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Report

Sharing the Value of Democratic Governance

Documenting the Inspirational Experiences of the 2013 Business for Peace Honourees



Acknowledgements: This report was written by Robert Walker. Hannah Peaker substantively revised and expanded the draft, drawing on additional references and analysis. We are particularly grateful for the insightful comments of Simona Marinescu, Marcos Neto, Henri Schumacher, Jamshed Kazi, Gro Lindstad, Shireen Said, Phil Matsheza and Maria Travina. We would like to particularly thank Heba El-Kholy, former director of the Oslo Governance Centre, for her guidance and support provided throughout the development of this report.

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May 2014

FOREWORD

The global economic crisis has shed light on the growing chasm between business and society as companies are being blamed for a range of social, environmental and economic problems. With trust at an all-time low, the concept of creditworthiness — or financially responsible behaviour — is no longer adequate for businesses to gain the trust of citizens. Social and environmental challenges now permeate the physical borders between countries, as well as the conceptual boundaries that distinguish profit from non-profit and public from private enterprise. Sustainable human development is consequently necessary for long-term business success, and the private sector's role in this can no longer be limited to financing, job creation and economic growth.

With this in mind, the United Nations Development Programme (UNDP) has established a partnership with the Business for Peace Foundation (BfPF). Together, we are driving forward the idea of 'businessworthiness' as a new standard in the modern business environment and as a core part of the democratic governance agenda. In order to be worthy of their relationships with customers and suppliers, co-workers and the communities they act within, business leaders must apply their energy ethically and responsibly towards the creation of economic value that is socially responsible. In particular, companies need to set new standards in corporate governance.

Each year, up to seven business leaders (one per one billion people) from across the globe are selected for the Business for Peace Award. Recognizing that social problems create internal costs for companies, each of the honourees has found innovative and profitable ways to respond to the needs and challenges of communities. They have achieved remarkable results in promoting peace, reducing poverty or in launching environmentally sustainable business models. Bringing societal needs into their core business models, they are demonstrating that there does not have to be trade-offs between profit and social value.

Despite the success of the awards, ideas of shared value and businessworthiness remain a largely neglected subject. The role of the private sector is, likewise, still tangential to mainstream development. This report, then, aims to help reverse this trend by bringing the experiences of the 2013 Business for Peace honourees to the fore. By providing concrete examples of how shared value is being achieved in the business sector, we aim to stimulate new thinking and discussion on how to close or narrow the gap between business and society. We also hope to inspire more companies to recognize the potential of a shared value approach, as well as to seize opportunities for more ethical and responsible leadership. This report also identifies gaps for further research.

The 'Sharing the Value of Democratic Governance' report captures the varied approaches of the honourees, in addition to distilling the challenges and key lessons learned. It provides an in-depth analysis of their business models and the leadership qualities they have exercised in redefining their relationship with society. We hope this serves as a guide for business leaders and development practitioners alike, both of whom may now more easily recognize the potential for any business to contribute to inclusive and sustainable growth, where business success does not have to be at the expense of the community.

The 2014 Oslo Business for Peace honourees, soon to be presented at the Summit and Award Ceremony, are an exceptional group of leaders. They come from various backgrounds and countries, but all share common characteristics: vision, leadership, inclusiveness, and upholding ethics and values to the highest standards. They should serve as role models and inspiration to all of us.

Patrick Keuleers



Director a.i. UNDP Democratic Governance Group



Per Leif Saxegaard

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I. INTRODUCTION AND BACKGROUND

In 2012, the Business for Peace Foundation (BfPF), the International Chamber of Commerce (ICC) and the United Nations Development Programme (UNDP), in collaboration with the City of Oslo and the *International Herald Tribune*, embarked on a worldwide search for ‘businessworthy’ leaders. The challenge was to identify individuals that have achieved outstanding businessworthy accomplishments by acting ethically and responsibly, and by creating shared value between business and society. Five individuals were selected by the Foundation’s independent award committee to receive the Oslo Business for Peace Award in 2013, which is the highest form of recognition given to business leaders for cultivating business in a way that also benefits society:

Arif Masood Naqvi (Pakistan), founder and Group Chief Executive of **The Abraaj Group**, is a leading investor operating in Asia, the Middle East and North Africa, Turkey and Central Asia, Sub-Saharan Africa and Latin America. His work in promoting responsible business practices by focusing on the stakeholders’ interests, rather than adopting a narrower shareholder approach, is pioneering in the private equity industry.

Connie Hasemann (Denmark), founder and CEO of **Telehandelshuset**, is a strong advocate for social change through sustainable and inclusive business. With a mission to help disabled people demonstrate that they are a valuable labour resource on equal standing with others, Hasemann established what is now one of the leading social enterprises in Denmark.

Dean Cycon (United States), founder and owner of **Dean’s Beans Organic Coffee Company**, has worked for more than 25 years on development issues in indigenous communities, including coffee-producing villages around the world. He created Dean’s Beans to prove that business can promote positive economic, social and environmental change in developing countries while being profitable at the same time.

Margaret Mussoi L. Groff (Brazil) is Chief Financial Officer of **ITAIPU Binacional**, the world’s largest hydropower station in terms of power generation. She has worked considerably to ensure female employees seek professional development within the organization, which has resulted in an increase of female managers from 10 to 21 per cent in nine years.

Nadia Al-Sakkaf (Yemen) is Chief Editor of the **Yemen Times**. This is the country’s first and most widely-read independent English-language newspaper, a leading voice in Yemen on issues of media, gender, development and politics. During the May 2011 leadership crisis in Yemen, Al-Sakkaf and her organization were vital in reporting the news and putting the political situation in context for international readers. She also founded Radio Yemen Times in 2012, Yemen’s first community radio station.

These honourees are partners in society. They demonstrate that in order for companies to be worthy of the relationships they have with their communities, suppliers, customers and co-workers, they must rethink the way they do business. Striving for the highest standards of ethical and responsible conduct, the honourees have discovered new ways to make social progress a core business function. From reinventing the meaning of ‘Fair Trade’ to sharing power equally between men and women, the honourees are reconceiving markets and products, redefining productivity in the value chain and strengthening local clusters (Porter and Kramer, 2011).

Methodology

This report aims to document the honourees’ innovations. Based on a series of conversations, as well as questionnaires and discussions with their colleagues, it tries to capture their stories. Desk-based research and a review of the Business for Peace nominations have helped further enrich this analysis. The report attempts to extrapolate and document the societal need they have addressed, their motivations, approaches and outcomes, as well as the challenges they have faced and the lessons they learned. The intent is to provide concrete examples so that other business leaders may be inspired to take a shared value approach.

The report begins with the honourees — describing their business models and distilling their ideas. The second section shows what, exactly, about their approach leads to the creation of shared value. The third section explores the concept of businessworthiness, distilling the particular qualities of the honourees that make them worthy of their relationships in the world. The fourth section looks at the specific links between democratic governance and shared value, as demonstrated by the honourees. The final section presents the report's main conclusions.

Background

Across the globe, there have been similar phases in the evolution of socially-responsible business. Industrialization mobilized many entrepreneurs to make long-term philanthropic investments in their employees and the community. Many businesses were also engaged in the social reform process in countries transitioning to independence (DIE, 2007). In addition to tackling extreme poverty, there were “business considerations in supporting efforts towards industrial and social development of the nation” (Mohan, 2001).

The emergence of the modern corporation in the 19th Century and the social revolutions of the twentieth century transformed traditional philanthropy into ‘corporate social responsibility’ (CSR). Recognizing that large corporations had significant decision-making power and influence over the lives of citizens, it emerged that “social responsibilities of businessmen need to be commensurate with their social power” (Davis, 1960). The growing discourse on CSR was reinforced by the 1971 World Economic Forum, which determined that companies have clear responsibilities to ‘stakeholders’, including those impacted by an organization’s activities beyond the immediate shareholders (ODI, 2009).

*Examples of **philanthropy** can be traced as far back as ancient Indian society, where merchants offered emergency relief during famines and epidemics. Merchants continued to play a role in the pre-industrial period, motivated by culture, religion and family tradition. This type of philanthropy was sporadic and tended to focus on the needs of the wider community.*

At the same time, activists, consumers and shareholders were becoming increasingly concerned about poor labour and environmental standards and their negative impact on local communities. This spurred a range of governmental regulations focused on mitigating the environmental and social impacts of corporations (Baumüller & Ladenburger, 2011). However, as Hart (2005) has argued, this created the “great trade-off illusion” — the notion that the corporate sector has to sacrifice financial performance in order to meet social obligations — which came to shape the private sector’s pursuit of social goals for several decades (Baumüller & Ladenburger, 2011; Bockstette & Stamp, 2011).

Several factors converged during the 1980s and 1990s which gave rise to new ways of thinking about the role of the private sector. The resurgence of business profitability following the global economic recession was accompanied by greater inequality in income and wealth distribution across the world, intensified by burgeoning population growth, particularly among the poor (Ugur, 2012). During this time, market-based incentives forced companies to avoid certain behaviours that would negatively impact the society and the environment. This led many companies to realize that prevention could be more cost effective than retroactive adjustments (Baumüller & Ladenburger, 2011). New trade opportunities for foreign investors also emerged in the former Soviet Union and in China, India and Latin America, which offered vast growth opportunities but highlighted a new kind of poverty that would require different approaches to consumerism (Prahalad & Hart, 2001).

