

**CORPORATE
SOCIAL
RESPONSIBILITY
IN PRACTICE
CASEBOOK**

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21ST CENTURY CORPORATE SOCIAL RESPONSIBILITY:
ADVANCING FAMILY PLANNING AND REPRODUCTIVE HEALTH



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IN PRACTICE
CASEBOOK

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CATALYST Consortium is a USAID-funded family planning and reproductive health activity focused on working in Asia and the Near East, Europe and Eurasia, and Latin America and the Caribbean. Composed of five equal partners — Academy for Education and Development, The Centre for Development and Population Activities, Meridian Group International, Inc., Pathfinder International and PROFAMILIA/Colombia, CATALYST is dedicated to working in partnership with the public, private and NGO sectors in developing, expanding and sustaining quality family planning and reproductive health services and healthy practices through both clinical and non-clinical programs.

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Glossary of Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
AIM	Asian Institute of Management
BMS	Bristol-Myers Squibb
CCC/AIM	Center for Corporate Citizenship/Asian Institute of Management
CEO	Chief Executive Officer
CORI	Community Outreach Initiatives
CSR	Corporate Social Responsibility
DOH	Department of Health
DOLE	Department of Labor and Employment
GA	Global Alliance
GAIN	Global Alliance to Improve Nutrition
GAVI	Global Alliance for Vaccines and Immunization
GDA	Global Development Alliance
GRI	Global Reporting Initiative
HIV	Human Immunodeficiency Virus
ILO	International Labor Organization
IYF	International Youth Foundation
NGO	Non-Governmental Organization
PBSP	Philippine Business for Social Progress
PDA	Population and Community Development Association
PEC	Peer Educators and Counselors
PHIL-BIRD	Philippine Business Initiative in Rural Development
PPT	Planned Parenthood of Thailand
SADC	South African Development Community
TBIRD	Thai Business Initiative in Rural Development
UNDP	United Nations Development Program
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
WHO	World Health Organization

Introduction

This “Casebook on Corporate Social Responsibility in Practice” offers a selection of key examples of corporate social responsibility (CSR) initiatives that are currently being implemented in the private sector. The examples illustrate how CSR is being utilized globally as a vehicle for the full involvement of the private sector in health promotion.

In today’s world, governments, businesses, communities, and development organizations are facing unprecedented change and complexity, necessitating a search for new and innovative approaches for achieving common goals. Globalization of the economy has brought about not only immense demand and opportunities for socio-economic growth, but also complex ethical, financial, and managerial issues in realizing these demands and opportunities. Meanwhile, government and donor resources have been shrinking in the face of increasing demand for goods and services from growing populations. Today’s development challenge is to optimize the use of human and material resources and to ensure that impact and sustainability are possible within the framework of defined development objectives. To meet this challenge, new ways of thinking and working together among stakeholders must be instilled.

Fundamental to meeting the development challenge is the growing importance and power of the private sector and of civil society. From large multinational corporations to small and medium-size enterprises, the private sector is robust and thriving in many countries where USAID works. In most countries, the government is supportive of the private sector, and in market economies, public sector investment policies strongly encourage public/private joint ventures and value-added production of goods and services. Concurrently, the importance of civil society participation as

stakeholders in socio-economic development is also being increasingly recognized by the public sector. From international and professionally managed NGOs to grassroots community-based organizations and individual citizens, civil society's participation in national affairs is growing.

Corporate social responsibility can be an effective vehicle for creating win-win partnerships opportunities among the three sectors (public, private, and civil society) in national development. There is a strong rationale for applying corporate social responsibility models and principles to expand collaboration among various sectors to promote programmatic goals in family planning and reproductive health. Business has a great convening ability and can bring money and other resources to the table.

Partnerships are strategic for business – governments, donors, and NGOs can bring expertise, credibility, and resources that business may not have. USAID has formidable comparative advantage and resources that can be effectively leveraged: funds, people, expertise, programmatic track record, and a solid base of operating networks. USAID also has a good history of mobilizing private sector participation. Beginning in the 1980s, USAID ventured into private sector partnerships in population, health, and nutrition, and programs were implemented extensively in Asia and Near East and other regions.

Opportunities presented to USAID for working with the private sector are diverse and increasing. The successes and lessons learned from existing CSR programs could be used to great advantage by USAID as building blocks for expanding its family planning and reproductive health programs.

The CSR Casebook is organized in three parts:

- Section A: “Case Examples of Corporate Social Responsibility Good Practices,” profiles successful CSR initiatives and the lessons learned from each.
- Section B: “A Case Study of the CSR Partnership Process,” describes how the partnership for a multi faceted global CSR workplace initiative was envisioned, shaped, and implemented.
- Section C: “Corporate Social Responsibility Initiatives to Watch,” highlights three recently started activities that have the strong potential to deliver significant results in the future.

The set of examples given in this Casebook were selected by CATALYST based on defined criteria for “good CSR practices.” CATALYST purposely refrained from using the terminology “best practices” in this case, because selecting a few examples out of the broad range, complexity, and diversity of CSR activities worldwide as “best practices” would certainly open any selection to criticism. Thus, the examples highlight important aspects of successful CSR partnerships, and, together, they illustrate why the idea of corporate social responsibility partnerships is rapidly gaining support in the business community and in civil society.

Case Examples of Corporate Social Responsibility Good Practices¹

From the Compendium of 87 corporate social responsibility activities of corporations, business associations, multilateral, and other organizations, CATALYST carefully selected five key thematic initiatives that provide more in-depth descriptions and analyses of the practice of corporate social responsibility. These are:

1. Cause-Related Marketing: Avon’s Breast Cancer Crusade
2. HIV/AIDS Prevention in the Workplace: Philippine Business for Social Progress
3. Community Development and Outreach: Unocal Community Outreach
4. Tripartite Partnership: “Secure the Future,” Bristol-Myers Squibb
5. South-to-South Exchanges: PHIL-BIRD, the Replication of Thailand’s CSR TBIRD Model.

The case examples offer insights on the following aspects:

- j The business rationale behind the initiatives
- j The key processes involved
- j How stakeholders participated
- j What results and lessons were gained

¹ The Price of Wales International Business Leaders Forum argues for the use of “good practices,” as opposed to “best practices,” in the context of corporate social responsibility. Because of the enormous complexity of CSR criteria, range and diversity of stakeholders, and emotional content of partnership building, the label “best” invites criticism.

In choosing these five examples, CATALYST used the following criteria:

1. The activity is directly related to provision of a health service, or has a health-related component, or has a strong potential for integrating in it a health component.
2. The activity demonstrates a genuine spirit of applying CSR principles to promote human and social development.
3. The activity demonstrates creativity, innovation, and commitment.
4. There is strong potential that the future impact of results already being generated could be substantial.
5. The activity involves a partnership with one or more committed parties.
6. The activity offers useful lessons for USAID and other health professionals in designing and building CSR partnerships in family planning and reproductive health programs.

The CSR partnership approach offers multiple advantages to USAID health professionals wishing to expand their family planning and reproductive health programs, for the following reasons: (1) new resources can be effectively leveraged; (2) complementary experience and expertise of partners can be combined, resulting in synergistic efforts; and (3) enhanced opportunities for program sustainability can be created. Although the examples mostly highlight health-related CSR initiatives, CATALYST believes that it is possible to apply the partnership rationale and principles to USAID development initiatives outside of the health arena.

1. CAUSE-RELATED MARKETING

A good reputation enables a business to gain the trust and loyalty of its customers, the motivation and commitment of its workforce, and the recognition and acceptance of its products by the public. Cause-Related Marketing is a new generation of marketing strategy that captures niche markets by targeting the social concerns of consumer groups. A company connects its own marketing and sales goals to a social cause, target population, or charity to the mutual benefit and promotion of both sides. The business goal: to deepen the trust and relationship among customers, improve corporate image, and, ultimately, sales.



The Avon example demonstrates how one company has integrated advocating for a social cause into its core business operations. Avon's cause-related marketing uses the strength of its marketing, distribution and sales networks to build brand loyalty, while at the same time increasing women's access to health care and basic education.

CASE EXAMPLE: AVON'S BREAST CANCER CRUSADE

Countries: Global, Indonesia, Philippines
Name of Initiative: Breast Cancer Crusade
Focus: Employee activities to raise funds and increase education on breast cancer
Partners: NGOs, Medical Institutions, Avon Employees and Local Representatives
Initiative Launch: 1993

(a) Background

Each year Avon mobilizes the majority of its three million independent sales people in the U.S. and overseas to raise funds for breast cancer research and services and to increase awareness of women's health issues -

principally breast cancer. Avon's Breast Cancer Crusade is the centerpiece of the company's Worldwide Fund for Women's Health. As the world's largest employer of women, Avon's annual revenues total \$5.7 billion. In 54 countries, it has direct corporate investments – local offices, workforce, and manufacturing facilities. Forty-four countries have now adopted the Breast Cancer Crusade. Avon's past three CEOs viewed reaching the medically underserved a core part of the company's mission. They particularly wanted the company to play a leading role in women's health worldwide, however, the greater focus of the crusade has been in the United States and the United Kingdom. The current CEO, Andrea Jung, is using the company's broad network to extend the Breast Cancer Crusade to more countries.

