

CORPORATE GOVERNANCE AND SOCIAL
RESPONSIBILITY

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ASSIGNMENT 2 PHILANTHROPY

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- John D Rockefeller and Andrew Carnegie have been called many things good and bad. Narrowing down the type of individuals they are, they have been put into one of the following 3 categories:
 - Robber Barons
 - Captains of Industry
 - Philanthropist

Robber Barons

Robber Barons is described as businessmen or industrialists that are widely considered self-centred individuals who only look after their own personal interests and wealth. Its name containing the word “robber” resembling the rich robbing the poor to benefit rich people. (*Admin, July 2014*) Robber Barons believe that the purpose of running a business is to make profits and build wealth. Because of this, exploitation of workers occur like providing horrible working conditions, wage cuts, monopolies and many more. (*Admin, July 2014*) Examples of Robber Barons in history are Cornelius Vanderbilt, Rockefeller and Ford.

Captains of Industry

Captains of Industry is a term to describe businessmen that are praised for creating jobs and opportunities, revolutionising industries and also developing the economy. They are individuals who are praised as a hero to the economy and society as a whole. (*Admin, July 2014*) Captains of Industry believes that a business is not solely to make profits and only look after their own interests but also look after the interests of society. They believe that the people deserve their rights as human being to retaliate if they would ever to be exploited. Examples of Captains of Industry are Andrew Carnegie, Invar Kamprad, and Bill Gates. (*Admin, July 2014*)

Philanthropist

Philanthropists are described as individuals commonly businessmen, industrialists or leaders that gives charity towards humanitarian causes. These wealthy individuals often create their own foundation for any philanthropic activities that they do. Philanthropists fund projects or developments that are not for the purpose of their business but for society. It is more of a social donation rather than profit-driven. (*Will Kenton, May 2018*)

- For Both John D Rockefeller and Andrew Carnegie:

Stakeholders: Evaluate the various stakeholders and their respective interests.

John D. Rockefeller

John D Rockefeller founded the Standard Oil Company and was one of the world's wealthiest men in the world. The company was infamous for practicing unethical methods in their operations like predatory pricing, exploitation of workers, and eliminating his competitors. Rockefeller however in his final years became a philanthropists and was involved in major philanthropic activities. (*[history.com](#) Editors, September 2018*)

Andrew Carnegie

Andrew Carnegie was an American industrialist who rose up to position of division superintendent of the Pennsylvania Railroad. He involved in the steel industry and would later create a steel empire through owning steel factories and transportation infrastructure involved in steel-making. Carnegie is often considered a hero of the working man as he created job opportunities and did philanthropic activities (*[history.com](#) Editors, August 2018*)

- Governance : Critical evaluation of key governance practice and issues in their time. Discuss how effective are modern day Governance rules in controlling organisations. Are they a blessing or curse to organisations and their stakeholders?

Rockefeller and Carnegie had created a lot of job opportunities during their time especially when America was facing The Great Depression following the end of World War I. Rockefeller during his heyday was considered an image of corporate greed by politicians and journalists. (*history.com Editors, September 2018*) Rockefeller's firm held a big majority of shares in the oil industry by his ambitions of buying rival refineries. He was also allegedly to bribing people to spy on his competitors. That was how notorious Rockefeller was in his glory days.

Carnegie on the other hand was considered a hero to the working class people. He not only have created many job opportunities but also revolutionised a whole industry which is the steel industry. He is also known to be a down-to-earth person and had made donations for institutions and such. Carnegie. However, Carnegie paid 850\$ to report for duty in his place when he was drafted in the Civil War which was a common practice at that time. Carnegie's organisation also faced a number of strikes and protests from his workers during his days. (*history.com Editors, August 2018*)

In modern day governance, it is almost obligatory for organisations to look after the welfare of its stakeholders especially in developed countries. However, it is still a debate whether something is legal or ethical. In developing countries, it is still common for workers to be exploited. For many, having a job itself is a blessing as unemployment and insufficient job opportunities exist in many parts of the world. However in some parts of the world, human rights and employee welfare is very important in society especially in developed countries. Every company has their own ethical values and methods of governance. Every company has their own view of their priority in responsibilities either economically or socially.