However, the extreme inequity of wealth distribution in emerging markets led many private sector companies to doubt whether the poor could fully participate in the global market economy (Prahalad & Hart, 2001). Inequality has deepened the distrust between low-income communities and private investors, the latter being seen as pursuing interests of the few, drawing on natural resources and local capacities that should have been used to produce opportunities for all. In numerous cases, conflict arose in host communities and private companies realized the importance of gaining the so-called social licence in addition to any legal clearance. This resulted in a formalization of CSR activities, in which social good and core business activities were seen as mutually exclusive pursuits. Consequently, many CSOs viewed CSR activities as palliative, and the private sector came to be seen by the public as socially neutral or, at worst, destructive (Bockstette & Stamp, 2011). The private sector, in turn, struggled with public sector and social attitudinal obstacles which hindered the emergence of an enabling environment for business success (Porter & Kramer, 2011).


*The idea of **socially-responsible business** originated during the Industrial Revolution. Reduced living standards and extreme poverty among the working class led to a new consciousness about the well-being of employees. Urbanization and the concentration of workers in large factories also enabled employees to organize into trade unions and have their voices heard. Large business owners, such as Josiah Wedgwood and Joseph Rowntree, strived to tackle the root causes of social problems (ODI, 2009). This marked the beginning of corporate philanthropy, as employers recognized that social progress was good for business. Corporations provided housing, libraries and hospitals for employees and their families.*

Towards the end of the 1990s, corporate partnerships with NGOs became increasingly popular and helped dismantle the line between philanthropy and business (Baumüller & Ladenburger, 2011). This was underpinned by a number of international initiatives that were led or supported by large organizations. These initiatives marked a turning point in which the private sector was recognized as a key partner in human development. Gradually, the concept of shared value was emerging and the private sector was considering ways in which social welfare and corporate success could be interdependent pursuits (Porter & Kramer, 2006) seeking a common ground for competition and solidarity. The emergence of hybrid organizations, such as social enterprises, brought social value creation into mainstream business thinking. It also prompted some NGOs to develop corporate-inspired managerial approaches to development (Baumüller & Ladenburger, 2011).

“The obligations of businessmen [are] to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”

Bowen (1953:6)

The issue gained global attention when, in 2006, the Nobel Peace Prize was awarded to Muhammad Yunus and the Grameen Bank for their work on microcredit loans for poor Bangladeshi women (Davidson, 2009). This gave credence to Prahalad and Hart's (2002) 'Bottom of the Pyramid Theory' because it demonstrated that development from below was possible, and that the 4 billion people at the base of the income pyramid were in fact a viable market. In 2006, Porter and Kramer expanded on their theory with the assertion that it is in the interests of *all* businesses to promote social values. They called on businesses to innovate at their core for the creation of new economic and social benefits (Hills et al, 2012).



So, while socially responsible businesses have emerged in accordance with local business cultures, civil society, state regulations and social issues, a clear pattern can be discerned. The first phase was characterized by impromptu reactions to social and environmental issues that were seen to threaten businesses.

The second phase involved the formalization of CSR, including longer-term commitments, targets and measurements, an important role being played by the United Nations Global Compact (UNGC) and its set of principles covering human rights, labour standards, environmental sustainability and transparency in the marketplace. The current phase includes stronger alignment of business strategies for sustainable development ([Harvard, 2010](#)), with an emphasis on inclusive market growth to integrate the lower base of the income pyramid (BOP) that has been expanding over the last decade, reaching almost 4 billion people. Reducing inequality is an important requirement for businesses to flourish in any market, as those earning lower incomes are unable to consume at the levels required to sustain the aggregate demand needed for the world economy to continue growing.

Current Context


In the wake of the current global economic crisis, which began in 2008, the corporate sector is under the spotlight and business is being blamed for many financial, social and environmental problems. From *panchayats* to parliaments, questions are being asked about the extent to which business should be allowed to prosper at the expense of the wider community and available resources. With trust at an all-time low, it is no longer considered sufficient for businesses to create jobs and pay taxes.

This is a missed opportunity for development. Despite the backlash, it is widely accepted that sustainable, inclusive and economic growth is a must for broad-based development. The private sector can bring key resources to the fore — knowledge, expertise, access and reach — that are critical to development. Equally, development goals are in the interests of business: respect for human rights, peace and security, accountability and transparency, access to justice and the rule of law and safeguarding the environment, amongst others. Human development will benefit, therefore, from the insights, skills and resources that cut across profit/nonprofit and private/public boundaries (Porter and Kramer, 2011).

This is particularly true for democratic governance. A democratic governance approach recognizes that politics is not limited to governmental institutions and that societal needs define markets. Equally, the private sector's contribution to human development relies on market conditions supported by strong states with sufficient human, financial and institutional capacity to empower private actors to expand productive capacity, provide social protection and ensure fair competition. The private sector also has a role in supporting democratic governance. For example, businesses are responding to citizen demands for accountability and transparency by providing opportunities for citizen feedback through affordable mobile technology.

Yet there remains a perception that the pursuit of social goods is incongruous with profit-making, and each side continues to view the other as an obstacle. In the development community, narrow conceptions of the private sector's role perpetuate the idea that the latter can only contribute to development through financing, job creation and economic growth. Though the development community considers the private sector a key partner in poverty reduction, businesses remain tangential to many core development goals and processes. The human aspects of development, and the societal needs that underpin them, are largely left to governments, the UN System and Non-Governmental Organizations.

But the process of globalization has also given rise to a debate about the roles and responsibilities of business actors with regard to human rights. International human rights standards have traditionally been the responsibility of governments, aimed at regulating relations between the state and individuals and/or groups. But with the increased interference of national and international corporate actors in development processes, especially in the extractive sector, the issues of businesses' impact on



the enjoyment of human rights and realization of sustainable human development has been placed on the agenda of the United Nations.

The outcome of this increased attention was the “UN Protect, Respect and Remedy Framework on Human Rights and Business”, elaborated by the Special Representative of the UN Secretary-General on the issue of human rights and transnational corporations and other business enterprises. In June 2011, the UN Human Rights Council endorsed the “Guiding Principles on Business and Human Rights for implementing the UN “Protect, Respect and Remedy” Framework, providing – for the first time – a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity.

Against this backdrop, shared value approaches are being pioneered by ‘businessworthy’ leaders in an effort to bring business and society back together. They are finding profitable ways to respond to the needs and challenges of communities. Recognizing that social needs define markets and that social problems create internal costs for companies, firms are innovating to create new value for society. Bringing the issues most relevant to communities into their core business models, they are realizing that there does not have to be trade-offs.

With the above in mind, the UNDP is partnering with the BfPF on the documentation and analysis of these honourees in order to deepen the understanding of the shared value approach and the concept of businessworthiness. It is hoped that this will contribute to future discussions on shared value, in addition to ways in which business can be engaged at the core of development work. More importantly, the stories are intended to provide concrete examples of how it can be done so that other businesses might consider taking a shared value approach.

II. STORIES OF BUSINESSWORTHINESS FROM THE FIELD

This section maps out the journey of each honouree as an entrepreneur in the creation of social value. It considers their motivations and the societal needs they strive to address, as well as documenting their approach, the challenges they have faced and the lessons they learned along the way.

1/ Arif Masood Naqvi – doing business in a stakeholder community Group Chief Executive, The Abraaj Group

For Arif Masood Naqvi, globalization means “everything affects everybody.” In this globalized world, every company needs a licence to operate, which can only be awarded by communities and stakeholders. This means that companies must be relevant to what Naqvi calls ‘eco-systems’ — the communities and environments that they work in — so as to succeed and grow ([MILE, 2011](#)).


Naqvi is the founder and Group CEO of The Abraaj Group, one of the world’s leading private equity investors. His firm employs more than 300 people and has over 25 country offices in addition to six regional hubs in Dubai, Istanbul, Mexico City, Mumbai, Nairobi and Singapore. The group also manages \$7.5 billion in assets across more than 20 sector- and country-specific funds ([WEF](#)). Naqvi’s leadership and approach to inclusive stakeholder engagement has enabled The Abraaj Group to become pioneers in the private equity industry.

The motivation: When Naqvi set out to establish his first business, he had a meager \$50,000 in savings, a car that he’d won in a raffle at a local shopping centre, and very few contacts — his assistant had accidentally deleted his contacts from his address book on the company’s first day ([NYT, 2011](#)). Within a couple of years, however, Naqvi was bidding against some of the world’s largest organizations. In 2002, The Abraaj Group was founded with \$60 million in assets under management.

When asked what the inspiration was for Naqvi’s stakeholder approach to sustainability, one colleague recalled that “since its inception, Abraaj has always focused on a stakeholder culture.” Yet, Naqvi still defines his company’s approach as a “work in progress.” Through its stakeholder engagement programme, the ‘Abraaj Strategic Stakeholder Engagement Track (ASSET)’, the firm has evolved to focus on education and entrepreneurship with an underlying theme of ‘empowering potential’. The ASSET programme, a unique initiative in the private equity industry, is resourced by its ‘5+5+5’ approach. Five percent of the firm’s top-line revenue is donated to its sustainability initiatives, 5 days of volunteering time are provided by each employee, and 5 percent of employees’ annual bonuses are donated on a voluntary basis to the firm’s social initiatives. As a result of this approach, Abraaj has been able to put \$60 million to work in social enterprises. His firm has also contributed 8,000 hours of dedicated volunteering time and expertise from its employees.

