

## MANAGEMENT

# Skills vs. Passion: The Challenges for Corporate Professionals Who Move into the Social Sector

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📍 North America 📌 Business Ethics



A decade ago, when Dileep Ranjekar was looking to build his team at the newly set up Azim Premji Foundation (APF, founded by Indian IT czar Azim Premji), he made a conscious decision not to poach from any of the non-governmental organizations (NGOs) for two reasons: One, the idea was to create more talent and not simply play musical chairs; and two, most NGOs were strapped for funds, and Ranjekar did not want to exploit this by offering potential employees slightly higher salaries.

Consequently, most of those who came aboard were either fresh from campus or from the education sector. A few even came from the government. But corporate brains were in short supply. While all the new hires joined on a full-time basis, many others wanted to work as volunteers rather than as full-time employees. Ranjekar, now 60, was one of the few to have made the switch. A Wipro veteran of over three decades, he was executive vice president, human resources, when he joined APF.

It's a different story now. Ranjekar gets a steady stream of inquiries from corporate professionals. "And many of them are very young," he adds. He expects his team to grow from 400 at present to 5,000 by 2016, and says that around 15% will be from the corporate world.

At some of the smaller organizations, the mix is starker. "The majority of our team of 22 is from the corporate sector," says Deval Sanghavi, co-founder and CEO of Dasra, a philanthropy foundation. Echoes Dhaval Udani, CEO of donation platform and NGO GiveIndia: "Most of our 45 team members come with corporate backgrounds and are in their 20s and 30s." Sanghavi, 35, was an investor banker with Morgan Stanley, and Udani, 33, was an IIM-A graduate with global consultancy firm A. T. Kearney.

### **Needed: Rigor and Accountability**

So what has changed over the years? Multiple forces are at play. For example, there is an increasing realization that because the government has failed to provide basic amenities, whether in education, health or employment, the gap between the haves and the have-nots is growing at an alarming rate. This gap is more apparent than ever — thanks to the proliferation of the electronic media, which document every move of the rich and famous — and it has the potential to increase social unrest.

According to philanthropy experts, none of this is news to the enlightened rich, who realize they must play a greater role in social development. They also realize that systemic, deep-rooted and far-reaching change is required. Specifically, philanthropic and social organizations need the same amount of visioning, rigor and accountability as the corporate sector.

Who better than the corporate professionals to bring this? In a paper titled, *Family and Corporate Philanthropy: Emerging Trends in India*, K. Ramachandran, clinical professor of entrepreneurship and the Thomas Schmidheiny chair professor of family business and wealth management at the Indian School of Business (ISB) at Hyderabad, notes: "Indian philanthropy has emerged in recent years as a mainstream professional activity, thanks to rapid economic growth and the globalization of knowledge and funding resources. Organizational leadership now insists on the best use of their resources for inclusive growth. Family businesses are fast opting for an entrepreneurial approach to problem solving, both in terms of identifying new areas of activity and improving existing ones."

According to Arpan Sheth, partner at Bain, "It's a natural function of the maturation of the industry. It will help those who want to give in a more precise way, in a way that [increases their] confidence to then give more. The more talent you can bring into the system," Seth adds, "the better off everybody is. It will be wonderful when it becomes a sustainable career choice for somebody to make a career in philanthropy."

The signs are already there. While salaries in the social sector are still not comparable to corporate salaries, they have become more competitive than before. “By and large, the earlier days where people in the social sector had to struggle hard and make heavy compromises are past. One can live a decent middle class life,” says Anurag Behar, co-CEO of APF. Behar, 42, joined the APF last year after a long corporate career with GE and Wipro.