(b) Business Rationale

“There needs to be a correlation between the cause and the company,” said Susan Heany, Director for Corporate Social Responsibility at Avon. “The linkage between corporate giving and the corporate product creates brand recognition. Both buyers and sellers want to achieve the same goal, improving women's health care worldwide.” Even though heart disease is a bigger threat to women's health, women are more concerned about breast and ovarian cancer. “The company cannot spend resources changing women's minds – or to ask Avon sales reps, who earn their income from selling our

products, to do something that their customers don't particularly care about. The employees overwhelmingly opted to support women's health care," added Heaney.

Avon has made a corporate commitment to the Breast Cancer Crusade, not just for policy but also image and resources. Avon's corporate logo no longer relates to just cosmetics; Avon now promotes itself as "the company for women." Everyone in the company plays a role in its health crusade, from the top executives to the sales reps and all departments in-between – legal, financial, accounting, marketing, and manufacturing. Avon makes room in its production schedule so that its factories can produce hundreds of thousands of pink ribbon products – mugs, bears, pins – for various Avon-sponsored walkathons, races and other events.

(c) The Initiative – Description

The crusade's mission is to ensure that women – particularly low-income, minority or older women – have access to breast cancer education and early-detection screening services, at little or no cost to them. Avon employees and sales representatives in 44 countries organize events – races, walkathons, concerts – to raise funds and educate the public about breast cancer. Many receive training in breast cancer education, so they can in turn educate their customers as part of their sales work. "The breast cancer crusade is a gateway into the health care system," says Heaney, "the truth is that when women are introduced to the medical community to get a mammogram, they will also get other health care."

The crusade grew out of a 1992 survey by Avon/United Kingdom which found that British women listed breast cancer as their most important health concern. Avon launched the global crusade the following year. The company began by partnering with organizations, primarily NGOs already working in regions where corporate philanthropy did not exist or was not accepted or trusted by the

public. For example, when Avon Crusade was launched in Eastern Europe, it formed a partnership with Project Hope, a well-respected NGO with strong health care credentials. Project Hope gave Avon the needed credibility and a link to national health infrastructures.

Avon's headquarters in New York City sets the corporate policies and has encouraged Avon management units worldwide to implement the crusade as part of their mission. Prototype education materials are developed in New York, which can be adapted for each country. Avon's New York headquarters also provides resources for events, particularly the pink ribbon products. In turn, Avon country units decide if and how they will participate. For example, in Thailand, Avon raises funds by hosting races in which thousands of women take part. The races are part of an annual health festival that includes handing out educational materials in shopping malls and other public gathering places. In Malaysia, Avon representatives and volunteers discreetly hand out breast cancer materials to women in the streets. Many Avon efforts use local singers and celebrities to headline events that promote breast cancer education. In some countries, in respect of cultural gender traditions, male Avon employees, often the senior executives, participate in disseminating the educational materials to the public.

Avon says the crusade is not just a philanthropic enterprise. Each Avon unit develops partnerships with local hospitals, ministries of health, and NGOs in designing programs, identifying needs for services, training Avon employees and sales reps, and contextualizing educational materials. All the money raised in a certain country remains there and is spent there. With its partners, each Avon unit decides how the money will be spent. In countries with poor resources and capacity, Avon uses the money raised to purchase mammogram machines and other equipment, and to pay for training of medical staff.

According to Heaney, “if the woman does not have the means to get health care, Avon will pay – so that she can focus on the care needed and not on the problems to be overcome. We really want to be an agent for change, for destroying barriers to health care.” Avon believes it has created the templates for health cause-related marketing that can accommodate different cultures around the world. “They said it wouldn’t work in Asia, but it is working very well,” she added.

(d) Stakeholder Participation

Every two years, Avon surveys its customers in crusade countries. In 2001, 34,000 women in 43 countries were surveyed. Breast cancer is always the No. 1 or 2 health concern of women surveyed. Avon also surveys its participating units to evaluate the progress of their campaign, and determine whether the campaign remains a core concern to their employees and sales reps. The Avon workforce has consistently voiced its support for the crusade.

(e) Results and Future Plans

- ◉ The Worldwide Fund for Women’s Health has raised \$160 million since 1992, the vast majority of it from the Breast Cancer Crusade. Avon’s goal is to raise \$250 million by the end of 2002. All sales proceeds from pink ribbon products are invested in the Fund.
- ◉ Avon has challenged the 44 countries outside of the United States to reach a multi-million dollar target.
- ◉ Avon’s goal is to have all its 54 “direct investment” countries launch the crusade.

(f) Lessons Learned

- *Leverage Networks.* Avon has a global network of women – sales reps and customers—who can potentially reach millions of underserved women with crusade health care.
- *Headquarters Commitment to Local Unit Ownership.* Avon formulates crusade policies at headquarters and provides significant corporate resources to the campaign globally. However, its country management units and workforces have ownership of the initiative—they develop the needed local partnerships and decide how to invest the raised money.
- *Importance of NGO Credibility.* In some countries, Avon’s strategy of partnering with respected NGOs has enabled it to gain trust and credibility, as well as increase its ability to raise funds for women’s health care.
- *Align Corporate Image with the Right Cause.* Among women, breast cancer is a leading health concern. Avon recognized that to be relevant and responsive, it needed to align itself with a health cause that was a high priority among its customers and workforce.

2. HIV/AIDS PREVENTION IN THE WORKPLACE

Companies have many assets to offer in partnerships with USAID and civil society, but the workplace may be the most important and readily accessible. The workplace provides a ready venue for health care project activities, especially for women's health care inasmuch as a large segment of workers are women. A workplace initiative also has strong potential for replication or scaling up to other company sites or subsidiaries. The workplace initiative can also easily become an integral part of the company's core business operations, and thus be sustained with regular corporate funding. In the following example, the Philippine Business for Social Progress was able to successfully leverage an HIV/AIDS workplace initiative for support by its member companies.



CASE EXAMPLE: PHILIPPINE BUSINESS FOR SOCIAL PROGRESS

Country: Philippines

Name of CSR Initiative: HIV/AIDS Prevention in the Workplace

Focus: Employees of 31 companies

Partners: Philippine Department of Health (DOH) and Department of Labor and Employment (DOLE), Levi Strauss

Initiative's Launch: 1997

(a) Background

The Philippine Business for Social Progress (PBSP) was created in the 1970s by a group of 50 visionary business leaders as a vehicle for improving the quality of life of poor Filipino families. PBSP engages in regular policy dialogue with the government, and is dedicated to harnessing resources of the business sector to

implement development programs that are self-reliant and sustainable. Today, PBSP consists of a coalition of 160 corporate members, and it runs a Center for Corporate Citizenship. Member companies commit 0.20% of their pretax income to social development through PBSP.

(b) Business Rationale

HIV/AIDS has become a global health problem with wide political, social, cultural and economic dimensions. All over the world, the business community has realized that the increasing incidence of HIV transmission, especially among the economically productive group, has had an adverse impact on the workplace. This leads to reduced productivity, loss of skilled labor and technical expertise, and increased cost of operations. HIV/AIDS education and prevention in the workplace is one of the most cost-effective means to address this problem. PBSP initiated a corporate sector response by developing the HIV/AIDS Education and Prevention Program in the Workplace with its member companies in 1995.

Although PBSP's programs are rooted in poverty alleviation, PBSP leaders decided they needed to launch a preemptive strike against the HIV/AIDS problem. "We needed to educate companies

on this,” said Ces Bulos, unit manager for the PBSP’s Corporate Citizenship Center. “Because HIV incidence is still low in the Philippines, companies feel they are not compelled to act until the HIV problem becomes critical and affects their bottom line.” Convincing companies that they needed to adopt a workplace program on HIV/AIDS was very difficult at the beginning. However, PBSP was able to find champions within its membership to promote the program in the business community.

(c) The Initiative – Description

The HIV/AIDS Education and Prevention Program in the Workplace extends beyond complying with Philippine HIV/AIDS law. The program involves the formation of peer educators and counselors (PEC) in the workplace to provide timely and accurate information and provision of assistance to formulate company HIV/AIDS policies.