The societal need: The Abraaj Group has always focused on “stakeholder engagement rather than shareholders alone.” Two factors in particular have reinforced Naqvi’s approach. The first was the 2008 financial crisis, in which the financial and investment sectors were seen to play a divisive role. Naqvi opines that the causes of the crisis have yet to be properly addressed: “We should have learned some lessons, we should have changed laws and regulations, we should have been significantly more focused on governance” ([MILE, 2011](#)). For Naqvi, the private sector has a responsibility to make sure that history doesn’t repeat itself.

The second factor was the so-called Arab Spring, which since 2011 has characterized much of the events in the Middle East, a region where The Abraaj Group has extensive investments. Naqvi is clear that the causes of political protests were unemployment and inequality, particularly among young people, and he sees an important role for the private sector in addressing their concerns. “We’ve got to do a heck of a lot more in terms of seeing where we can add value,” he says ([MILE, 2011](#)). Recognizing that the Middle East has a relatively secure financial future in view of its oil revenues, Naqvi believes that the essential question is how to spend that money in a sustainable way. He argues that education is fundamental to employment,



innovation and entrepreneurship and that businesses have a social and economic imperative to improve the quality of, and access to, education.

The approach: The Abraaj Group takes a multifaceted approach to value creation, ensuring that environmental, social and governance practices are implicit in every aspect of its business model.

Abraaj is often described as a global firm with local roots. Its extensive in-country and regional presence means it has experienced professionals on the ground with strong local knowledge. This helps Abraaj identify firms with a sustainable competitive advantage. The Abraaj Group also approaches business opportunities as partners rather than investors. Once it invests in a business, or ‘partner companies’ as they are referred to by Abraaj, the firm develops ‘Value Creation’ and ‘100-Day Plans’, during which it works directly with a company’s management to help it grow and realize its ambitions.

In working with partner companies, Naqvi’s ambition is to improve their sustainability practices. In 2008, his firm created the Abraaj Sustainability index (ASI), a proprietary tool, to benchmark each partner company’s contribution to the following six indicators: management and governance, private sector development, socio-economic impact, economic linkages, financial performance and health, safety, environmental and social impact. By using this benchmarking exercise that incorporates more than 70 indicators, Abraaj has been able to measure progress and to support partner companies in improving their index score each year. The results have been promising and Abraaj’s partner companies in North Africa, for example, employ more women in their businesses (44 percent) than the regional average (36 percent).

For Abraaj, there isn’t any disconnect between building sustainable businesses and sustainable communities. Indeed, the two goals need to be “mutually dependent in order to generate the most positive and inclusive impact.” In addition to its 5+5+5 programme, the firm works with universities, arts organizations, foundations, entrepreneurs, industry bodies, and international organizations as part of its broader stakeholder engagement programmes. A recent example of this partnership is Abraaj’s arts empowerment programme, which over the past six years has enabled artists from the Middle East, North Africa and South Asia to become cultural entrepreneurs. Abraaj is now extending this programme to other regions where it is active, such as Latin America, South-East Asia and Sub-Saharan Africa, including a scholarship to the Royal College of Art in London for five students.

The outcome: The Abraaj Group is focused on investing in businesses that can emerge as regional and global champions. One colleague described the firm’s added value as “opening the way for substantial private sector investment to follow their lead” so that infrastructure continues to be developed and communities are empowered to participate in the markets in which they live and operate.

The Abraaj Group considers impact measurement a priority and strives to capture it through regional sustainability reports. Recent studies highlight the private sector impact the firm has achieved in its partner companies in Latin America, North Africa and Sub-Saharan Africa in terms of employment generated, representation of women in the workforce and wage levels in partner companies that are above statutory levels.

Challenges and Lessons Learned:

Naqvi has worked to build a private equity group that can have a strong and positive multiplier effect at every level, from employees and partner companies to communities. His firm has embraced sustainability and good governance at each stage of the business model in an effort to create a ‘new normal’ for the private sector. It is Naqvi’s belief that we are at a watershed moment in terms of the relationship between business and society. Naqvi remains determined for his firm to continue building sustainable businesses and communities.

2/ Connie Hasemann — transforming disability into a business asset CEO, Telehandelshuset

In 1995, Connie Hasemann established a telemarketing company with a bold mission: to deliver a full range of quality customer and telemarketing services by training and employing blind and visually impaired people. As Hasemann describes, Telehandelshuset is “an organization that takes an innovative approach to business by bringing visually impaired people into everyday corporate life.” The training and employment brings measurable benefits to disabled people, empowering them to gain more control over their lives and distilling “pride within every employee.” For Hasemann, the firm’s social mission and business mission are mutually reinforcing and their business plan for 2013-2015 has the simple aim of ‘doing more for more people.’

The motivation: As the mother of a disabled child, Hasemann came to see firsthand the importance of supporting disabled people so they can become independent and active members of society. She recalls the strong motivation she had to share what her daughter has taught her: “that every disabled person can fulfill their life given the opportunity.” The advent of the social enterprise movement in the early 1990s opened up a new way of thinking about how to meet this challenge, and Hasemann set out to show the world that disabled people are a valuable labour resource and can be gainfully employed in a business enterprise that operates profitably on market terms.

The societal need: Around 63 percent of the blind and visually impaired in Denmark are unemployed, compared to 48 percent of the disabled community ([Bengtsson, 2008](#)) and four percent of the total population (Pedersen & Druedahl, 2009). They are one of the most marginalised groups in relation to the job market, despite government efforts to increase both the employment of disabled persons and the proportion of enterprises employing persons with disabilities. This contributes to social exclusion and skilled labour shortage, as well as increasing pressure on Denmark’s social security system.

Prejudice is a significant barrier to employment — more than one in three Danes are sceptical about having a colleague with a sight impairment ([EurActiv, 2013](#)) — both for those seeking employment and those already employed. There is also a cost barrier; employers anticipate additional expenses for workplace facilitation and disabled people are likewise concerned about the impact of employment on their access to financial support. Lack of information is often a significant factor, particularly regarding rights and availability of employment-oriented benefits.

The approach: Hasemann considers the visually impaired an extremely “underutilised human resource” and therefore a huge business opportunity. In this regard, she views business success and social responsibility as “two sides of the same coin.” Hasemann has developed a tailored and rigorous training programme, supported by the Institute for the Blind and Partially Sighted, focused on personal development through social and professional competencies. The training is centred around online and telephone support, but it also extends to a range of areas including telephone answering services, customer service, database updates, marketing analysis and sales. Once their training is complete, students are encouraged to, and supported when, they apply for job placements in Telehandelshuset and other companies. Companies employing Telehandelshuset’s trainees include Nykredit, DSB, Reebok, Movia, The Municipality of Copenhagen and the Environmental Centre of Roskilde.

At Telehandelshuset, the blind and visually impaired play an essential role at every level of the organization. They are engaged as teachers and training assistants to support the development and implementation of individual, specialized and goal-oriented training programmes. Students are offered internships and mentoring schemes with visually impaired employees both inside and outside the organization, which serves as a stepping-stone to employment in addition to “help[ing] them to believe in future job opportunities by mirroring themselves in the employees.” For example, Telehandelshuset partners with Denmark’s national TV and radio broadcaster, DR, which has a number of visually impaired employees. Trainees have the opportunity to visit their Department of Licencing and Programming to gain knowledge about alternative job opportunities, which serves as further inspiration to the students.

Telehandelshuset strives to create a 'working community' in which employees create value for themselves, for their colleagues, for the company and for society. For Hasemann, "employees feel their value because they are involved in creating value." The company is focused on creating interactions between trainees and employees, so that students are closely linked and aware of job opportunities as well as supported by one another. One employee of Telehandelshuset, who was dismissed from public service after 22 years due to a progressive eye disorder, describes the significance of this approach: "The most important aspect for me is the social aspect, and the help and understanding from my colleagues with no regard to age, sex or disability."

Hasemann described the importance of quality and efficiency in her organization, stressing that she runs her social enterprise as a "normal profit-making business" without any subsidies. Telehandelshuset is able to deliver the best telemarketing services by "turning a disability into a strength." In particular, Hasemann observed that employees with visual impairments "have special prerequisites to engage in a more present dialogue." This, she concludes, ensures that Telehandelshuset has "a product distinctly separating itself from that of our competitors." Employees are also included when setting financial targets for the company and for themselves, against which their performance is measured on a daily basis. This helps generate pride and ownership among all employees.

The outcome: Having completed their training, six out of eight students directly begin a new job, either in Telehandelshuset or in other companies that are seeking qualified customer service advisers. This is a significant achievement and it bucks employment trends among disabled groups. Indeed, Telehandelshuset is a fast-growing and successful social enterprise which had doubled its income in 2012 and increased it by another 30 percent in 2013. The firm has recently expanded its services to both Swedish and Norwegian companies, with an average closing rate of 85 percent on appointment bookings. Hasemann observed that these successes help the employees "regain faith in their own abilities as well as their value in society."

There are indirect impacts, too. When other companies recruit through Telehandelshuset, such as when economic downturns incentivise outsourcing, they too gain experience in working with disabled people and perception biases are challenged head on. In addition to having equal or higher performance ratings ([DuPont, 1993](#)), disabled employees are often better able to understand the perspectives of disabled customers, encouraging companies to respond creatively to their needs. Hasemann describes how the 'power of example' has also impacted public sector attitudes and policies: "there has been more change in the past two years than the last 16 years, and the Danish government is now undertaking new initiatives to support the disabled."