That’s one side of the picture. On the other side are corporate professionals who are financially far more secure than in earlier years. They see an opportunity to solve complex social problems in a manner and scale that was not possible earlier. “What attracted me was the opportunity to bring innovative business models to this sector — models that leverage market forces and channel government resources to address the problems at scale,” says Ajay Kela, 53, president and CEO of the Wadhvani Foundation. An IT professional, Kela was managing director and chief mentor at IT firm Symphony Services before he moved over to the Wadhvani Foundation. At the foundation — which is funded by U.S.-based Romesh Wadhvani, founder and chairman of private equity firm Symphony Technology Group — funding is not a constraint, and so energy is focused entirely on solving problems, Kela adds.

The very presence of professionals heading social sector organizations and bringing with them new ways of addressing old problems is in itself a strong magnet for others to join in. Take the case of GiveIndia’s Udani, who joined the organization full-time two years ago after being associated with it on a voluntary basis for over two years. “Traditionally, one looks at the needs of an NGO and goes looking for a donor. There are very few market places that provide choices and facilities to the donors. GiveIndia focuses on the donor rather than on the NGOs, and I found that a very interesting way of looking at the problem,” he says.

What is it that professionals bring to the social sector? The list is long: systems, structures, processes, speed, accountability, metrics, analytics, quality standards, shared vision, capacity building, the ability to execute, to scale, to manage large projects, among other attributes. Most of all, they bring fresh perspective. “Professionals tend to ask different questions than people from the social sector,” says Ranjekar. Adds GiveIndia’s Udani: “Being closer to the cause makes people believe that they can create a larger impact than they could do in a corporate setting. Since no one is making money out of it, the mindset changes a lot and brings with it a new energy.”

## Different Strokes

According to Jayant Sinha, managing director at philanthropic investment firm Omidyar Network India — the Omidyar Network was founded by the eBay founder Pierre Omidyar and his wife Pam Omidyar — the belief is that it is not so much the sector that one operates in, but *how* one operates in the sector that makes all the difference. “We believe in the bottoms-up approach — that it is by helping the ecosystem to grow and develop through for-profit investing and nonprofit grant making that we can make the world a better place,” he says.

Omidyar Network has a portfolio of approximately 27 organizations, out of which 14 are nonprofit and 13 are for profit. Sinha, who previously worked with such companies as McKinsey and hedge fund Courage Capital Management, believes that his investment skills can be put to good use in an organization like the Omidyar Network.

Another model is that of the U.S.-based GlobalGiving. Mari Kuraishi, co-founder and president, worked at the World Bank before she and colleague Dennis Whittle set up GlobalGiving in 2002. At the World Bank, Kuraishi managed and created innovative projects, including the first-ever innovation and development marketplaces. Whittle was part of a team that led the World Bank's corporate strategy and innovation units.

GlobalGiving is a nonprofit organization that connects donors with charity projects around the world. It identifies, vets and promotes projects that might not otherwise receive support because of distance, technological difficulties or language barriers. It has more than 1,000 prescreened grassroots charity projects.

“We saw the business of international development back in 2000 as being tilted towards large organizations and/or technocrats. We felt that newcomers and local leaders faced pretty large barriers to entry to the market. So we set up GlobalGiving as a platform that would begin to level the playing field,” says Kuraishi. “By validating organizations and creating tools and processes for smaller organizations all over the world to use, we believed we would begin to give them a leg up, and over time, contribute to greater innovation and creativity in the international development field.”

Kuraishi says that while she does not have an “ideological belief that the for-profit sector has all the answers,” she firmly believes that “cross pollination is a good thing.”

In the developed world, the U.S. in particular, this cross pollination has taken place much earlier. GiveIndia's Udani explains why: “Kids there see their parents involved in community development. It is part of their school activities and part of the community activities, so it's a natural progression.”

There is also peer pressure. Unless an individual is involved in charitable and philanthropic activities, he is seen as not being a sufficiently rounded personality. “This can have an adverse impact on career growth. So there is an automatic leaning towards doing good,” notes ex-banker Nachiket Mor. Observers suggest that the same will probably happen in India, too, in due course.

