global citizenship. We hope to both influence everyone we come in contact with and attract those who aspire to live with integrity. For that reason, the school first asks applicants to read and respond to the oath during the application process; this sends a clear signal to potential candidates that joining Thunderbird means you are joining a community that shares values and expectations about your professional behavior.

The idea that values should shape business dealings has gained significant traction in the years since Thunderbird developed its oath. Harvard Business School dean Nitin Nohria and Harvard professor Rakesh Khurana argued in a 2008 article in the *Harvard Business Review* that management ought to be treated as a true profession, rooted not only in solid knowledge and skills but also in a code of professional conduct.[19] World Economic Forum founder and chairman Klaus Schwab made similar arguments in a 2009 *New York Times* op-ed that laid out his six objectives for that year's meeting in Davos. Number four was "to improve the ethical base for business as a constructive social actor."[20]

Schwab's vision has not fallen flat. The World Economic Forum's Young Global Leaders produced the Global Business Oath in 2009. In that same year, a group of Harvard MBA students convinced over half of their graduating class to sign an oath that later became known as the MBA Oath, now with chapters in dozens of other business schools. These various efforts converged in a new initiative, the Oath Project, an effort to spreading the values of global citizenship through business schools and corporations.[21] The UN, World Economic Forum, Aspen Institute, and other influential organizations support the Oath Project's mission to inspire individuals to the high standards of management as a profession.

Practicing Citizenship: Thunderbird for Good

The oath is an important part of Thunderbird's efforts to fulfill its commitment to educate global leaders who create sustainable prosperity worldwide. For many years, Thunderbird interpreted that commitment exclusively by educating the students who enrolled in the school so they could best fulfill their roles as global leaders. More recently, however, the two of us and many of our colleagues have started to think more deeply about the meaning of the mission. Global leaders operate around the world, and each aspires to make a difference to their communities, whether those communities are entire countries or small villages, affluent or struggling. Yet very few global entrepreneurs are in the financial position to take advantage of a Thunderbird education. Given the school's mission of educating global leaders who create sustainable prosperity worldwide, shouldn't global citizenship at Thunderbird involve doing what we can to make that education available to people who otherwise could not access it?

The school had just begun considering ways to act on that intent when Barbara Barrett, a Thunderbird trustee in 2004, challenged the school to come up with a plan to educate Afghanistan's aspiring women entrepreneurs. As we described in chapter 2, Barrett possesses an extraordinary amount of global social capital and, with it, an ability to be very convincing. She had been very active in Afghanistan's women's groups, had made several trips to the country, and wanted Thunderbird to bring its expertise to help the war-torn country in its development.

From that initial challenge, Thunderbird developed Project Artemis, an intensive entrepreneurial training program. Fifteen Afghan women came to Thunderbird for two weeks in 2005 to learn strategy, business plan development, marketing, accounting,

finance, and other core skills from Thunderbird faculty. The Project Artemis women networked with Thunderbird students, alumni, and other community members. All were given computers and matched with personal mentors to advise and guide them as they developed their businesses. One Project Artemis alumna is Rangina Hamidi, a global entrepreneur we profiled in chapter 3.

Thunderbird originally created Project Artemis because the school was motivated to expand its mission to nontraditional students, and Barrett gave a focus for doing it. We knew from the outset that the training and networking needed to make a difference in the lives of the student-entrepreneurs. The income of those businesses can be huge. Former students say that the extra money allows them to make different choices for their children. Daughters have the chance to finish school or delay marriage.

We didn't expect, however, that Project Artemis would make a difference to Thunderbird. "We really underestimated the transformational effect that the program would have on us," says Kellie Kreiser, executive director of Thunderbird for Good, the philanthropic arm of Thunderbird, formed by Ángel in the months after the first Project Artemis group came to Glendale. "That first Project Artemis had real impact on who we are and how we view ourselves. Alumni were excited; students were excited; faculty members were energized by the opportunity."