Challenges and Lessons Learned:

1/ Adapting to growth

The growth of the organization means that Hasemann increasingly has to rely on other supervisors for the customised one-on-one training technique.

Response: Hasemann is exploring partnership opportunities with the local mayor and with other businesses, and also groups with other disabilities in order to pool training. A local government partner, for example, might provide funding for employing 25 people for a project of a one or two year duration, rather than having them funded one at a time. Telehandelshuset also has a dynamic partnership with the Institute for the Blind and Partially Sighted, which supports their vocational training and associated software initiatives.

2/ Fluctuations in demand

The demand for services fluctuates according to the broader economic conditions in Denmark. Sometimes there is high demand from employers actively seeking visually impaired trainees, while at other times Telehandelshuset has to pursue placement opportunities.

Response: Hasemann maintains rigorous standards for disabled candidates, including through testing IT competencies and conducting daily performance evaluations. She also prioritises networking opportunities, and Telehandelshuset is an active member of local, national and international networks, which gives it the opportunity to market its social mission and business model to a wider audience.

3/ Reductions in government support

As part of an overall effort to reduce government spending, there has been a reduction in available resources to support the reintegration of disabled persons into the workplace. The services offered by Telehandelshuset are designed to coincide with the one or two year retraining funding for individuals who lose their sight, but in practice Hasemann believes “this measure is being shortened and applied less frequently.” Additionally, employers are no longer compensated for the hours a disabled person is unable to work. These changes deinceivise both visually impaired persons and companies from committing to the programme.

Response: Hasemann has made efforts to build a relationship with the Danish Minister of Labour —inviting him to visit the centre — in order to create opportunities to advocate for ways in which the government can be more supportive, as well as through conferences and collaborations with CSOs. Hasemann has recommended a number of options including financial support, insurance against legal liability in the hiring and firing of disabled persons, and establishing a government liaison function in a specified government office. Additionally, she is closely following the Ministry of Social Affairs, which is recommending legal recognition for social enterprises.

4/ Complex operating environment

The legal and regulatory environment is changing all the time and Hasemann is required to be up-to-date so that she can adjust her business model to shifting legal frameworks. Additionally, the municipalities can interpret legislation in a variety of ways. This requires Telehandelshuset to have in-depth knowledge of laws, regulations, bureaucratic processes and commercial conditions, as well as strong relationships with the public sector.

Response: Telehandelshuset has retained a lawyer and a social worker to assist the company, and Hasemann uses her contacts with the government to advocate for more streamlined policy processes.

Connie Hasemann has worked to overcome the ‘disability penalty’ that renders the blind and visually impaired a largely untapped labour source. She has clearly demonstrated that discrimination prevents too many of the visually impaired from obtaining the opportunities they need, and from using these opportunities productively. Telehandelshuset is generating profits, creating new growth potential and improving people’s lives. By offering new avenues of support and developing creative responses to the needs of the disabled, she has demonstrated that business with the visually impaired can create value for all. Hasemann concludes that while it is very natural for her to manage a business, “the social outcome makes every day far more interesting.”

3/ Dean Cycon – making social activism a core business function CEO, Dean’s Beans Organic Coffee Company

In 1993, Dean Cycon created Dean’s Beans Organic Coffee Company to prove that businesses could be a vehicle for positive social change. Starting at the frontiers of coffee growing, Cycon has made every stage of the supply chain sustainable, just and inclusive. In Brazil, Colombia, El Salvador, Ethiopia, Guatemala, Indonesia, Mexico, Nicaragua, Papua New Guinea, Peru, and Rwanda, Cycon works with farmers and farming communities, buying directly from them and paying well in excess of ‘Fair Trade pricing.’ He sees his role not as a businessman with a corporate social responsibility agenda, but as “a social activist in a business man’s suit.”

The motivation: Cycon has been a social activist throughout his professional career, beginning as an environmental lawyer. Through this work he realised that “unless the underlying structures that serve our daily lives change, all we would be doing is putting out fires.” Since business had a reputation for overlooking social costs, he decided that being a socially responsible businessman was the most radical thing he could do. Deeply concerned by the poverty and pollution underpinning the worldwide coffee industry, he decided that the ‘buy low, sell high’ approach needed to be changed to ‘buy high, sell low’ so that more consumers can participate in socially responsible trade.

Cycon's business started on a small American farm in New Salem, Massachusetts. It eventually outgrew the space. He looked around for a town that needed jobs and settled on a place called Orange, which at that time had the highest unemployment rate in Massachusetts and the lowest educational attainment among the state's population.

The societal need: Coffee is one of the world's most widely traded commodities, and many countries depend on coffee for the majority of their export earnings. It contributes to the livelihoods of over 125 million people, and smallholder farmers produce the vast majority of coffee beans worldwide ([ICO, 2002](#)). Many farmers are unable to cover the costs of production with the sale of their harvest, creating poverty among both individuals and households. The situation has worsened with the advent of the Global Coffee Crisis, in which there has been a surplus of coffee production and a dramatic fall in sale prices ([ICO, 2002](#)). Working conditions also vary widely among and within countries, and there have been reports of both forced labour and child labour, as well as other exploitative practices such as physical confinement and abuse ([US Department of Labor, 2012](#)).

There are a range of environmental costs associated with coffee production, including the destruction of forests and the loss of biodiversity through deforestation, mono-cropping, and the use of fertilisers and pesticides. Local water supplies and soils are also damaged through poor waste disposal methods. The global surge in demand has exacerbated these effects, encouraging unsustainable coffee cultivation methods.

The approach: Dean's Beans takes a comprehensive approach to social justice, building "mutually beneficial partnering arrangements across the whole value chain." The different stages of social action can be summarised as follows:

1/ Growing the coffee: 100 percent of Dean's Beans coffee is purchased from shade-grown harvests, which is the natural habitat for coffee and prevents the destruction of forests and wildlife surrounding it. All of the coffee that is sourced is organic and Fair Trade.

2/ Purchasing the coffee: Dean's Beans only purchases coffee from small farmers and cooperatives in order to ensure democratically organized and transparent trade relations. All purchases are made at or above international Fair Trade prices and approximately 60 percent of purchases are pre-financed. This enables farmers to bridge financial gaps and cash flow problems in the months leading up to the coffee harvest.

3/ Investing in the community: One of the main initiatives is the Social-Equity Premium Program (SEP), which returns \$0.06 for every one pound of coffee cultivated by the farmers. This funding can be used as seed money by communities for distribution, development or internal expenses. Deans Bean's also provides additional funding, mainly through the sale of coffee, to support people-centred development programmes within various farming communities. The farmers are also involved at each stage of the programme design and implementation. Some examples include providing loans or funds to build wells for farmers in Ethiopia, aiding a café/roasterie owned and run by a prosthetics clinic in Nicaragua for landmine victims, a land re-purchase programme in Colombia and training to combat gender-based violence in Rwanda.

4/ Roasting the coffee: Dean's Beans co-founded the first roasters cooperative, called 'Cooperative Coffees Inc.', which facilitates the direct purchase of Fair Trade coffee from farmer coops. It's available to small roasters that want to participate in the movement.

At their own beanery, Dean's Beans is committed to a high standard of working conditions, and each full-time employee starts well above the state minimum wage, receives full health-care coverage, quarterly profit sharing, a company funded pension, a retirement plan and life insurance. Dean's Beans is also exploring ways to enhance workforce diversity through HR strategies.

5/ Investing at home: Dean's Beans supports development projects in the United States, focused on economic development, environmental sustainability, public education and social justice. One example is the Somali Women's Sewing Project, which provides technical support and funding for a sewing project with Somali refugees in Springfield, Massachusetts.

6/ Protecting the environment: Dean's Beans is committed to environmental sustainability at all stages of coffee production, including product design, facility management, supply chain oversight and environmental development initiatives. The company has implemented an Environmental Management System to oversee its CO2-neutral strategy, renewable energies programme, recycling and reclamation programmes. These development programmes with local communities support building wells, preserving land and planting trees. Additionally, the Certified Organic System criterion requires coops to prevent soil erosion, promote soil fertility and sound irrigation techniques, as well as to prohibit the use of harmful agrochemicals. Dean's Beans also funds farmer training programmes in composting, soil conservation, disease prevention and advanced organic techniques.

The outcome: The company has a range of mechanisms in place to assess its impact, including the UN Global Compact. It is the first coffee company in the United States to have an independent public audit, done by Quality Assurance International, of its Fair Trade practices. This ensures that Dean's Beans is subjected to the same levels of transparency and financial accountability as its farmers: "This is a simple, accountable programme that allows any consumer or farmer to check out our [Dean's Beans'] claims." The review found that Cycon is "a leading advocate for the poor producers and a strong voice in moving them towards some degree of equity."

As part of its efforts to become a carbon-neutral business, Dean's Beans drafts annual reports on the company's environmental impact. The report measures its use of energy and electricity in-house, employee commutes, travel, product shipments through UPS and coffee delivery to the roasting plant. The latest available report highlighted that, despite increased production levels, the installation of a solar panel system at the roasting plant has led to a decrease in the company's on-the-grid electricity usage.

Challenges and Lessons Learned:

1/ Business as usual

Cycon observed that "one of the biggest challenges is living up to the high standards of his vision." There is always a temptation to cut corners for short-term gain rather than investing in long-term growth and creating robust partnerships for shared value. This was a particularly difficult challenge to overcome in the early days of his business.