The PBSP program developed in stages. In 1995 PBSP received a grant from Levi Strauss and Company, USA, for a three-month planning project with businesses, NGOs, and government agencies involved in HIV/AIDS research and program. Using results from the project, PBSP developed and pilot-tested an HIV education program for employees of its member company Philippine Airlines. Lessons learned from the pilot activity informed the development of PBSP’s program model. The program, which was supported by Levi, consisted of six components: (1) Promotion with CEOs; (2) Policy development/consensus building with senior management; (3) Trainer’s training; (4) Basic HIV/AIDS employee education; (5) Peer education, and (6) Capacity building for NGOs that can help companies implement the program. Training modules were developed for these components. In 1997, PBSP convinced four of its member companies to pilot a peer education program based on the “HIV/AIDS Prevention in the Workplace” model. A year later, the Philippines passed Republic Act 8504, “The Philippine AIDS

Prevention and Control Act of 1998.” This law requires all companies to provide standardized basic information and instruction on HIV/AIDS.

The Philippine Department of Labor and Employment (DOLE) and the European Union adopted PBSP’s HIV/AIDS peer education program. In partnership with DOLE and the Philippine Department of Health (DOH), PBSP then expanded its peer education program model to 31 local companies in four regions. Strategies used for implementing the model included peer educators and counselors (PEC) and PEC trainers training; information dissemination, counseling, and referral for services; executive briefings; and HIV/AIDS policy formulation workshops.

(d) Stakeholder Participation

Corporate role. The program requires companies to select at least three individuals representing the senior executive staff, middle management, and workers to participate in a four-day, on-site HIV education training. The training enables peer educators to develop an education program that fits into the culture and operational systems of their own company. The progress of the program at each company is monitored, and every six months peer educators meet to review progress, share experiences, and plan together. Company costs for instituting the program were minimal, such as employee time, on-site venue fees, and training materials.

NGO role. PBSP identified NGOs with whom companies can partner for training, HIV testing, counseling, hotline, and other services. Initially, NGOs were reluctant to work with companies because they were used to getting funding from donor agencies. However, NGOs came to understand that working in partnership with private sector companies would generate additional income that would help sustain their operations. The program includes a component for training NGOs on how to work with businesses on HIV/AIDS prevention.

Government role. DOH and DOLE officials worked with PBSP in inviting companies to join the initiative, giving it a government seal of approval. PBSP and DOH teams trained DOLE staff on the technical aspects of HIV/AIDS, which helped build DOLE's capacity for assisting PBSP to monitor the program.

Donor role. In addition to providing funding, the EU provided technical assistance and helped identify other resources.

(e) Results and Future Plans

- PBSP has developed training manuals and curricula for master trainers, peer educators, and counselors, plus a one-day course for company executives on HIV/AIDS policy formulation.
- To date, more than 25,000 employees have been reached by the program, and the program has been institutionalized in 29 of the 31 national and multi national member companies.
- The program has strengthened the capacity of NGOs by generating a paying customer base for their services and by expanding the scope of NGO services to the workplace.
- PBSP plans to roll out the program to all of their 160 member companies, as well as to non-member companies in the country. PBSP also plans to start a partnership with labor groups and other NGOs to push for workplace services through a trisectoral strategy.

(f) Lessons Learned

- *Government as a Partner.* Government can give a program a valuable seal of approval; however, sometimes government can get in the way of program implementation. In the case of the PBSP program, in addition to the new HIV/AIDS law that promoted corporate work in HIV/AIDS prevention, partnering with DOLE encouraged cooperation from companies for the project's adoption and pilot testing.

- ◉ *Ensure All Partners' Goals Are Being Met.* Partners representing different sectors did not exactly have the same objectives. In order to work productively and synergistically, there should be a shared, common goal among partners. In the PBSP program, DOLE's objective was to carry out its mandate as provided for by the new law. The corporations' goal was to minimize the potential impact of HIV/AIDS on their productivity and operating costs, and PBSP's goal was to promote corporate social responsibility among its member companies. Their shared goal was to address the HIV/AIDS threat to the Philippines.
- ◉ *The Value of Business Champions.* Business associations have the relationships and influence to convince companies to enter into CSR partnerships, even when the business case is not yet apparent. Usually, CEOs respond better to arguments made by their peers.
- ◉ *Understanding and Adapting to Management and Cultural Differences Among Partners.* Decision-making cycles and fiscal requirements for programs can vary from partner to partner. In this case, DOLE had the existing political and administrative structures to move a program forward. However, as a government agency, it was less flexible than PBSP and private companies when it came to quick decision-making and budget adjustments. PBSP's program-related decisions could be made at the program manager level; for business, top management support and approval was crucial, but decisions could be made at lower management levels. PBSP had to ensure that these differences were appreciated by all partners, and that partners were ready to consider flexibility.
- ◉ *Stay on Target.* PBSP and its partners learned there were three crucial components to implementing the partnership and ensuring commitment: activating top management approval and support as early as possible in the process, maintaining open communication through meetings and other forums, and identifying concrete timelines and objectives for the partnership as well as plans for its termination.

3. COMMUNITY DEVELOPMENT AND OUTREACH

In the global economy, good relations with local communities are a business imperative. Community investment, often the most visible side of a company's social responsibility efforts, has traditionally taken the form of charitable gifts, staff volunteering, and in-kind donations. Today, many companies are creating CSR partnerships with community and civil society organizations, making investments in their host communities that meet both business objectives and community needs.



Unocal has experienced first-hand the business repercussions of public protest against its activities. For example, human rights advocates have excoriated the company for its projects in Burma, where the military government has engaged in gross violations of human rights. Unocal has launched major initiatives through its outreach activities to make itself a stakeholder in all of its host communities, working closely with them to determine local investments that can best address local needs. The example below focuses on Unocal's community outreach initiative in Indonesia.

CASE EXAMPLE: UNOCAL COMMUNITY OUTREACH INITIATIVE

Country: Indonesia

Name of CSR Initiative: Community Outreach

Focus: Communities in pipeline areas: Agriculture, Health, and Education

Partners: Community Outreach Initiative (CORI), Kapital, Community leaders, and Local Governments

Initiative's Launch: 2000

(a) Background

Unocal is one of the largest US-based independent oil, natural gas and geothermal exploration and production companies; 50% of its principal operations are in Asia (Bangladesh, Burma, Indonesia, Thailand, Vietnam). In Indonesia, Unocal has invested billions of dollars in energy exploration since 1968, including interests in more than 5.1 million acres offshore the island of East Kalimantan.

Unocal views corporate responsibility as a core value in its global operations, and seeks working relationships with communities and local NGOs because it views these relationships as vital to the company's performance and its ability to operate in a country. In 1997, it launched a new approach for community outreach in East Kalimantan to reshape its role as a stakeholder in Indonesia. Today, at both local and regional levels, Unocal engages in extensive social mapping and develops partnerships with local NGOs to identify community stakeholders from unbiased sources, develop services, and evaluate project activities and needs.

(b) Business Rationale

As a 111-year-old company in the oil industry, Unocal must put down roots in host countries as part of its core business. "We typically invest hundreds of millions of dollars in physical infrastructure that can't be moved to another country," Greg Huger, Unocal's Director of Corporate Responsibility, said. "We are there for 20, 30, 50 or more years. So, it is absolutely essential we do our business in a way that suits the community." Local employees are essential parts of the Unocal community outreach approach - this builds morale and loyalty and deepens the company's relationship with the community.

Unocal expresses its CSR commitment at multiple levels:

- (1) Unocal's corporate management system evaluates all business units based on standards that include CSR and community relations. The units determine for themselves how they will meet these standards.
- (2) The CEO of Unocal makes public appearances at CSR activities to signal their importance.
- (3) The CSR office provides technical assistance and support for business units, helping them develop CSR strategies and programs.
- (4) One percent of Unocal's annual pretax earnings (based on average earnings from three prior years) is devoted to humanitarian and community projects in their host countries – in 2001, Unocal's CSR project investments totaled \$6.2 million.

(c) The Initiative - Description

In 1997, Unocal launched a new two-track approach to its community outreach initiative that positions the company as a long-term stakeholder in communities:

Track One: Becoming members of communities by establishing community councils, or joining existing local civic organizations in each town in its area of operations. The first community council was formed in Santan, East Kalimantan in late 2000, after farmers blocked operations at Unocal's natural gas and oil processing plant. Farmers accused Unocal of damaging their farms, and demanded compensation. Unocal feared there would be continuous protests and plant blockages. With Unocal's encouragement, the local government engaged two Indonesian universities to conduct independent assessments of the allegations. Both found the charges baseless, but Unocal saw that the protests reflected deep community concerns. Greg Huger stated, "We are not giving money to people that bring spurious claims. But as a member of the community we feel a sense of responsibility to make investments that benefit the whole community."