Meanwhile, an interesting shift is already occurring. Traditionally, new philanthropic models like venture philanthropy, micro philanthropy, impact investing and others have all been conceptualized in the Western countries and “given” to the emerging markets. But now, with increasing wealth creation in the developing and emerging markets, new models

of philanthropy are likely to emerge from India as well. “It is being recognized that solutions funded and developed in India by Indians are far more sustainable than solutions simply imported from other countries,” says Dasra’s Sanghavi.

Katherina Rosqueta, executive director of the Center for High Impact Philanthropy at the University of Pennsylvania notes: “I suspect that places like India and China, which have not had the same history and tradition of an independent third sector as the U.S., will leapfrog past the U.S. in enabling impact investing.” (See interview with Rosqueta.)

### **Too Much Attention to Detail?**

Of course the very strengths that professionals bring to the table can sometimes turn out to be problematic. The reason is simple: In the corporate world, everyone is aligned towards the same goals: growth and profits. In the social sector, on the other hand, there is no one single notion of success or progress. Complex social issues need deep understanding, sensitivity and most of all, patience. Corporate professionals who are typically driven by a quarter-on-quarter cycle can fail to realize this.

Professionals “are very impatient to scale, and don’t realize that in the social sector, what to scale is more critical than how to scale,” says Rohini Nilekani, philanthropist and founder of Arghyam, a Bangalore-based NGO. Corporate professionals, Nilekani adds, tend to have a strong and mistaken belief in the power of the markets to solve social problems. “But both the market and the state have failed, and that is why the philanthropic and the social sectors are there in the first place,” she points out. Rueben Abraham, professor and executive director at the Centre for Emerging Markets Solutions at ISB, adds: “Sometimes corporate professionals end up paying too much attention to detail and lose the larger perspective.”

Behar of APF believes that the notion of what corporate professionals bring to the social sector is “hugely overrated.” According to him, what is critical in the social sector is domain capability. In primary education, for instance, one needs to know how to run a school. Similarly, in health care and other sectors, one needs to know the ground realities. “Professionals who come from the corporate world sometimes come with a huge sense of misplaced self-confidence. They need to come with humility,” notes Behar.

“What one requires is a good combination of passion and skills,” adds GiveIndia’s Udani. “Having all the skills but no passion is as detrimental as having all the passion but no skills.” But of course one could equally argue that typically, a highly-paid corporate executive would make the shift [to the social sector] only if she has a fair bit of passion. As Kela says, “Executives will not sign up in the first place if they don’t have passion, because when all is said and done, at the end of the day they are giving up a lot — money, power, prestige.”

### **Doing Good in Every Sector**

Meanwhile, ex-banker Nachiket Mor, 47, offers another perspective: He sees no difference between a career in the social sector and one in the corporate sector as long as it creates a positive social impact. “If one is to look at philanthropy as resulting in development outcomes, then many corporate businesses would fall in that category. The question to ask is if people are moving the boundaries, removing the barriers,” he says. “I have always viewed my career as a career in development.”

Mor spent 20 years with the ICICI Bank, India’s largest private sector bank, before moving over to set up the ICICI Foundation in 2007. Last year, he left the ICICI Foundation and is now chairman of Sughavazhvu Healthcare, a Tamil Nadu-based company that focuses on rural healthcare. Mor sees the switch not from the corporate to the social sector, but from finance to health care. “There are more people and organizations today that are interested in asking deeper strategic questions about how to build good businesses and good organizations,” he notes.

Kuraishi of GlobalGiving agrees. She believes that there is a “generational shift” going on. “Millennials, more than any other generation before it, are interested in engaging in meaningful work,” she says. “But they are also far less dogmatic about meaningful work being limited to the social or philanthropic sectors. I believe that they are looking [for work] at for-profit clean energy companies — i.e., the possibility of engaging in bottom-of-the-pyramid type work at Fortune 500 companies — as much as or perhaps more than [they are looking for] work in the nonprofit sector.”

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