Response: Establishing a roaster's cooperative has helped remove a lot of business intermediaries and opportunities for short-term gain. This enabled the company to leave more money in the communities in which they operate. By choosing to supply directly to its customers, for example, Dean's Beans cuts out the 25 percent of the price that would otherwise go to distributors.

2/ Being an outsider

Cycon's approach to business means that he is "still considered an outsider" in his industry, as "someone who won't play ball." He describes this as a consequence of competing values, or as he once quipped, "in business self-worth is too often measured by net worth."

Response: Cycon's business model is vertically integrated, which cuts out middlemen and facilitates an increase in the income left in the community at every level. This vertical integration creates an arena of people with similar values. Cycon also sees a major part of his mission as modelling behaviour and sharing insights and practices with students, thought leaders, other businesses and farming communities. For example, he regularly lectures, participates in meetings, writes and comments on ethics and social responsibility. Dean's Beans also publishes its experiences and projects in the [coffeelands blog](#), which has 20,000 regular readers. This allows Cycon to impart his message that ethics and business can successfully go hand-in-hand for a range of audiences.

3/ Competing needs

Different communities have varied priorities and perspectives on the kinds of development support that is needed. Cycon once remarked that "it is amazing how, in a small village, several groups can have such different priorities." In San Lucas Tolimán,

Guatemala, for example, one group of women wanted clean water, another wanted income-generating projects, and a third wanted health care training.

Response: Dean's Beans works with farming communities to identify roadblocks in reaching their development goals. It jointly designs programmes to help farmers meet those goals. When they visit, they talk with farmers, women's groups and others about what the biggest problems are in their communities. The farmers themselves manage the programs — a radically different approach that provides a sense of ownership. Dean's Beans tries at all costs not to bring in outside (or even local) organizations if the people themselves can manage the project on their own.

Cycon's success centres on his innovative business model: his partnering relationships in all of his business dealings, including with coffee growers themselves. He trains and utilises the undervalued resources of growers, who are determined to develop as productive and reliable partners for his company. Cycon has helped build the capacity of these farmers to advance to higher stages of production. He has built strong bonds of loyalty with them and has thereby ensured that Dean's Beans has a steady supply of high-quality coffee beans.

4/ Margaret Groff – breaking the glass ceiling to maximise human resources Chief Financial Officer, ITAIPU Binacional


Itaipu Binacional is a Brazilian-Paraguayan company that runs the largest operational hydroelectric power plant in the world. In 2003, the Brazilian president tasked Itaipu with becoming a leader in social and environmental sustainability. The company, then, expanded its mission and has since launched a range of initiatives to improve the quality of life for people living in its surrounding areas. Recognizing that the new mission also required the organization to adapt, Executive Financial Director Margaret Groff spearheaded an innovative gender equality programme both inside and outside the organization.

The motivation: The rationale behind Groff's shared value approach is her belief that "in order to grow and advance, we need to make sure that the different actors that surround us also get stronger." For this, Groff owes a debt to her parents, who raised her with a great sense of social responsibility and respect for the environment. Yet, at the same time, she observes that it was only with professional and financial security that she felt able to pursue an agenda of social change. Or, in her words, "to be able to say 'yes' to justice." Groff learned quickly that women are an undervalued and underutilised human resource, and so she set about "reducing the asymmetries in the world."

The societal need: Women make up more than half of the world's population, but labour markets, decision-making roles and elected bodies remain divided along gender lines. Female labour force participation is lower than male participation, and women dominate in unpaid and informal sector work. There remain significant wage differentials between men and women, and discrimination continues to limit women's access to employment and senior positions ([IMF, 2013](#)).

There are a range of social and economic obstacles towards achieving gender equality and the full empowerment of women. These obstacles are present and interact with one another across a lifetime, culminating in poorer outcomes for women. While growth and stability help create opportunities for women's advancement, women's participation in the workforce is also essential for growth and stability. They are two sides of the same coin.

The construction of the Itaipu plant has significantly impacted the local area. Job creation has led to a substantial population boom in which the number of residents has increased five-fold in 10 years. Yet wealth generation has not resulted in social equality, and problems such as violence, unemployment and illiteracy prevail. Against this backdrop, Itaipu has recognized that it has an important role to play in supporting the community's sustainable development.



The approach: Groff's philosophy is straightforward: "think big, start small, move fast." The vast scope of her vision means that Groff is tackling gender equality both in-house and in the community at large. In this way, she is able to meet the challenge of building dynamic and inclusive organizational structures for the benefit of stakeholders and shareholders alike. In doing so, she is trying to lead by example, ensuring that Itaipu sets the standard for gender equality internally as a platform from which other goals can be achieved.

In 2004, Itaipu launched its gender equality programme with a simple aim: to foster gender equality inside and outside the organization. Structured around three areas — corporate, institutional and community relations — the programme ensures that gender quality is an integral part of every aspect of Itaipu's work. Groff began by asking 450 female employees and associates what their concerns were and how they thought they could be resolved. From here, she was able to develop the Policy on Gender Equity, which included seven cross-cutting policy guidelines related to the Women's Empowerment Principles. The principles cover various actions and operation levels of authority including recruitment and selection, training, benefits, plans for jobs, career and remuneration, health and security as well as the adoption of inclusive language.

Groff has developed a number of far-reaching initiatives to support women's advancement. In addition to promoting work-life balance policies, Itaipu has introduced a system of 'mobile schedules' that enable parents to take their children to school and collect them afterwards. They have also introduced temporary special measures for women to enter fields that are traditionally dominated by men, such as corporate security, plant operations and firefighters. A special focus has been placed on career development, and Itaipu has developed new opportunities for training, coaching and mentorship for women in order to support their advancement to senior managerial positions. Broader diversity issues have been tackled through introducing measures to include dependents as recipients of company benefits, including those in domestic partnerships. Each of these initiatives is underpinned by a communications campaign, as well as activities to support a more gender-sensitive working environment.

Efforts to drive forward an agenda for women's advancement in employment have not been limited to Itaipu. In 2013, Groff supported the development of an initiative to raise awareness about women's representation in the private sector. Through the development of a booklet, Itaipu has encouraged over 1,000 of their suppliers to measure themselves against 63 indicators on management for gender equality. This has led to the inclusion of gender issues in the evaluation of Itaipu's suppliers, as well as the development of a Women's Empowerment Principles Brazil Award to encourage and recognize the efforts of companies to promote a culture of gender equality and women's empowerment.

Groff is a strong believer in the value of consensus. This is clear from the creation of the Gender Committee in 2005, which brings men and women together from the company's boards, foundations and unions. The Committee oversees the Gender Equality Incentive Programme, suggesting actions and verifying practices. Since 2011, the Committee has been responsible for monitoring progress on seven cross-cutting gender issues. Additionally, Groff has worked to develop lasting institutional relationships for the development and strengthening of female executives and entrepreneurial women, such as through the Forum of Executive Women of Paraná.

The company also engages in a range of social responsibility initiatives to support sustainable development in the local community, which is part of Itaipu's core mission. This includes targeted programming to support gender equality — such as the training of female community leaders — as well as supporting female entrepreneurship, strengthening education and its links to employment and preventing the sexual exploitation of teenagers. Itaipu has supported the establishment of a shelter for women and children who are subjected to violence, the first of its kind in the region, as well as a working group for the prevention of trafficking women. The latter was coordinated by the governments of Argentina, Brazil and Paraguay. Additionally, Groff has set up initiatives in support of women entrepreneurs in municipalities around the reservoir of the Itaipu plant, and her work supports the creation of new opportunities for women working with renewable energy and electric mobility programmes.

Recognizing that wider social, economic and environmental issues impact women's opportunities to lead the lives they value, Itaipu invests in educational infrastructure and programming, local infrastructure and sanitation, strengthening farming communities, animal and plant protection, participatory water management and water quality, as well as environmental education. These programmes are underpinned by a range of mechanisms and corporate policies, including educational initiatives, inclusive partnerships, monitoring and evaluation systems, participatory mechanisms and technological development.

The outcome: Itaipu's focus on women's advancement within the organization has resulted in an increase of female managers from 10 to 22 percent over a 10 year period. Prior to 2002, no woman had held a directorship, yet today three out of the company's 12 directors are women. There have been significant changes in the working conditions of women, as well as increased training opportunities and an expansion of women's participation in decision-making.

Since 2006, Itaipu has been awarded the Pro-Gender Equality Seal each year. Presented by the Brazilian federal government Special Secretariat for Women's Policies, in partnership with the International Labour Organization and UN Women, the seal acknowledges Itaipu's pioneering work and the adoption of good practices in gender equality, people management and organizational culture.

A range of metrics have captured the impact of Itaipu's work on gender equality and development in the community, including the Global Compact, GRI, IBASE, Ethos, ISE Index and the Dow Jones Sustainability Index, all of which incorporate questions about gender equality. Notable achievements include the creation of a pool of women leaders to work with men and women to drive forward 'a new way of being' in the institution and in the everyday lives of its employees.

Challenges and Lessons Learned:

1/ Getting started

Groff describes the early stages of her projects as the hardest "because you do not have as much credibility and cannot yet show results." This made it hard to decide on the best methodology and to identify how to overcome obstacles to implementation.

Response: Groff pinpoints the support she received at all levels of the organization, including senior levels, as crucial to her success. The inclusion of social and environmental responsibility in the company's core mission meant that there was already a buy-in. The strategic framework therefore helped ground her activities in the overall objectives of the company.