Thus, Unocal decided to find out what the Santan community felt they needed, so that a program framework for addressing these needs could be collaboratively developed. Unocal proposed to the local parliament and community leaders that Santan form a community council of local citizens, whose focus would be on community needs. Unocal's involvement in this council would be as a stakeholder. A Jakarta-based NGO helped the community to form the council, develop a framework for governance and operations, and determine the community's priorities.

Huger said the council later told Unocal, "We would really value Unocal investments in helping us become more successful rice farmers. That's the essence of our livelihood. If we could just do that better, then other needs will fall into place." Kapital, a local NGO engaged by Unocal to help with the rice project, later discovered that the number of farmers who really needed help had been artificially inflated by non-farmers, who were of course ineligible to participate in the rice project. Without Kapital's audit, local farmers would have received far fewer benefits. In the end, 106 farmers, owning a total of 300 hectares, received technical assistance from Kapital and in-kind Unocal investments such as seeds, fertilizer, and tractors.

Track Two: Addressing regional Indonesian needs based on both Unocal priorities, and broader Indonesian problems, particularly health care and education. Unocal has regional activities throughout Indonesia focused on health care and education. These activities benefit both Indonesians and Unocal, since the company needs to hire healthy and skilled local employees. In East Kalimantan, Unocal formed a partnership with Community Outreach Initiatives (CORI), an NGO founded by American expatriates but now run by Indonesians. In November 2000, Unocal asked CORI to do a baseline health survey of 16 villages (population 57,000) within Unocal's pipeline areas. Using survey findings, CORI is now designing sustainable programs that address maternal and child health (diarrhea management, malnutrition,

prenatal care, childhood diseases), malaria, and family planning. The programs are planned for four years, and are expected to help build the capacity of government health workers and schoolteachers to address these health problems, as well as to improve community awareness and knowledge about health care.

(d) Stakeholder Participation

Unocal began by viewing itself as a stakeholder in the community of East Kalimantan, wisely allowing communities to participate in defining and addressing their own needs. The institution of a council of local citizens, with the help of local NGOs, enabled the Santan community and Unocal to communicate effectively with each other.

(e) Results and Plans for the Future

- In its host communities, Unocal is continuing to position itself as a stakeholder through its involvement in community councils or existing groups such as the chili farmers association and fishermen's cooperative.
- In 2001, Santan farmers were able to double their rice output, producing one of the best rice crops ever and improving the local economy, benefiting 18,000 people. The protests, lacking community support, have now stopped. Farmers are not expected to need additional assistance next year, and the community council, together with Unocal, is now focusing on diversifying the farm economy to produce vegetables, corn, and melons.
- CORI has trained 35 public health officers and 58 elementary school teachers from 29 schools to implement training of trainers programs. Through these trainers, CORI is now able to train an additional 348 public health officers.

- In 2001, Unocal engaged the Boston College Center for Corporate Citizenship to conduct with Unocal employees a self-assessment of its CSR activities. Unocal has also launched additional assessments of its activities, which will be used to focus its CSR plans for 2002 and beyond.

(f) Lessons Learned:

- *The Value of Partnerships with Local NGOs.* Local NGOs as independent third parties can bring credibility, work with stakeholders to help them identify their needs, and build strong relationships between company and community.
- *The Importance of Corporate CSR Commitment.* From top to bottom, Unocal's staff and policies promote CSR activities and recognize stakeholder participation as central to their business activities.
- *The Importance of Social Mapping.* Through NGO and employee activities, Unocal has been able to identify the key stakeholders in the community, engage communities effectively in needs assessments, and respond in credible ways.

4. TRIPARTITE PARTNERSHIPS

Tripartite CSR partnerships between business, governments, and civil society are often the most effective way to address global health problems. Asia has many tripartite partnerships, but the following example, “Secure the Future” in Africa was selected because of its size, complexity, and importance. It is an HIV/AIDS initiative that may be expanded in some form to other parts of the world.

Tripartite partnerships bring together resources that would be hard for any one partner to provide by itself. These partnerships benefit business in several ways – from defending companies from criticism, to developing new relationships with governments and NGOs, to building morale and goodwill. The pharmaceutical industry, long criticized for its failure to make drug therapies available

at affordable prices to lower-income consumers, has entered into this tripartite partnership on HIV/AIDS. “Secure the Future” demonstrates how partnerships between international health agencies and pharmaceutical companies such as Bristol-Myers Squibb can result in large-scale and long-term initiatives to save and enhance human life.

CASE EXAMPLE: SECURE THE FUTURE

Countries: South Africa, Botswana, Namibia, Lesotho, and Swaziland

Focus: HIV/AIDS

Partners: Bristol-Myers Squibb Company (BMS), UNAIDS, African governments, International Association of Physicians in AIDS Care, Medical University of South Africa, Catholic Mission Medical Board, Harvard AIDS Institute, Baylor College of Medicine, and Texas Children’s Hospital

Initiative Launch: 1999

(a) Background

“Secure the Future” is an initiative of Bristol-Myers Squibb (BMS) in partnership with African governments and NGOs. It seeks to fund sustainable models for the management of HIV/AIDS in women and children, and provide resources to improve community education and patient support.

Committed to spending \$115 million over five years, “Secure the Future” is the largest corporate commitment to fighting HIV/AIDS to date. The initiative invests in AIDS medical research through the newly created BMS Pharmaceutical Research Institute, and in community outreach programs through the Bristol-Myers Squibb Foundation.

In launching the initiative in 1999, BMS initially pledged over \$100 million to assist the governments of South Africa, Botswana, Namibia, Lesotho, and Swaziland to fight HIV/AIDS. In June 2001, BMS pledged an additional \$15 million to assist the West African countries of Senegal, Cote d’Ivoire, Mali, and Burkina Faso.

(b) Business Rationale

Like many pharmaceutical companies, BMS has faced public criticism over the high price of HIV/AIDS drugs in a continent ravaged by the disease and too poor to pay for them. The pharmaceutical industry has been criticized for protecting its patents and maintaining high drug prices. To reverse the negative press and improve its corporate image, BMS decided to let neither cost nor drug patents become an insurmountable barrier to HIV treatment. BMS has now made available its two AIDS medicines, Videx (didanosine) and Zerit (stavudine), in African countries at below-cost prices under its existing ACCESS partnership program with international agencies, which include UNAIDS, the WHO, the World Bank, UNICEF, and the UN Population Fund.

BMS officials say that its programs in Africa are popular within the company, and they believe that such corporate citizenship activities retain and attract employees. “Secure the Future” also helps protect BMS’s corporate reputation globally and in Africa, at a time when the pharmaceutical industry is under attack and some governments prefer to ignore company patents. Some observers argue that BMS may benefit in the long-term from the good standing it has with governments in this partnership, although currently, Africa represents only 1.5 percent of the global pharmaceutical market.



(c) Initiative - Description

The initiative’s goal is to build the capacity of community organizations to establish sustainable programs for combating HIV/AIDS. Through its pilot programs, BMS hopes to help answer critical questions on how best to allocate resources and services to those affected by the pandemic. According to Amadou Diarra, BMS senior director in corporate philanthropy, “No one can defeat the disease alone, so we work with government, corporate, and community partners to fund sustainable health projects that offer replicable solutions.” As part of its strategy, “Secure the Future” brings people together – beneficiaries, NGOs, governments, researchers, and educators – to share project successes, develop new strategies, and build programs to create the conditions for a lower prevalence of the disease. The strategy involves:

- Developing program models for managing the disease,
- Building community capacity with programs that provide care and support to HIV/AIDS patients, and
- Undertaking local training programs to strengthen public health capacity.

Governments are the key members of the “Secure the Future” partnership; this assures that the projects align with each country’s policies, strategies, and program approaches on HIV/AIDS. The buy-in of governments is critical to the program. Says Mr. Diarra, “What’s the purpose of funding a program if the government is not committed to its sustainability?”

Under “Secure The Future,” government partners and community stakeholders decide on pilot projects to fund.

These include grants for public health education, home-based care, fellowships, HIV/AIDS counseling, programs for older women caring for adult children, community education activities using arts and drama, bereavement services, NGO development, and a range

of medical research. In Botswana, for instance, “Secure the Future” has increased the research capacity of the country’s largest university by creating with the government a technologically advanced laboratory. One of its projects is the first ever large-scale research study of antiretroviral therapy for HIV/AIDS in the country.