Thunderbird for Good officially formed after the first Project Artemis class graduated in 2005. Thunderbird for Good today organizes and develops all of Thunderbird's philanthropic activities, including Project Artemis and other social programs. Project Artemis continues to grow and thrive. Since graduating its first class in 2005, Project Artemis has trained four cohorts from Afghanistan totaling sixty-three students. We have also extended the project to other countries, including Jordan and Pakistan.

Over time, our intensive curriculum has evolved to keep up with the needs and existing abilities of the women who matriculate in Project Artemis and other training programs that have evolved since we started. Those abilities change all the time and vary by country. For instance, few women in the 2005 class of Afghan students knew how to turn on their computers; in the spring of 2011, a cohort from Pakistan built a Facebook page within two days of their arrival (see Project Artemis—Pakistan).[22]

As Thunderbird for Good has evolved, we've also expanded to conduct programs in developing countries with a variety of partners. We have partnered with Goldman Sachs's 10,000 Women initiative, the investment bank's philanthropic effort to provide entrepreneurial training to women in developing countries. Thunderbird has delivered the educational component for one 10,000 Women project in Afghanistan and another in Peru, which was formed under Thunderbird's Strengthening Women Entrepreneurship in Peru (SWEP) program. SWEP is an effort to improve business education and access to capital for Peruvian women entrepreneurs, cosupported by the Inter-American Development Bank.

Beyond these resource-intensive programs, Thunderbird for Good also provides opportunities for our students, alumni, staff, faculty, and any member of the broader community to contribute their skills to help someone. Our students have provided strategic planning for nonprofit groups, have created logistics plans for health program delivery in developing countries, and have partnered with their professors on long-term engagements in the social sector. These efforts are much more opportunistic than the planning-intensive nature of Project Artemis, but they do a lot to encourage the practice of global citizenship and

these initiatives in nurturing the values of global citizenship at Thunderbird cannot be overstated. It can serve as a reminder of how carefully crafted social engagement programs can help organizations of all kinds strengthen the commitment of its people to professional ethics and responsibility.

Global Citizenship Tools: Questions to Ask, Steps to Take

As with the other two global leadership characteristics, the first step in developing your global citizenship is to diagnose where you are now. Next, we offer some questions you can ask yourself for insight into how to think about issues of global citizenship today and provide some ideas for actions to take. To recap, global citizenship is a sensitivity to the world in which you live and your impact on it. It is also about an intention to serve the larger community and contribute to collective prosperity. As social animals, most of us are already sensitive to our context and work to fit in. The goal is to be more conscious of this natural tendency and enhance it. For more advice, see also the appendix.

Question: Do you know the names and missions of the local community groups and service organizations where you live, work, or operate?

Action: Join a group or attend some local community meetings to inform yourself of local concerns and issues, and to connect with other active citizens. Ask questions about community needs. What are the major negative, do businesses in the community have on local prosperity, health, well-being, and so on?

Question: Are you informed about the political issues, parties, and candidates in the communities and regions in which you live and operate? Does your organization contribute to campaigns or lobby political officials in any areas relevant to the business? Are these political activities transparent and does the firm act with integrity in its political arrangements?

Action: If your firm has not been transparent about its interactions with public figures, ask why. Was it carelessness, oversight, or lack of internal policy? What would it take to make those activities transparent? How would you plan your strategy for political engagement if you were starting it today?

Question: Have you developed a network of community contacts? Do you know the names and positions of key stakeholders, community leaders, and opinion makers? Do you know what expectations they might have of you?

Action: Make a list of key figures in your community—from the local mayor to the volunteer head of the local youth organization. Start creating social connections with them. Seek them out at community meetings, for example, or invite them for coffee. Ask questions and listen to understand their views.

Question: Do you know what ecological region or biome you live and operate in? Is it tropical rainforest, savanna, alpine, or other? Do you know what the local resource issues are for water supply, reliable energy, safe food, and so on? Are you familiar with the local species? How dependent is the local economy on local natural resources?

Action: Connect with and support local environmental groups, universities, or zoos to familiarize yourself with the ecology of your community and build your sensitivity and awareness. The goal is not to become a PhD biologist, but to enhance your enjoyment of nature and improve your understanding of important local environmental issues so that you automatically consider them in your business dealings.