2/ Mobilizing support


In order for Groff's interventions to succeed, it was essential that gender equality became a core value and that Itaipu's organizational culture reflected this value. A common problem with the role of any diversity officer is that the rest of the staff does not have a sense of ownership over the work and resistance can grow as a result. In order to build momentum and encourage staff to take responsibility for the work on gender equality, it was essential to mobilize support across the organization.

Response: Groff describes how important dialogue has been in confronting different, and sometimes conflicting, values, as it provides opportunities for "sharing technical knowledge, setting a good example and learning from others." This goes some way in explaining why Groff began her work on gender equality with a company-wide consultation, recognizing that "to succeed, one does not need to be the owner of an idea; it is enough to work to make it happen."

3/ Sustaining commitment

The shared value approach requires sustained commitment from companies and staff alike because it is framed in mid- to long-term commitments. This involves overcoming the desire to prioritise short-term financial gain in favour of lasting social and economic progress.

Response: Groff observes that sustained commitment to the shared value approach requires a high level of integrity and ethics as well as a firm conceptual basis. She also indicates that a number of personal qualities are important, including "courage and determination, being able to say 'yes' to justice and not despairing in the search for solutions."



Groff has demonstrated that with targeted policies, strong leadership and clear communication, businesses can significantly improve gender balance in their workforce. By making incremental changes to a company's approach to recruitment, retention and promotion, Groff has been able to overcome some of the organizational obstacles that stifle women's advancement. Itaipu has taken a holistic approach towards gender equality, recognizing that inequalities in the communities they serve impact the organization in multiple ways.

5/ Nadia Al-Sakkaf – reinstating integrity, freedom of speech and equality to the press

Editor in Chief, Yemen Times

Nadia Al-Sakkaf is a true pioneer. She has challenged herself to “make a radical and fundamental contribution to social progress” as editor-in-chief of the *Yemen Times*. Through the *Yemen Times* newspaper and Radio Yemen Times, her goal is to provide the international community with objective, cutting-edge news, rooted in the political and social context of Yemen. This gives her a voice at the frontiers of discussions on media, gender, development and politics.

Al-Sakkaf is an advocate of women's rights and she views the newspaper and community radio station as a vehicle for social change. She has created a gender-balanced organization with a strong commitment to transparency, human rights, inclusiveness and freedom of speech. Al-Sakkaf also sees *Yemen Times* as having a fundamental role to play in human development, and she works on a range of projects to enhance community development, women's political representation, human rights, democratic reform and youth empowerment. Hoping to show the world a different and more nuanced view of Yemen, she observes that “there is just so much potential.”


The motivation: Al-Sakkaf's father was a leading economist and human rights activist who founded the *Yemen Times* newspaper in 1990 with the mission “to make Yemen a good world citizen.” He was tragically killed in a hit-and-run car accident in 1999, which the family maintains was a coordinated assassination. It was written in his obituary that “hopes are placed on that great establishment *Yemen Times*... [which] shall remain one of the strongholds of freedom... [and] refuge for the oppressed in this country” ([Yemen Times, 1999](#)).

After his death, Al-Sakkaf's brother took over as head of the newspaper until 2005, when Nadia became the first female editor-in-chief of a newspaper in the Middle East. Confessing that she took on the role rather reluctantly, Al-Sakkaf recalls the duty she felt “to preserve the legacy of the newspaper.”

The societal need: The historic transformational processes that many countries in the Middle East and North Africa have experienced since the beginning of the so-called Arab Spring in December 2010 has not only highlighted popular discontent at the local level, but also a range of development failures. These include failures in governance, social justice, equity and human rights.

Yemen is one of the poorest countries in the Arab world. The global financial, fuel and food crises, coupled with the 2011 political and military crisis in Yemen, has led to rising poverty in the country. Over half the population is now below the poverty line (Government of Yemen, 2012) and 22 percent are food insecure (WFP, 2012). The Yemeni economy is caught in a jobless slow growth cycle, which has led to stagnant per capita incomes and rising levels of unemployment, particularly among youth and women. Labour market openness to women in the industrial and service fields has been declining and stands at roughly 6 percent.

From the beginning, women have been actively engaged in the protests alongside men, breaking through cultural barriers and limitations on their freedoms to make their presence a defining feature of the Arab Spring. Tawakkul Karmen, for example,



played a decisive role in encouraging Yemeni people to participate in the Day of Anger, which demanded the resignation of President Ali Abdullah Saleh. Ever since playing a pivotal role, women in Yemen have been empowered to demand a place in the transition processes and have increasingly called for gender equality. However, despite initial successes, there is a great risk that hard-won gains could be overturned in the future.

The approach: It is impossible to separate Al-Sakkaf's approach to gender equality from her own ascension to the role of editor-in-chief. She is the first female editor of a newspaper in the Middle East, a role that she felt able to assume precisely because, as she says, she is "not a traditional Yemeni girl." She viewed the visceral opposition to her appointment as a microcosm of the deeply-entrenched gender stereotypes in Yemeni society. Through Al-Sakkaf's experience, the opportunity arose to correct those inequalities and she began by firing the older men that protested her appointment. She then replaced them with "ambitious and determined" women and younger men.

Al-Sakkaf was able to create a gender-balanced organization by scouring the crop of recent university graduates for promising young women and men. This helped raise the productivity of the company, reduce costs, and enable the newspaper to focus on new and emerging issues. She has also created a new trend of multiplatform journalists by training staff to work on radio and to produce Arabic programmes for Radio Yemen Times. Her leadership on women's representation has extended outside the organization and the *Yemen Times* has produced several articles on Yemeni women's experiences as political candidates, including the book, *Breaking the Stereotype*, as well as a manual for Yemeni women's public and political leadership.

Restructuring the organization enabled Al-Sakkaf to re-profile the newspaper and, specifically, bring focus to bear on social and gender issues. Indeed, the organization embodies the changes in Yemeni society that she strives to support. With the onset of the Arab uprisings in 2011 there was an increase in international press coverage and Al-Sakkaf observed that the foreign press would often fly into Yemen for less than 24 hours, and then leave with their headlines, having only scratched the surface. Al-Sakkaf saw a role for *Yemen Times* as an English-language publication to provide an insider's perspective.

Al-Sakkaf is deeply committed to freedom of the press and information, an issue that has become intertwined with the gender equality movement in Yemen. With the launch of Radio Yemen Times in 2012, she created Yemen's first free public debate platform, an important alternative to state-run broadcasts. Together with the publication of *Yemen Times*, both initiatives are fundamental steps in overcoming historical restrictions on freedom of speech and the press. Al-Sakkaf is a member of the Yemeni Journalists Syndicate, and she was the first winner of the Gebran Tueni Award, which recognizes courage in defending press freedom.

As part of her commitment to transparency, Al-Sakkaf publishes annual financial and administrative audits of the newspaper. She has also provided training to her staff on media, gender, human rights, reporting in hostile environments and protest coverage.

Al-Sakkaf believes that the *Yemen Times* should play a role in supporting community development and women's empowerment across Yemen. She re-opened her father's NGO, [Yemen 21 Forum](#) (Y21F), to create locally-driven projects, solutions and initiatives that contribute to the development of Yemen as a nation and people. This NGO also places a special focus on human rights, press freedom, gender equality, good governance and youth empowerment. Through Y21F, Al-Sakkaf has supported projects dedicated to incorporating Yemeni women's voice in decision-making processes, capacity building for women activists, training for female political candidates, voter education, media pluralism and training on gender-sensitive journalism.

Outcome: Nadia Al-Sakkaf has achieved a 50:50 gender balance at both the *Yemen Times* and Y21F. Her newspaper's print circulation is about 7,000, and an estimated that one-in-five Yemeni people read the paper, with 40 percent of its readers located in Yemen ([Huffington Post, 2008](#)). The newspaper is also available online and has been successful in advocating for a range of government policies to be overturned. Through Al-Sakkaf's community development work, she has been able to reach a new

generation of female journalists, and to support them in becoming part of the changing media landscape, especially through internships in radio programming.

In recognition of her extensive contributions, Al-Sakkaf was chosen by the Yemen's president to be part of the eight-member committee responsible for paving the way for the national dialogue process at the beginning of 2012. Since then, she has been part of the majority of political committees supporting Yemen's peaceful transition, including the National Dialogue Conference where she was the only woman in the conference's Presidency Committee, headed by President Ali Abdullah Saleh.

Challenges and Lessons Learned ([IPI, 2010](#)):

1/ Being a woman in the role of editor-in-chief

Women journalists can face difficult obstacles in Yemen. Human Rights Watch ([2013](#)) found that women are increasingly subjected to pressure from religious conservatives, including targeting through '*takfir*' (meaning apostasy, or renunciation) campaigns.

Response: The *Yemen Times* is a private newspaper, which provides it with the unique opportunity to act outside of the many societal norms that prevent female journalists from advancing to senior roles. Al-Sakkaf concedes: "I managed to do it because it is a family business; otherwise I would never have done it." Outside of the *Yemen Times*, there are many obstacles to women's advancement in journalism, and Al-Sakkaf tries to address these issues through her media training for female journalists, gender-sensitive reporting, promotion of media pluralism and radio programmes about freedom of expression.

2/ Volatile situation for journalists

Yemen's press code is quite vague and it can be used to restrict the freedom of journalists. There are many examples of journalists being attacked and detained and, in the first half of 2013, there were 199 violations committed against journalists in Yemen ([Freedom Foundation Yemen, 2013](#)).