In less developing countries, having the opportunity to work is something positive. In developed countries, it is common to have organisations formed to protect the interests of workers. This gives pressure to companies to look after the welfare of their workers. In some places there are laws protecting workers' rights.

- Discuss in your opinion were they Robber Barons, Captains of Industry or Philanthropist?

John D Rockefeller

As evidence suggests, John D Rockefeller during his days was a Robber Baron. Rockefeller was infamous for possessing greed and completely monopolising the oil industry by buying off his rivals and impose predatory pricing on the industry. (*history.com Editors, September 2018*) He was also considered a textbook example of a Robber Baron with his self-centred methods of running his company during his heyday. During the last years of his life however, Rockefeller did a lot of philanthropic activities and donated huge amount of his wealth to institutions and others. (*history.com Editors, September 2018*)

Andrew Carnegie

Carnegie during his business years was considered a hero as he provided the common people with job opportunities and developed the economy as well. With all the evidence available, Carnegie can be considered one of the Captains of Industry. Although strikes and protests by workers occur during Carnegie's business days, he was considered a man with humanitarian values and care for his workers. He also was involved in major philanthropic activities and can also be considered a philanthropist. (*history.com Editors, August 2018*)

- Discuss the merits of philanthropic activities for business in the 21st Century, does it create wealth for an organisation?

Philanthropy is a practise done by companies usually not for the interests of shareholders but for stakeholders. They are usually donations to fund developments that meet social interests. Some businesses think that a business should priorities on making profits rather than spending huge amounts of money on something that does not benefit the company's personal interests and its shareholders. This became intense debates on whether what actually is the purpose of a business. Is it to increase profits and help the economy or to provide society with opportunities and benefits. *(Will Kenton, May 2018)*

Also, the debate discusses whether does philanthropic activities create wealth for an organisation or it is just a practise posing as a 'good guy' image for the public. A lot of organisations have allegedly used philanthropy as a political tool for instance, fulfilling a politicians' agenda. These incidents raise up the questions whether organisations do philanthropic activities for society's interests or is it for their own. *(Hao Liang, Singapore Management University, and Luc Renneboog, Tilburg University, January 2017)*

With social pressures along with modern journalism covering businesses' operations, most big and multinational companies are obligated to not only seek profit for themselves and their shareholders but are also pressured to contribute to society. *(Hao Liang, Singapore Management University, and Luc Renneboog, Tilburg University, January 2017)*

This can be seen as a good thing as it not could only save the image of an organisation but also help society, the environment, the economy and other factors other than the business and its shareholders.

- Discuss what happened with the bad reputation of Oxfam - how could it have been prevented?

Oxfam is made up of 20 independent charity organisations who aim to fight poverty. However the company had stained itself with allegations of its staff stationing in Haiti of hiring sex workers following a disastrous earthquake that left the country in a massive humanitarian crisis in 2010. The organisation then faced numerous repercussions such as international development secretary of the UK threatening to cut funds by the government for the organisation, the resignation of one of its directors and the announcement the ban of the Oxfam in Haiti. (*Damien Gayle, June 2018*)

In the midst of controversies over the incident in Haiti, the chief executive of Oxfam, Mark Goldring accuses critics of being “*out of proportion to the level of culpability*” as quoted by the man himself. He believed that the criticisms the charity is facing is motivated by the aim of ‘gunning’ down the organisation and driven by an anti-aid agenda. (*Decca Aitkenhead and Peter Beaumont, February 2018*)

The alleged incident is something very difficult for an organisation like Oxfam to prevent. However, misconducts like these can be prevented with better management of staff. Misconducts like these occur is due to poor management of staff or volunteers that were supposed to do their respective roles. It was a disgrace for not only Oxfam but to all organisations founded to assist people with humanitarian aid.

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