Baylor College of Medicine, together with educational institutions in Southern Africa helped develop a standardized curriculum for training nurses in HIV/AIDS care and treatment that is being replicated in other parts of Africa. The curriculum for nursing students covers a broad range of subjects for understanding the complexity of HIV/AIDS management, such as epidemiology, pathophysiology, testing and counseling, antiretroviral treatment, and psychosocial, legal, and ethical issues. The training kit and curriculum are offered free on BMS’s website.

(d) Stakeholder Participation

“The ultimate test is the community. Go ask them if these partnerships are useful or not,” says Mr. Diarra. “Secure the Future” engages stakeholders to help with the selection of projects, discuss program performance and expectations, and exchange knowledge. The initiative’s secretariat, which comprises government and BMS representatives, makes funding decisions. An advisory committee of local and international experts, NGOs, academics, people with HIV, clinicians, and UNAIDS representatives reviews the applications for either medical or community outreach grants.

The initiative also brings together NGOs and program leaders for meetings to discuss specific topics, such as home-based care. “Ultimately, we don’t have the solutions ourselves. Communities have them,” Diarra said “We help empower them.”

(e) Results and Future Plans

- *Funding.* So far 68 grants, valued at \$50 million, have funded programs in South Africa.
- *New Findings.* One research grant in South Africa resulted in a more cost-effective and accurate method to count CD4 cells, needing less technological expertise. This protocol may make it easier for poorer regions to monitor HIV.
- *Replication.* Impressed by the success at setting the nursing standard for HIV/AIDS treatment, the South African Development Community (SADC), made up of 14 nations, has asked “Secure the Future” to offer similar training, prevention, and treatment programs in their countries. West Africa is following suit, and other countries are expected to adopt the initiative.
- *Expansion.* “Secure the Future” has formed partnerships with the governments of Senegal, Burkina Faso, Mali, and Cote d’Ivoire (the beneficiaries of an additional \$15 million of funding) to support initiatives in their countries. The first programs are being launched in 2002.
- *Regional Exchanges.* Through this expansion, HIV experts in Southern and West Africa have begun a North-South dialogue on HIV/AIDS models and strategies. The program, now bridging north and south, is bringing people together to plan, develop strategies, and build programs.
- *Evaluation.* BMS has asked Yale University and local African experts to conduct an independent evaluation of the program to assess the progress of the initiative.

(f) Lessons Learned

- *Respecting the Differences Among Partners.* Corporations expect things to be done yesterday, but you cannot deal with governments that way, according to Diarra. Governments have constituencies they must respond to. The partners needed to learn to listen to each other and understand each other’s needs.

- *The Value of Effective Tripartite Partnerships.* When designed and managed well, partnerships among governments, business, and civil society can lead to sustainable projects that receive political support and strengthen the capacity of NGOs.
- *Improving Corporate Position.* Successful CSR tripartite efforts can bring needed health services to sick people and improve a company’s position at the national and global levels.

5. SOUTH-TO-SOUTH EXCHANGES

South-to-South exchanges are created when organizations in developing countries decide to share information, technology, expertise and program successes, so that these can be transferred or replicated in other developing countries. Although organizations in each developing country have their own traditions, cultures and management styles, these organizations have seen added value in exchanging know-how and experience with their peers in other developing nations. In certain developing countries, corporate social responsibility activities are being established both by corporations themselves and by business or trade associations, often in the form of public/private partnerships.

The South-to-South exchange example below is between a Thai business association that developed a corporate adopt-a-village “vegetable bank” model for rural development, and an internationally recognized Philippine business management school² that plans to replicate much of it. The successes of the vegetable bank model – improved nutrition, pesticide-free farming, and higher income for farmers– are associated with improved health. Although it does not deal directly with reproductive health, it is of interest because existing CSR activities can serve as building blocks for new health initiatives.

²The Asian Institute of Management was patterned after Harvard’s School of Business Management

CASE EXAMPLE: PHIL-BIRD: THE PHILIPPINE REPLICATION OF THE THAI BUSINESS IN RURAL DEVELOPMENT MODEL (TBIRD)

Country: Philippines

Name of Initiative: Corporate Adopt-a-Village Initiative (PHIL-BIRD, based on the TBIRD Vegetable Bank Model)

Focus: Rural development

Partners: Philippine Center for Corporate Citizenship/Asian Institute of Management (CCC/AIM), Thai Business Initiative in Rural Development (TBIRD), Asian Development Bank (ADB), Philippine Department of Agrarian Reform, Philippine Corporations Initiative's Launch: 2002

(a) Background

The Asian Institute of Management (AIM) is launching a new program to help rural communities become self-sufficient, based on a successful model developed over the past decade in Thailand. In 1991, TBIRD, a business association under the Population and Community Development Association (PDA), established “vegetable banks” in partnership with major companies in the country, including the Bata Shoe Company and Bristol-Myers Squibb. The idea was to get companies to adopt communities and help them become self-sufficient.

In Thailand, rural poverty, limited job prospects, and harsh environmental conditions have spurred migration to the cities and widened the gap between rich and poor. TBIRD created vegetable banks that enabled Thai villagers, with the funding and assistance of corporate partners, to acquire the skills and resources necessary to launch new commercial activities that would generate household income. The Philippine farm communities, which received new lands in the 1980s under the agrarian reform program, face problems similar to their Thai counterparts. The AIM program will focus “on communities where land has been turned over to the farmers,” said Dr. Felipe Alfonso, head of the AIM Center for Corporate Social Responsibility. “Some of these communities are not doing well. It tells you that ownership alone isn’t the answer.” Dr. Alfonso believes that corporate-community partnerships on the TBIRD model can help Filipino farmers succeed.

(b) Business Rationale

In Thailand, TBIRD has been able to recruit companies to participate in rural development initiatives because its parent organization, the Population and Community Development Association, has built business relationships and a strong national reputation for community development. PDA has also helped promote the value of social responsibility among Thai companies. In the Philippines, AIM has an equally strong reputation as a school of business management. Dr. Alfonso says there is a strong business case for corporate involvement in adopting villages and supporting rural development. For instance, many large corporations provide rice to their workers as a benefit. Some companies could adopt villages that grow rice and buy the produce directly from their farmers. This would put more money directly in the villager's pockets and lower the cost of rice to the companies. "It would be the beginning of an interesting new relationship between a company and a village."



(c) The Initiative – Model and Replication

The idea for this South-to-South exchange between TBIRD and AIM began over a dinner discussion. Dr. Alfonso told his dinner companion, an executive at the Asian Development Bank, of his interest in TBIRD's programs. The executive offered to introduce Alfonso to his friend, Mr. Mechai Viravaidya, founder and chairman of TBIRD. (Mr. Viravaidya is now technical advisor to PHIL-BIRD). The Asian Development Bank will provide administrative funding for the new initiative.

AIM plans to build on TBIRD's experience in getting corporations to adopt a village and in launching the vegetable bank. In Northeast Thailand, Bristol-Myers Squibb became the key partner in helping villages to improve their agricultural production. Given that village income was primarily derived from agriculture, Bristol-Myers decided it could best contribute to TBIRD by helping improve farmers' agricultural techniques. In 1991, TBIRD and BMS met with their first village – 43 families – to discuss the vegetable bank. The idea was to help villages build new irrigation systems, which would generally be on public land and owned collectively by villagers, with each member of the vegetable bank holding a plot of land of approximately 800 square meters. Under the program, TBIRD's parent organization, PDA, dug wells and installed irrigation pumps. The government granted permission for the use of 25 rai of land, while Bristol-Myers provided funding for infrastructure and an initial loan for constructing the irrigation systems. BMS also hired a full-time coordinator to work with a committee selected from amongst the 43 families who joined the initial project.

The vegetable bank is a self-sustaining model because the loan for building the water system is repaid through water usage fees. These repaid loans are rolled over by TBIRD to build new vegetable banks in other villages. Increased farm production from better irrigation increases the villagers' income, and helps in improving the nutritional status of villagers as well.

In the Philippines, AIM plans to replicate TBIRD's process and experience by creating partnerships with companies that agree to adopt communities. These may or may not be vegetable banks per se, but the partnerships will focus on sustainable agriculture programs. Most companies will provide some money, Dr. Alfonso said, "but what is needed more is to help villages think through their priorities. The idea is to get them self-sustaining rather than dependent."

(d) Stakeholder Participation

In Thailand, villagers were partners in developing and implementing the initiative with TBIRD and BMS. A village water management committee, consisting of 11 members, was set up for each vegetable bank. The committee not only manages the vegetable bank but also assists members with the production and marketing of the vegetables.

In the Philippines, AIM plans to also replicate stakeholder involvement – farm communities will work with corporate partners to determine their own priorities. AIM will manage the program and also have its business management and development students assist in specific projects. The Philippine Government's Department of Agrarian Reform will help select the initial villages that will participate in the initiative.

