

Four key capital ingredients needed to end poverty, says Director of Transforming Business, Cambridge University

Nearly half the world's population live on less than \$2 a day. But what happened to the other half? This is a key question when faced with the issue of poverty, says Dr Peter Heslam, Director of Transforming Business, University of Cambridge.

'We need to look at how wealth is created,' says Dr Heslam. 'Business tackles poverty not only by creating financial capital. It can also build other forms of capital that contribute to wellbeing, such as institutional capital, relational capital, moral capital, and spiritual capital.' Heslam was speaking at a recent event called 'Business for the Common Good' organized by the Guildford network of CAFE, the Christian Association of Business Executives.

Institutional capital includes property rights, the rule of law, an independent judiciary, a free press and a minimum bureaucracy that cuts red tape, Heslam explains. Research by the anti-corruption body Transparency International suggests that 'the freer and more open society is, the less state corruption there is,' he said.

Relational capital includes the economic advantages of peace. Most business interests militate against war: 'the link between peace and commerce is often overlooked', he said, 'but it has strong intellectual and practical foundations.' He also referred to Thomas Friedman's arresting 'golden arches' theory of conflict prevention, by which no two countries with a McDonald's restaurant have gone to war with each other.

To many observers, the market appears 'the least likely carrier of moral capital,' Heslam continued. He quoted a recent letter in *The Times* from Lord Kalms, the founder of the Dixons retail chain, who said that his offer of a £1 million grant to the London School of Economics in 1991, to set up a chair of business ethics, had been turned down. 'The faculty had rejected the offer as it saw no correlation between ethics and economics,' wrote the incredulous peer.

Yet companies can act as schools of virtue, thereby becoming agents of moral collateral. 'Principled leaders can transfer their moral DNA throughout their organisations,' Heslam said.

In terms of spiritual capital, the workplace is increasingly becoming a place 'where people seek meaning and purpose'. This is often expressed in the overall aims, or ethos, of the company. He highlighted two books out of a growing literature on this subject: *The Soul of the Firm* by William Pollard, and *Spiritual Enterprise: Doing Virtuous Business* by Theodore Roosevelt Malloch.

But this movement has precedents in history and Heslam referred to the pioneers of companies that have become household names, such as Cadbury, Boots, Unilever, Barclays, who allowed their vision for business to be shaped by their Christian faith. He also quoted the founders of Marks & Spencer, two Jewish brothers-in-law who saw the purpose of their retail chain as 'social revolution' in providing 'goods of upper class quality for the lower classes'. The Jewish notion of *shalom*, encompassing much

more than 'peace' to include 'well-being', provides a sound basis for building a spiritual vision for business.

Speaking of the meaning of words, Heslam pointed out that the 'company' derived from the Latin *cum panis*, meaning the breaking of bread together. And 'credit' came from the Latin word *credere*, meaning to believe or to trust, while 'commerce' in its original sense conveyed a sense of union or intimacy.

All four capitals are needed to end poverty, Heslam claimed, and if commercial activities help to build them, business will fulfil its potential to promote human flourishing. As the author of *Transforming Capitalism: Entrepreneurship and the Renewal of Thrift* (Grove Books, 2010), he pointed out that the origins of 'thrift' lie in 'to thrive', or 'to flourish'. As both consumers and producers shun over-indebtedness in favour of thrift, contemporary business can be re-purposed to serve the common good.

Michael Smith