Response: Since 2003, the *Yemen Times* has had its own printing press, which gives it much greater independence compared to other media outlets. As an independent publication, it relies on advertising to fund the newspaper, which enables it to access support from international donors. The language and style of the newspaper targets a particular audience, yet the company is not perceived to be inflammatory or controversial. Al-Sakkaf also believes that her gender earns the paper some immunity. She says: "In a male dominated, chauvinistic society, there comes Nadia Al-Sakkaf who is a female editor-in-chief and, because she's a woman, they cannot attack or target her in the way that they used to do with men" (IPI, 2010). Moreover, Al-Sakkaf and the *Yemen Times* establishment have been part of a national campaign by like-minded Yemeni journalists to improve legislation that relates to the media.

3/ Creating a business model

In general, most Yemeni media is politicised and hence receives financial support from political organizations or the state. The *Yemen Times*, however, is an independent organization and must rely completely on advertising revenues as a result. When the economic crisis occurred in Yemen, for instance, the newspaper's viability was put at risk.

Response: Early attempts at creating a business model for the *Yemen Times* were unsuccessful because they mainly depended on advertising. During the political events of 2011, the newspaper's sales dropped by one-third and advertisements by 70 percent. The newspaper then carried out media projects, such as training and the syndication of its pictures, to generate a new source of income. Partnerships with international media outlets also helped in this regard, and the establishment of Radio Yemen Times has diversified the newspaper's funding streams further by reaching new target groups.

4/ High turnover rate

Al-Sakkaf has raised the bar when it comes to professional journalism. This means that *Yemen Times* journalists are required to work much harder than those working in other Yemeni media organizations. Although most of them take pride in this, they often go on to pursue other employment opportunities with less demanding organizations. The *Yemen Times* then must also compete with international organizations that are able to offer higher salaries.

Response: “I consider *Yemen Times* not just a newspaper, but also a school,” explains Al-Sakkaf. She admits that she can’t compete with oil companies when it comes to pay, but she is proud that some of the country’s best journalists and researchers have graduated from The Yemen Times School. For Al-Sakkaf, that the *Yemen Times* has contributed to improving professionalism in Yemen’s media environment is a major cause for celebration.

III. ANALYSING THE SHARED VALUE APPROACH

What is Shared Value?

“The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.” (Porter and Kramer, 2011)

Shared value goes a step beyond corporate social responsibility in defining the relationship between business and society. The concept does not merely claim that economic and social progress *should* be pursued simultaneously. Rather, it says that they *are* already fundamentally connected because social needs define markets, and social problems create internal costs for businesses. Shared value is based on the idea that there doesn’t need to be trade-offs between economic efficiency and social progress. Economic value can be pursued “in a way that also creates value for society by addressing its needs and challenges” (Porter and Kramer, 2011).

Shared value aims for a higher form of capitalism in which competition and solidarity coexist, recognizing that it is not enough to support employment, wages, investments and taxes. The value is *shared* because both *economic* and *social* benefits are weighed against costs. It requires innovation in how firms operate to address social concerns and in ways that release new economic value. In this sense, addressing social needs is integral to profit maximisation.

How does shared value differ from corporate social responsibility?

There are a range of terms that are used interchangeably in reference to shared value. These include: creative capitalism, inclusive business, reverse innovation (i.e. doing well by doing good), harnessing core competencies, social enterprise, ethical trade and even corporate social responsibility. While there may be interlinkages between CSR and the shared value approach, a number of authors have argued that there are important differences between these concepts.

There are specific distinctions between shared value and CSR, as they are understood to have different values, motivations, operational approaches, relationships to the corporate strategy and budget, and impact. In each approach, companies are expected to comply with laws and ethical standards as well as reducing the harm they create. But, as Porter and Kramer (2011:16) suggest, the differences between the approaches are fundamental:

Corporate Social Responsibility	Creating Shared Value
Value: doing good	Value: economic and societal benefits relative to cost
Citizenship, philanthropy, sustainability	Joint company and community value creation
Discretionary. Or, in response to external pressure	Integral to competing
Separate from profit maximisation	Integral to profit maximisation

Agenda is determined by external reporting and personal preferences	Agenda is company-specific and internally generated
Impact limited by corporate footprint and CSR budget	Realigns the entire company budget

CSR mainly deals with reducing the negative impacts of core business. Shared value, on the other hand, is about creating new social value. In CSR approaches, the pursuit of social good is always viewed as an appendage to core business, and it is therefore run separately (ODI, 2009). CSR is often designed to respond to criticism from civil society and companies have often been, as a result, accused of using CSR to distract from unsustainable business practices, to avoid regulation and to improve their reputations (Baumüller & Ladenburger, 2011). Shared value, by contrast, takes social need as the starting point from which to compete for profit.

How have the honourees used a shared value approach?

The shared value approach is not limited by who is engaged in production and consumption; it is concerned with identifying unmet needs, innovating with new products, identifying new customers and reconfiguring the value chain (Porter and Kramer, 2011). It applies to governments and NGOs as much as business firms, and the approach demands that both operations and core values are reconceived so that the drive for shared value takes precedence over profit. This entails creating new value in three mutually reinforcing ways (Porter and Kramer, 2011):


1/ Reconceiving products and markets

The private sector has become very effective at creating demand at the consumer level, but less so with communities more broadly. Companies that can define their markets in terms of those unmet communal needs, which requires developing products and services that respond effectively, are thus able to capitalize.

Each of the honourees is an innovator. They have championed the creation of new products and markets from which society can benefit. Instead of focusing on increasing coffee consumption beyond the 500 billion cups already consumed each year, for instance, Cycon has opted to meet the growing demand for socially and environmentally responsible products. Meanwhile, Naqvi has focused on investing in ways that help expand markets in emerging economies, in order to support sustainable job creation.

Hasemann's approach is a good example. Listening to the radio one day, she heard that Denmark's Institute for the Blind was looking to develop employment training for visually impaired people. As the manager of one of the first telemarketing companies in Denmark, Hasemann felt she had something to offer, so she contacted the institute. They introduced her to some of their members, and she was surprised to learn that several of them had a particular interest in working in telemarketing. By taking this small step, Hasemann identified a social need that her company could respond to as well as potential for a new market.

Working as a consultant for the Institute, Hasemann learned about the needs of blind and visually impaired persons. This enabled her to innovate, creating a new business model that balanced training and employment. The disability benefit system she set up ensured that the trainees were compensated for participating in the training scheme, and Hasemann was able to provide them with the support they needed to take advantage of employment opportunities. By providing a recruitment service to



other companies, she ensured that there was sufficient absorption capacity within the labour market in addition to diversifying the employment opportunities for graduates. This also enhanced opportunities for other companies to employ disabled people, so that Danish society could benefit equally from all its citizens.

2/ Re-defining productivity in the value chain

Historically, externalities were considered too costly for firms because of the regulations, fines and taxes that accompanied them. Increasingly, however, the private sector is recognizing that social and environmental problems can create internal costs within the value chain. Opting instead for long-term approaches to improving environmental and social performance can therefore increase productivity and sustainability, as well as to reduce costs.

The Business for Peace honourees are transforming their value chains in order to improve productivity and to share the rewards of their businesses with a wider community of stakeholders. For example, Groff has shown that supporting women to balance their work and caregiving responsibilities can reduce absenteeism, improve productivity and increase the number of women in senior positions.


Cycon has significantly improved productivity in Dean's Beans by studying and reforming every point in the value chain. He said that a lot of energy was wasted in the production of coffee, which is both inefficient for his company and damaging to the environment. Through his Environmental Management System, he has improved environmental sustainability at every stage of production — from installing an exhaust cleaning system to decreasing the use of natural gas and to relying on a solar electricity system at the roasting plant. Through Dean's Beans 100 percent recyclable coffee bags, Cycon has reduced his firm's resource wastage, which has prevented 1 million plastic bags being discarded.

Sustainable procurement is one of the main elements of Cycon's approach. He doesn't believe in the traditional approach of driving down prices on suppliers, and he dismisses such tactics as "inhumane and unnecessary for success." Instead, Cycon chooses to only purchase from small farmers and cooperatives, pay above Fair Trade prices and pre-finance most of his suppliers. This improves the productivity and well-being of farmers, which thereby enhances the quality of coffee beans. Additionally, rather than managing distributions to the company's 700 outlets across the United States, Cycon has decided to lower the product cost and request that the outlets pay for shipping. The savings from distribution costs are, in turn, invested back into the communities in which they work.

3/ Strengthening local business clusters

One of the main obstacles for businesses in developing countries has been the concern about the lack of infrastructure and local capacity. But in key regions where companies operate, the competitive context can be strengthened in ways that contribute to the company's growth. Investing collaboratively to close local gaps in logistics, suppliers, distribution channels, market organization and training, can create an environment for productivity and innovation.

Several of the honourees have prioritised cluster development, in markedly different ways. For Naqvi, it is central to his business approach. He uses private equity investment to build geographical clusters that support regional economic growth. His investments are carefully selected in terms of their potential to contribute to sustainable growth in this area, and Abraaj's partnering approach and Sustainability Index help foster improvements in local capabilities. For example, Abraaj sponsors research in private equity at The American University in Cairo, which helps drive innovation in their field and which will ultimately reduce remedial training costs for his firm in the long run, too.



