

Critical moment

TYPHOON HAIYAN. November 15, 2013



THE NEED FOR AID WAS IMMEDIATE AND MASSIVE after an 8.8-magnitude earthquake hit Chile in 2010, triggering a deadly tsunami. Rushing forth with cash and supplies were governments and nonprofit organizations. Yet the largest portion of the aid – 55.4 percent – came from corporations.

That is the new norm, according to an Academy of Management Journal paper published in October of 2017. Nearly 70 percent of the aid received after the 2011 tsunami in Japan came from corporations, as did 51.7 percent of that received by the Philippines after Typhoon Haiyan in 2013, according to the study, authored by Luis Ballesteros, a George Washington University Professor of Business, along with Michael Useem and Tyler Wry of the University of Pennsylvania's Wharton School of business.

That rise in corporate contributions came amid stagnation in assistance from governments and aid organizations. But the authors go beyond documenting the upward trend in corporate disaster relief. Their peer-reviewed study purports to prove that corporate giving during a disaster provides sig-

A military aircraft passes over a washed-out village in the wake of Typhoon Haiyan, which ripped through the Philippines in 2013. The tropical cyclone was one of the most powerful ever recorded. Thousands were left dead and hundreds of thousands homeless.

nificant social and humanitarian benefits. That may seem obvious. But research has cast doubt on the general societal value of CSR, or Corporate Social Responsibility, suggesting that it often is used “to secure government favors, forestall activism and mollify local communities.”

But the researchers, using data from Swiss Re on the humanitarian and economic toll of particular disasters, conclude that following a disaster, “firms with operations in an affected country have unique capabilities that allow them to sense areas of critical need, seize response opportunities, and reconfigure routines and resources to respond more quickly and effectively than traditional aid providers.”

At a time of political backlash against globalization, the local operations of multinational companies can be a source of invaluable relief when earthquakes or storms slam communities. “The nations benefit greatly from corporate involvement when disaster strikes,” the authors conclude. ♦

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