(e) The Initial Results and Future Plans

- In the Philippines, the AIM project design is planned to be completed within six months from its start. In the first year, AIM plans on having 10-15 villages adopted by companies.
- In Thailand, vegetable banks operate in 43 villages and have raised villagers' monthly income from between Baht2500 and 5500, a two-to-threefold increase from their former income. Villagers have also been able to save money, learn new skills, and launch other income-generating schemes.
- The internal rate of return for the Thai vegetable banks is about 33 percent, a very productive rate.
- Increased rice production has contributed to improving the overall nutritional status of Thai villagers.
- Organic farming is now being practiced regularly in vegetable bank villages, protecting farmers from harmful effects of pesticides.

(f) Lessons Learned

- *Community Buy-In and Incentives.* BMS provided the initial loan that paid for the site construction, which the community members are required to repay. This gave the community a stake in the project—the option to own the water system and be self-reliant.
- *Win-win partnerships are possible between host companies and stakeholders.* With the vegetable bank, all partners – TBIRD, BMS, PDA, the villagers, the Thai Government - have emerged as “winners.” BMS's image and reputation has been enriched by the fact that it was innovative and courageous to venture into a CSR activity that lay outside the bounds of its core pharmaceutical business.

A Case Study of the CSR Partnership Process – The Global Alliance for Workers and Communities

This section presents a case study of a CSR global partnership in a work-based setting, describing how it was formulated, how it has taken hold despite the complex partnership processes entailed, and how the partnership is being expanded using early lessons gained. The “Global Alliance for Workers and Communities”³ (GA) is a partnership involving two giant multinationals, an international NGO, and a premier international development organization, that have come together to address the compelling human rights and ethical issues surrounding young factory workers. Though the GA initiative did not focus on worker health care at first, it became quickly apparent that if the partnership was to respond to the expressed priorities of factory workers themselves, health care should be a central aspect.

As a case study for analyzing the processes leading to a successful CSR partnership, the GA initiative is a good example. The essential elements for a sustainable partnership that are present are:

- Strong, committed partners who share a common concern for addressing a development problem
- Clear goals and objectives for solving the problem
- A strong business rationale for the partnership
- Joint ownership of the initiative
- Engagement of stakeholders
- Good and sustained communication among partners
- The ability of partners to manage and measure results

³ The Global Alliance is not one of the thematic CSR initiatives in Section A. It is not related to USAID’s new initiative, the Global Development Alliance, which is described in Section C.

CSR PARTNERSHIP CASE STUDY: THE GLOBAL ALLIANCE FOR WORKERS AND COMMUNITIES

PARTNERS: NIKE, GAP, INTERNATIONAL YOUTH FOUNDATION, WORLD BANK

1. FACTORS LEADING TO THE LAUNCH OF THE GLOBAL ALLIANCE

By the mid-1990s, there was a growing, deep public concern about poor factory conditions and treatment of factory workers in developing countries. Many large American manufacturers were thought to be responsible for human rights abuses, child labor, and the generally unacceptable working conditions that existed in their factories.



For human rights and labor activists, the multinational Nike (and later Gap) was a natural target. Nike had developed a new system of global manufacturing by subcontracting its manufacturing to hundreds of independent local factories overseas. The practice is now widely imitated in the industry, and Gap operates in much the same way. Together, Nike and Gap subcontract with 3,700 factories around the globe, employing nearly three million workers.

Nike and Gap shared a common business problem: mounting public criticism and increasing negative media coverage of the working conditions in their factories. It became clear that if Nike and Gap wanted to remain leading global brands, they needed to ensure better working conditions in their factories, and they needed to invest in the human development of their workers.

For simplicity this case study focuses largely on the Nike experience, in as much as Nike was the first partner to launch the Global Alliance programs in its factories.

2. HOW THE PARTNERSHIP WAS FORMED

Nike started to address factory conditions by developing codes of conduct for its subcontracted factories. However, it soon became apparent that simply having “codes of conduct” was not enough; Nike needed to follow up with a major worker development program. To accomplish this, Nike had to find an organization capable of helping the company undertake such a program. Nike also decided that other partners have to be involved.

2.1 Finding The Right Partners

At the same time that Nike was struggling to improve its factory working conditions, the International Youth Foundation (IYF) was looking to expand its own “youth development program” overseas. IYF had by then already established an international reputation as an effective nonprofit institution for promoting youth development programs, working with companies and civil society organizations. Since many young people work in factories, IYF saw that as a good venue for reaching young people. Thus, IYF was in the market for a corporate partner for workplace-based programs. It took an intermediary – someone who knew both author Jill Ker Conway (a Nike board member), and IYF president Rick Little – to recognize Nike’s and IYF’s shared interest and to bring them together as potential partners for a common cause.

In 1998, IYF and Nike began serious discussions on creating a partnership and launching a multi-country worker development initiative. In early 1999, Nike gave IYF a grant of \$7.7 million to launch a five-year GA initiative. Nike helped in recruiting Gap as a partner, in order to strengthen and expand the program coverage of the GA. In 2000, Gap formally joined as a partner, contributing \$5.5 million to GA operations. The World Bank, because of its global presence and development mission, was also recruited as a partner. The GA recognized that the World Bank could give the fledgling initiative credibility in Asia, as well as important access to host country public sector officials in labor, health, and education. The World Bank welcomed this opportunity, as it had also been pursuing partnerships with the private sector as a strategy for achieving its development mission.

2.2 Bringing the Right Resources Together

Each partner brought important resources to the Global Alliance: Nike and Gap had the financial resources and the factories for a workplace program, relationships with factory owners, and business expertise. IYF had extensive experience in developing youth-focused programs in the developing world and strong relationships with local NGOs, as well as a strong reputation and credibility. The World Bank had international presence as an institution, and expertise in program development and evaluation.

3. THE MISSION AND OPERATING PRINCIPLES OF THE GLOBAL ALLIANCE

3.1 The Mission

The partners collaboratively developed this two-fold mission for the GA:

- ◉ To provide young factory workers ways to improve their lives and prospects in the workplace and in their communities; and,
- ◉ To promote collaboration between the private, non profit, and public sectors to support this effort.

3.2 Operating Principles

As the GA took shape, the partners agreed on three operating principles:

- ◉ *Customer/ Stakeholder Focus:* Workers must be the ones to identify their own concerns and aspirations, and these would be determined through a worker assessment process.
- ◉ *Efficiency and Results:* The worker assessment process must not waste time or money, and must produce actionable results that respond to workers' concerns and aspirations.
- ◉ *Rigorous Research Methodology:* Information gathering must be based on rigorous research techniques, including the use of surveys, focus groups, in-depth interviews, and site visits.

The GA sums up this methodology in three words: *ask, listen, and act*. The GA's objective was to find out the needs and aspirations of factory workers through scientific research methods, and then design development programs that respond to the research findings. As explained by Kevin Quigley, former GA executive director, "It was a participatory approach. We didn't presume to know what the workers wanted. We believed we had to find out in a systematic way."

4. ENGAGING IMPORTANT STAKEHOLDERS

For the GA to be a success, three "stakeholder groups" had to buy into the GA initiative: the factory owners, factory managers, and factory workers.

4.1 Engaging Factory Owners and Managers

Factory owners and managers had to see the value of the GA program not just for workers, but also for themselves. They needed to be convinced of the business benefits of allowing paid time-off to 10 percent of their workforce, so that these workers could participate in confidential surveys and focus group discussions. Later on, they needed to be convinced why it was beneficial to adopt new services for workers and take remedial action on the problems that the workers identified. Most of the factory managers and floor supervisors had no experience in human resource development or worker rights. Many of them confided to the GA afterwards that to be good supervisors and to do their job well, they had assumed they needed to act angry and tough toward the workers.

Three steps were taken to engage factory owners and managers:

- To get the needed buy-in at the highest management levels of the factories, the GA asked Nike, which had long-standing relationships with factory owners, to make the business case. After Nike was able to convince the factory owners, Nike and the owners then convinced factory managers that the GA initiative would ultimately pay off in improved productivity.

- The GA created a project structure at the factories, which made managers an integral part of the initiative's process, rather than outside observers.
- The GA staff systematically communicated with factory owners and managers on the progress of the initiative. Senior GA staff made a point to meet regularly, and in person, with factory owners and managers.

4.2 Engaging Factory Workers

The GA also had to win the trust of workers and their full participation in the on-site assessments. The GA took two important actions.

