
Unilever workers' company accommodation, built in 1888 (Credit: visitwirral.com)

Shared value – a new and better way to enable private sector partnerships for development

By Paul Bird
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In 2011, Porter and Kramer argued for a reinvention of capitalism by "companies taking the lead on bringing business and society back together" through shared value. They defined shared value as "creating economic value in a way that also creates value for society by addressing its needs and challenges".

The Shared Value Project defines shared value as "policies and practices that enhance the competitiveness of companies while improving social and environmental conditions in the regions where they operate. It is a business strategy focused on companies creating measurable economic benefit by identifying and addressing social problems that intersect with their business".

Business investing in the community is not new. The Industrial Revolution saw many companies provide health clinics, schools and subsidised groceries for its workers. In 1888, the Lever Brothers (now Unilever) built a town to accommodate workers in its soap factory in the north of England, called Port Sunlight after its soap product. Cadbury did the same in 1893, although, as Quakers, there were no pubs.

In 1943, Robert Wood Johnson, one of the founders of Johnson & Johnson, crafted Our Credo, which puts the company's responsibilities to its customers, employees and communities ahead of shareholders.

In the 1950s, as the first comprehensive discussion of business ethics and social responsibility, Bowen's *Social Responsibility of Businessmen* reintroduced corporate social responsibility (CSR), which remains today.

The UN's Brundtland Commission in 1987 established the three elements of sustainable development – economic growth, social equality, environmental protection – and led to the establishment of the triple bottom line (TBL) for businesses to measure their social and environmental impacts, in addition to their financial performance, or profits, people, planet.

As a young accountant at the time with Arthur Andersen, TBL was very exciting and had the potential to make business at least accountable for its actions, if not a willing participant in social and environmental change. However, the absence of an agreed and consistent framework and measurements resulted in more discussion than reporting. Subsequently and now with over 150 multinational corporations, the London Benchmarking Group was established in 1994 and became an accepted global system for recording and reporting staff and social outcomes.

Launched in 2000 and with 13,000 companies in 170 countries, the UN global compact is the world's largest corporate sustainability initiative. Companies voluntarily sign onto ten commitments across human rights, labour, environment and anti-corruption.

Another globally accepted way for companies to demonstrate they meet social sustainability and environmental performance is certification as a B Corporation. These businesses "meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose".

However, not all agree that companies have a role in, or responsibility to, society or the environment, arguing that the only legal duty of corporations is to create shareholder value. Recently, at the Banking Royal Commission, National Australia Bank argued that it did not owe its superannuation customers an "overarching obligation" to act in their interests.

Furthermore, CSR has increasingly been demoted to a marketing function to primarily achieve brand value and reputation insurance for the company.

At the same time, many corporate leaders have voiced their support for community engagement, including the CEO of Blackrock (a US $6 trillion fund), Larry Fink, who wrote that it was crucial that businesses also made "a positive contribution to society".

Because it harnesses the company's core business to achieve social and environmental change, shared value presents the opportunity to garner widespread support from the private sector and be more sustainable that its predecessors. It sits at the operational heart of the business, not in a constrained marketing or HR budget. It can provide valuable professional and soft skills development for staff, as well as build the brand and reputation of the company.

120 years later, Unilever remains at the forefront of shared value. Its vision to deliver growth by serving society and the planet is realised through its now eight-year-old sustainable living plan, which focuses on themes familiar to the international development sector – health and well-being, environmental impact and livelihoods. With its products

available in 190 countries, Unilever can operate on an unrivalled scale and achieve a global impact, such as by using its Lifebuoy soap to encourage hand washing for a billion people by 2020.

During the former Yugoslavia war, whilst working for the Lutheran World Service (LWF), I met a number of businesses desperate to restart, despite the conflict around them. In Tuzla, I dropped in at an underwear manufacturer, hoping to source warm clothing for displaced people faced with the upcoming Bosnian winter. The factory was deserted, except for the manager who told me that he still came into work every day. The blockades meant they had quickly run out of raw materials.

We did a deal. If I could supply the materials and pay for the labour, he could ask the women workers to come back (the men were conscripted) and make the garments for me. Two months later, I had bought up fabric offcuts and thread in Zagreb and got them onto a Red Cross convoy into Tuzla. He cried as the truck came through the gates.

Another business was a 200-year-old parquetry manufacturer, which had lost a third of its factory to incendiary bombing. LWF funded the repair of the company's adjacent damaged apartment block to enable its workers to return and live and resume limited production at the factory.

Back home, as GM of the Body Shop in Australia, I experienced the pioneering shared value vision of founder Anita Roddick to partner with local communities to source ingredients and knowledge, fight for animal rights and reduce environmental impact through reusable products.

My first shared value project with World Vision Australia was with Spotlight. As a high margin product with declining sales, Spotlight was keen to sell more sewing machines. I was keen to start sewing and other businesses for former child brides in north Uganda who were young and destitute, having been ostracised by the community.

We devised the Stitch in Time campaign that asked their customers to donate working used sewing machines in return for a discount off a new machine. Sales increased and over 2,000 sewing machines were donated and shipped over. Spotlight staff tested the machines, trained women in Uganda and even fought for the local electricity supply to be extended to the sewing business hub.

DFAT has enabled shared value through its Business Partnerships Platform (BPP) with three rounds facilitating 24 shared value projects between business and NGOs. As well as initial grant funding, DFAT provided valuable partner brokerage support to build the business and

NGO relationship, agree on the values, and match expectations.

In one of these projects, my organisation, AVI, partnered with Intrepid Travel. Now the world's largest adventure tour company, with 430,000 travellers last year, Intrepid needs to develop sustainable experience-rich travel products for small groups to stay ahead of the competition. AVI has been building skills for livelihoods and inclusive economic growth for over sixty years across 89 developing countries. We chose Myanmar as a growing tourism market which had offices of both organisations.

Intrepid brought the market knowledge of what tourists would buy in Myanmar and AVI contributed the community development and cultural awareness. We worked across both AVI and Intrepid's Melbourne and Yangon teams using agile planning in Trello and developed the Sustainable Tourism Hub, which focused on harnessing the existing knowledge and systems.

For instance, it would have been straightforward to facilitate microcredit, but the businesses would not have gained a credit history with a bank for future larger loans as their businesses grew. It took us eighteen months to work with the Myanmar banks, which had not historically loaned to small business, to get the businesses access to loans and advice from Myanmar's third largest bank. The businesses had product development support from Intrepid, pro bono support for their businesses cases from the local EY firm, and pro bono local legal help and socially responsible tourism training from the International Labour Organization.

To date, ten predominantly-women's businesses are established and trading, and included in Intrepid's Myanmar offering, half of which operate in a building in Yangon called JoSaZo, which is managed by two local people and will be run by the tenant businesses in the future.

Over the years, the sector has, quite rightly, exposed corporate irresponsibility and harm, and so understandably has been wary and sceptical of collaborations with business in international development. However, we cannot ignore the considerable knowledge, expertise, networks and scale of corporates in health, education, livelihoods, agriculture, water and sanitation. Shared value gives us the invitation, narrative and approach for collaboration.

This article is based on the author's presentation to the 2019 Australasian Aid Conference.

About the author/s

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