- The GA knew that it could not send Western interviewers into the factories to speak to the workers, most of whom were young, unskilled, poorly educated women from rural communities, often the first in their family to work in a factory. The GA solicited the help of local research institutions in each country for undertaking the research. In Thailand, the GA enlisted the Chulalongkorn University Social Research Institute, which hired Thai interviewers whose ages and ethnic backgrounds matched those of the workers. The interviewers worked in teams for six weeks conducting on-site individual interviews and focus groups.
- The GA, together with factory managers, organized factory project teams to support the assessment teams and to help communicate the purpose of the initiative to everyone in the factory. The team members selected (workers, supervisors, and human resource managers) were representative of the jobs, gender, and ages of all workers. In workplaces with labor unions, their representatives were invited as team participants.

5. RESULTS OF THE ON-SITE ASSESSMENT

Some key findings from the assessment were:

- Of the factories sampled, women comprised 83 percent of all workers. About 65 percent were between the ages of 16 and 25.
- In Indonesia, 30 percent of the workers in Nike contract factories reported verbal abuse from supervisors; 7 percent said they received unwanted sexual comments; and 3 percent reported being physically abused. Similar problems were reported in Gap contract factories.
- Health issues were a major concern of all workers. Workers lacked health information, for instance, on nutrition and reproductive health. Factory health clinics were often inadequate, and policies for sick leave were often non-existent.

6. GA RESPONSE TO ASSESSMENT RESULTS

The GA responded to the findings with a two-pronged approach: providing health care services for workers; and implementing training programs for factory managers.

6.1 Providing Health Care Services for Workers

Health interventions designed for the workers focused on:

- Providing access to affordable health care;
- Improving factory-based clinic facilities and clinic standards;
- Identifying and training peer counselors in health education and health promotion; and
- Providing health information to workers through the peer counselors.

In Thailand, in order to train peer health counselors and deliver health care services to workers, the GA brought in Planned Parenthood of Thailand (PPI) and the Thai Red Cross as local partners. To date, these organizations have provided health care services to more than 5,000 workers, including

basic health checkups with doctors and nurses, counseling, and medicines. Women workers were provided with information on breast cancer, family planning, and other aspects of reproductive health. PPT conducted group sessions for women on family health issues, prevention of common diseases, and nutrition. Further, a total of 500 workers in Thailand were trained as peer health counselors, 20,000 health education pamphlets were produced and distributed, and on-site factory clinic services were supplemented with mobile clinics with high-tech medical equipment and clinic staff. Nike and the factory management allowed workers up to three days off for getting health-related services.

6.2 Implementing Training Programs for Factory Managers

Most managers in the factories are trained in production work, but not in human resource development. Many of the problems on the factory floor resulted from poor communication, poor supervisor training, and cultural differences between supervisors and workers. Most factory managers are Korean or Chinese men, and usually did not speak the local language. The GA conducted management training programs that focused on building a culture of respect between workers and supervisors; improving worker morale and self-esteem; teaching supervisors how to manage and motivate workers; and preventing verbal, sexual, and other forms of harassment.

7. PROBLEMS THE PARTNERSHIP MANAGED AND SOLVED

Any partnership initiative is likely to encounter problems as a matter of course. The GA had to contend with the continuing public criticism of Nike, as Nike remained a prime target for worker rights activists. For instance, some NGOs attacked the GA's assessment methodology and its failure to focus on labor rights abuses in factories in Thailand.⁴

⁴“Clean Clothes Campaign, Newsletter 12,” November 2000. The GA defended its methodology and noted that its objective is not to search for labor rights violations, but to identify workers needs and aspirations.

An even greater threat came from internal critics: factory managers in Indonesia were upset that GA reports seemed to revolve more around harassment and other compliance issues, rather than on worker development. The GA decided that to protect its credibility and program mission, it needed to report its findings from the factory assessment publicly. To prevent recurrence of the problem it encountered in Indonesia, and to rebuild managers' trust and commitment to the program, the GA decided that henceforth, it needed to do a better job of preparing factory managers for the public release of its reports and of communicating with managers.

8. RESULTS OF THE GA PARTNERSHIP TO DATE

The GA programs were implemented in three pilot countries: Indonesia, Thailand, and Vietnam. In these pilot countries, the GA model for eliciting worker concerns and aspirations was through a process of confidential, voluntary, and culturally sensitive worker interviews and focus groups. The findings were an eye opener: health issues – reproductive health, the quality of health care facilities and services available in factories, sick leave were the workers' primary concerns.

The GA has since conducted its internal evaluation of the initiative. Findings suggested that the GA program is now beginning to positively respond to worker concerns in these ways:

- ◉ *New Services for Workers.* In the first three years, about 175,000 workers in 50 factories in the three pilot countries have received new health care and other services to match their identified needs.
- ◉ *Improved Management and Operations.* Hundreds of factory managers have taken the GA's management training courses, and many managers are now reporting better working relations between workers and supervisors. The GA also has collected anecdotal reports from managers showing reduced absenteeism, improved

morale, better on-time performance, higher productivity, and increased retention among their workers.

- ◉ *Local Capacity Building.* Partnerships with local NGOs have improved the effectiveness of the NGOs in delivering better-quality services for workers. Some factory managers, for example, are now willing to help pay the Thai Red Cross for its mobile clinic services because they recognize the added value of these services to factory operations. The GA helped build the capacity of local research institutions to conduct factory-based surveys, and they are now generating new clients for similar work.

9. KEY REASONS FOR THE PARTNERSHIP'S SUCCESS

The Global Alliance case study points to numerous reasons for the partnership's success, such as:

- ◉ *High-level Commitment.* The CEOs, senior management, and boards of Nike and Gap demonstrated their commitment to the GA program, investing time and money and using their influence with Asian suppliers to support the program.
- ◉ *CSR Business Rationale.* The business case for forming a partnership with IYF that involved CSR objectives was very compelling for Nike and Gap. They saw it as a strategic way for overcoming public criticism and protecting their corporate image and brands.
- ◉ *Joint Ownership of the Initiative.* All the partners – Nike, Gap, and IYF – were vested in their ownership of the GA activities in the factories. The glue to the partnership was the initial collaboration wherein all partners came together to develop the mission, objectives, and operating plan of the Global Alliance.
- ◉ *Attention to Effective Communication.* The GA learned that in order to weather conflicts among the partners and between factory managers and workers, as well as to overcome external criticisms on the initiative, it had to foster a culture of regular and timely communication among the wide range of stakeholders.

- *Stakeholder Participation.* The GA provides a good model for stakeholder engagement for other CSR efforts. It demonstrates that for a CSR initiative to succeed, all stakeholders – from workers on the factory floor to executives at corporate headquarters – should understand and buy into the initiative, and actively participate in it.

10. FUTURE PROSPECTS FOR THE GLOBAL ALLIANCE

In the short term, using the methodologies and the lessons learned from the three pioneer countries (Thailand, Indonesia, and Vietnam), the GA is now expanding its program to factories in India and China. They are now beginning to provide health services to factory workers along the lines of the pilot programs. In the long term, the GA plans to scale up the Nike/Gap partnership so that the initiative can reach all of their factory workers in Thailand, Vietnam, Indonesia, and elsewhere in Asia. The GA is also aiming to venture outside of Asia. This expansion will require enlisting the participation of several new corporate partners, which it hopes to achieve in the next 18 months.



Full reports on the GA's activities in Thailand, Vietnam, and Indonesia can be found at this website: www.theglobalalliance.org.

Corporate Social Responsibility Initiatives to Watch

Corporate social responsibility is a rapidly evolving and expanding field. As more and more corporations, organizations, and stakeholders and advocates engage in CSR activities, new approaches, causes, partnerships, and alliances will emerge. There is tremendous breadth and diversity in the types of corporate social responsibility activities, as well as the partnerships that are oftentimes needed to effectively implement them. There is also significant activity surrounding the reshaping, or reconstitution of established initiatives. For these reasons, it would be difficult to highlight all of the new and significant CSR activities currently taking place.

One of the visible trends in corporate social responsibility today is the engagement of international development organizations as leaders or advocates in creating partnerships with the private sector. Three such CSR initiatives are highlighted below. They are new and promising ventures of global scope, with the potential to mobilize new resources and influence corporate and stakeholder behaviors. These examples are at the leading edge of corporate social responsibility and bear watching over the next few years. They are:

1. USAID Global Development Alliance
2. UN Global Compact
3. Global Reporting Initiative

1. USAID GLOBAL DEVELOPMENT ALLIANCE

On May 10, 2001, Colin Powell announced the Global Development Alliance (GDA) as USAID's new business model for the 21st century, and as the first pillar of USAID's reorganization and reform strategy.⁵

The GDA is based on the agency's recognition that the dynamics of international development are changing. No longer are governments, international organizations, and multilateral development banks the major sources of development funding and expertise; rather in the last decade, the private sector, including the corporate sector and private foundations, has an increasing role in catalyzing human and social development.

Through GDA strategic alliances, USAID aims to mobilize resources for addressing international development issues. Because enterprises around the world are themselves rethinking their appropriate roles as corporate citizens, the potential to leverage USAID resources and expertise through GDA partnerships with the business community is strong. An interim GDA Secretariat currently leads the initiative, with the objective of mainstreaming it within the agency. The secretariat is a technical resource unit to support the creation and operation of alliances. Thus far, it has developed preliminary guidelines for USAID staff in forming alliances in the context of the GDA.

GDA and CSR approaches to leveraging resources with the private sector and in mobilizing new resources are complementary. Both recognize that the corporate sector is a powerful force for promoting greater productivity and social change. The GDA looks to



⁵ Global Development Alliance description, USAID website: <http://www.usaid.gov/gda>

the participation of USAID management units for vetting resource allocations, developing proposals, and identifying possible alliances for implementing GDA objectives.

The GDA cites two USAID global health initiatives that were developed along the principles and spirit of the GDA:

The Global Alliance for Vaccines and Immunization (GAVI). GAVI⁶ addresses three problems: (1) every year 30 million children are still not receiving vaccinations; (2) only children in developed countries have widespread access to new life-saving vaccines; and (3) current market forces don't encourage the development of vaccines against diseases most prevalent in poorer countries, such as malaria and diarrhea. The GAVI partners are initially focusing their efforts on three major areas: moving resources to developing countries to increase immunization; augmenting resources from Gates Foundation; and working with the vaccine industry to modernize vaccine purchase systems for children in the world's poorest countries.

The Global Alliance to Improve Nutrition (GAIN). GAIN⁷ is an alliance of public and private sector organizations seeking to improve health through the elimination of vitamin and mineral deficiencies. While its policies and operating structures are currently under development, GAIN aims to provide grants to developing countries in support of food fortification and other sustainable micronutrient interventions to save lives and improve health and productivity. In doing so, the alliance will tap the expertise and resources of the corporate sector in technology transfer, business development, and trade.

⁶ A partnership between the Gates Foundation (which made a \$750 million commitment), USAID, international institutions including the World Bank, UNICEF, and WHO, the pharmaceutical industry, and governments from the North and South.

⁷ Current partners include The Bill & Melinda Gates Foundation, the Canadian International Development Agency, World Bank, UNICEF, WHO, private food manufacturing companies, and NGOs/PVOs.

2. UNITED NATIONS GLOBAL COMPACT

At the 1999 World Economic Forum, UN Secretary-General Kofi Annan challenged world business leaders to demonstrate good global citizenship and to help manage the impact of globalization on peoples of the world. Mr. Annan then proposed the UN Global Compact as a framework for companies to promote universally shared values in human rights, labor, and the environment, using nine Global Compact principles derived from the Universal Declaration of Human Rights, the ILO Declaration on Labor Rights, the Copenhagen Summit, and the Rio Conference on Environment and Development.



The CEOs of multinational companies and heads of NGOs, labor organizations, and business associations have pledged support for the project. As signatories, businesses agreed to promote human rights by incorporating appropriate standards within their spheres of influence, and by making sure that their companies are not complicit in human rights abuses, forced child labor, or irresponsible environmental behavior.

In Brazil, 216 companies have expressed support for the Global Compact and agreed to work with a local business association to implement the compact's nine principles in their operations. Asian and Pacific employer organizations have endorsed the Global Compact and encouraged their member companies to participate in pursuing its goals. The Global Compact itself endorsed the Global Reporting Initiative (GRI), a body that sets environmental and social reporting standards (see GRI section following), as a complement to its own programs. Perhaps the most interesting dimension of the Global Compact is its ability to include local, national and multinational stakeholders in a dialogue, which has the potential of changing how the world's business is done.

In April 2002, the Employers Federation of Thailand and the UN Development Program (UNDP) completed a project that marks an important collaborative project between the private sector and a UN agency. The UNDP organized the project for the Thai business community through thematic workshops on human rights, labor relations, and the environment. Following the workshops, a pilot program on the environment and the workplace was developed and is now being implemented by the Electricity Generating Public Company Limited, the largest independent power company in Thailand.

The Global Compact's mission is to promote the nine principles and spur projects through UN agencies, corporations, and other organizations. The Global Compact is not a substitute for government, but rather an opportunity for all sectors to exercise leadership in their enlightened self-interest. Nor does the Global Compact seek to supplant other voluntary initiatives. It involves all the interested development actors:

- ◉ Governments, who defined the principles on which the initiative is based;
- ◉ Companies, whose actions the Global Compact seeks to inform;
- ◉ Labor, in whose hands the concrete process of global production takes place;
- ◉ Civil society organizations, representing the wider community of stakeholders; and
- ◉ The United Nations as a global political forum, convener, and facilitator.

3. THE GLOBAL REPORTING INITIATIVE⁸

The Global Reporting Initiative was formed in 1997 as a partnership between the United Nations Environment Program (UNEP) and the Coalition for Environmentally Responsible Economies (CERES). Since then, the GRI has expanded into a

consortium of corporations, business associations, nonprofits, accounting organizations, universities, and other stakeholders around the world. The GRI's goal is to reach consensus among these groups on the elements for reporting guidelines – the equivalent of “generally acceptable sustainability accounting principles.” On April 3, 2002, its Board of Directors established Amsterdam as the site for the GRI Secretariat Headquarters.



The Global Reporting Initiative is developing voluntary guidelines for private sector companies and other enterprises to use as they report on the economic, environmental, and social effects of their activities, products, and services. This “sustainability” report is to have the same objectivity and rigor as an annual financial report.

Three elements make up the GRI's Sustainability Reporting Guidelines:

- Economic: includes wages and benefits, labor productivity, job creation, expenditures on outsourcing, expenditures of research and development, and investments in training and other forms of human capital.

⁸ Global Reporting Institute, Sustainability Reporting Guidelines. 2000. (www.globalreporting.org)

- Environmental: includes impacts of processes, products, and services on air, water, land, biodiversity, and human health.
- Social: includes workplace health and safety, employee retention, labor rights, human rights, and wages and working conditions at outsourced operations.

The first set of guidelines was released in June 2000. A revised, final set is to be available in mid-2002. The GRI's long-term goal is to create a reporting mechanism for corporate social responsibility that has common rules of disclosure, provides useful public information for stakeholders and managers alike, and reduces the confusion surrounding the various corporate codes and principles that have proliferated over the last few years.

substantial future impact, and that offer useful lessons for USAID health professionals in designing and building CSR partnerships in family planning and reproductive health programs.

Corporate social responsibility is a rapidly growing field, and corporations, organizations, stakeholders, and advocates are engaging in CSR activities in increasing numbers. There is tremendous variety and innovation in CSR activities, and new approaches and alliances are continually evolving. Although each CSR adherent's approach is guided by its own mission, vision, or position in the marketplace, the general consensus is that CSR adds strategic business value and enables companies to integrate with society and maintain their integrity while pursuing profits.

However, there are also complex and overlapping stakeholder issues to be faced: some of the more frequently cited are community economic development, community involvement, business ethics, environment, diversity, and human rights. Thus, stakeholder involvement is paramount to the success of any CSR initiative. While stakeholders may be engaged in various ways – for example, through membership in committees and assessments, as advocates, or as direct partners – it is clear that without meaningful stakeholder involvement, CSR initiatives cannot be successful or sustainable. For instance, more often than not, business firms find that they need help from within and outside the community to be able to practice good corporate social responsibility. Some find that partnering with NGOs or community -based organizations is an effective enabler.

The public and donor sectors also have important roles to play in corporate social responsibility. Through collaboration with the private sector, they enable the private sector to exercise its power and influence in enabling social change and improving people's quality of life.

It is important to emphasize that this “CSR in Practice Casebook” is not a broad seal of approval for the corporations or

organizations whose initiatives it highlights. For example, Nike and Gap have been the target of intense public criticism over the years and continue to be somewhat controversial. Whether companies have undertaken CSR activities out of public pressure, long-held values, or self-interest, there are important lessons to learn from these corporate partnerships.

Among the many important lessons these examples provide, an overarching element is that a partner should commit not only to achieving its own goals, but also to those of the other partners. This commitment calls for the dedicated leadership of CEOs and top managers, and regular dialogue and communication among all partners.

Perhaps a most important lesson is that which the Unocal Indonesia case example vividly illustrates: that companies, when they view themselves as stakeholders within their host communities, can facilitate real social change, while at the same time achieving their own business goals.