Itaipu recognizes that, as the largest operational hydroelectric power plant in the world and the biggest employer in the area, the company's decision to establish the plant has significantly impacted the local area in which it operates. Problems such as violence, unemployment and illiteracy had previously and disproportionately affected women in the community, limiting the potential pool of female candidates for Itaipu as result. Groff has, therefore, pursued a two-pronged approach to gender equality — tackling it both inside and outside the organization. The firm's support to the town's domestic violence shelter, for example, includes opportunities for women to enrol in technical school. Itaipu also funds healthcare in mother- and child-related specialities.

Al-Sakkaf's approach to cluster development is focused on strengthening press freedom and promoting women's active participation in society. She recognizes that the success of the *Yemen Times* depends on the country's development as a whole. Limitations on press freedom reduce the newspaper's access to information and, therefore, quality of reporting. Equally, gender stereotypes and discrimination in Yemeni society prevents women from opting for careers in journalism. Al-Sakkaf tries to address these issues through her media training programmes for female journalists, gender-sensitive reporting, promotion of media pluralism and radio programmes about freedom of expression.

IV. BUSINESSWORTHINESS: ETHICAL AND RESPONSIBLE LEADERSHIP

What is businessworthiness?

The concept of 'businessworthiness' is closely linked to 'shared value', and it relates to the conduct of businesspeople as they channel their enterprises' energy towards social and economic value creation. Specifically, it is the ethical and responsible behaviour that makes companies *worthy* of their relationships with suppliers, customers and co-workers, as well as the communities in which they do business. Key elements of businessworthiness are trust, inclusiveness, transparency and integrity, especially as they are applied to the purpose, culture and operating environment of business firms.

Coined by Per Leif Saxegaard in 2007, the idea of *being businessworthy* was meant as a standard to aspire towards. He defined the concept as follows: "ethically and responsibly applying your business energy with the aim of creating economic value that also creates value for society." According to Leif Saxegaard, *being businessworthy* is relevant as an identifying concept for the individual person, as well as an approach for any business given the new reality of our inter-connected world. It focuses on combining profit maximisation with purpose maximisation in order to generate a social meaning for business. To be *businessworthy* can be understood as both making a difference while also turning a profit.

The annual Oslo Business for Peace Awards recognizes businesspeople that demonstrate how *being businessworthy* can be done. Though the concept can apply to strategies, business models and companies, this section will specifically focus on the exact characteristics of the honourees that constitute businessworthiness.

In what ways have the honourees demonstrated responsible and ethical conduct?

As we have seen, companies can no longer afford to operate in isolation because social and environmental needs impact the operation and success of businesses in multiple ways, which has only been amplified by the rise of our interconnected global reality. This has important implications for ethical conduct, because the morals and values that are found appropriate by society shapes business decisions about what is right or wrong. Indeed, the values of the communities in which companies operate define the social needs that companies can respond to. It is in this context that each of the honourees is helping create a higher ethical culture, through which their businesses can thrive.


Since the development of ethical leadership is based on the values of the company, the values of the community and the values of the customers, the approach of each honouree varies considerably. However, some key trends can be observed:

1/ Service to others

In a shared value approach, the pursuit of social good does not require business leaders to abandon their drive for profit, since the two are mutually reinforcing. What is evident from the honourees is that service to others, or altruism, takes priority over self-interest. Or, as Cycon noted, "Of course business has to be effective. We don't ignore those qualities, but we pick and choose."

All of the honourees began by identifying a societal need, recognizing that their business purpose is to respond to the goals and ambitions of the communities they work in. These social issues range from the under-representation of women and disabled people in the workplace, to sustainable growth and freedom of the press.

The motivations of the honourees make it clear that altruism underpins their approach to shared value. These capture both disaffection with the current business culture — with one honouree describing how the world has witnessed eight to ten years of greed — and defining moments that demonstrated injustice, such as pervasive inequality in the Foz do Iguaçu region in Brazil.



But service to others is also exemplified in their day-to-day habits and working culture — for example in Abraaj's model of mentoring investment partners.

2/ Trust

The breakdown of trust between community and business underlines the importance of the shared value approach. Business has come to be viewed as a major cause of social, environmental and economic problems, in which “Companies are widely perceived to be prospering at the expense of the broader community” (Porter and Kramer, 2011). By reconnecting their companies' success with socially responsible behaviour, the honourees have begun to redress that balance.

Building trust between community and business is a two-way process, which gets at the very heart of businessworthiness. It requires firms to put their trust in their communities, suppliers, customers and co-workers. It also requires that they work to regain the trust of communities. For example, Cycon uses pre-financing arrangements with suppliers because the financial reserves of small-scale coffee farmers can fall short between harvests, plunging them into debt and thereby impeding the ability to maintain their crops. This financial bridge demonstrates a commitment and concern beyond the farmers' product, and it enhances trust. On the other hand, Hasemann's work with the blind and visually impaired includes one-on-one, intensive training that allows her to support the trainees' individual and varied needs. Coupled with mentorships from blind employees within the organization, trainees' confidence improves, as does trust in Hasemann as an employer.


Ethical leadership also requires businesspeople to have trust in their co-workers. This is highlighted by Groff, who has taken a consensus-building approach to the development and oversight of the company's gender equality programme. “One of the main characteristics of a manager is to know how to involve people to work as a team,” she says. Naqvi, likewise, takes an innovative approach to building trust with his co-workers, giving them the option to volunteer their time (five days) and money (5 percent of their bonuses) to social causes of their choosing.

Each of the honourees is finding innovative ways to develop trust in the communities they work in. Al-Sakkaf has reached out to women across Yemen, providing them with opportunities to train as journalists and to learn about the obstacles they face. Cycon has piloted a model for social equity, which returns \$0.06 to farmers for every pound of coffee that is roasted. By giving the communities control over how that money is spent and engaging them at each stage of programme design and implementation, he is building lasting trust beyond his suppliers.

3/ Inclusiveness

Businessworthiness is driven by the social purpose that owners and executives place at the core of their entrepreneurial projects. Focusing on people who face social exclusion risks, then empowering them to change the status quo, can bring about higher profits and social impact multipliers. Profits can be achieved with or without integration of the poor — but by opting for the latter, businesses reduce poverty and help governments to save funds, which thereby allows them to redirect public spending to more investment and development.

All honourees have adopted inclusive business models, offering great opportunities to social groups facing vulnerabilities in certain development contexts. By integrating these vulnerable and low-income groups in the value chain, businesses selected in the BfP assessment process had empowered people by giving them skills and increasing their capacity to produce and consume, all prerequisites of irreversible poverty reduction and business growth. As Professor Prahalat stated in ‘The Fortune at



the Bottom of the Pyramid: Eradicating poverty through profits' (2004), almost 4 billion people are underserved and unable to consume goods and services due to income constraints. The future of growth depends on the capacity of business managers to understand the barriers and opportunities of those who are at the base of the income pyramid, and then to engage in doing business with them. Hasemann has created an innovative solution for blind and visually impaired people whose socio-economic integration is key to their quality of living, financial independence and sense of participation in the community. The social value that the telemarketing project has generated is remarkable, and the concept stands out as a powerful example of how businesses transform lives while increasing profits.

Cycon has adopted a value chain model that integrates farmers and processors in a sustainable way. Over time, coffee markets have become more and more competitive and, therefore, less inclusive of small farming. Dean's Beans has worked to counter this trend.

Women empowerment in both Al-Sakkaf's and Groff's initiatives are central to their work. In both cases, they are high-impact solutions to a problem that still needs broad commitment and consensus among public and private actors in countries and regions where gender inequality remains a challenge that hampers sustainable human development, growth and stability.


4/ Openness and Transparency

A key element of trust is honesty. Honesty is fundamental to changing the perception that companies' efforts to be socially responsible are about improving their reputation. Marketing has been used by many firms to tout high ethical standards — "corporations that tell you they do something, but don't, or do only some of the time," Cycon said — and consumers have come to distrust the standards that have been established. In order to bring their communities and customers on the journey towards shared value, the honourees have imposed higher standards of transparency for their respective companies. This is an essential component of corporate governance, and demonstrates to stakeholders that a company conducts its affairs in an ethical and responsible manner.

Several of the honourees are establishing new standards in transparency, communicating the progress they are making towards sustainability and model ethical behaviour. Concerned that the Fair Trade system was being abused by corporations, Dean's Beans became the first company in the United States to opt for an independent audit of its Fair Trade practices. This proves to their customers that they are 100 percent Fair Trade, and shows that they hold themselves "to the same levels of transparency and financial accountability that [they] demand from their partners." Similarly, Al-Sakkaf has made the *Yemen Times* one of the few organizations in Yemen to opt for an annual financial and administrative audit.

Naqvi is engaged in developing a range of tools to support Abraaj's partner organizations to reach higher levels of transparency. This includes: the Abraaj Sustainability Index, to help partners improve their financial performance, management and governance; and the Ethical Framework for Investment, to guide companies in implementing ethical principles throughout their practices. As part of their commitment to sharing this insight with others, Abraaj published integrated sustainability reports that are evaluated by the Global Reporting Initiative. Naqvi was also invited to join the board of directors at the United Nations Global Compact, and he is the only representative from the private equity industry.

Voluntary strategic policy initiatives, such as the UN Global Compact, are a key mechanism for transparency and disclosure among the honourees. The majority of the 2013 honourees are signatories to the Compact, which provides a framework for



disclosing sustainability policies and practices as well as helping advance sustainable business models. The Compact also requires companies to demonstrate their commitment to working against corruption in all its forms.

5/ Respect

An essential quality of ethical leadership is treating others with dignity and respect. This is also fundamental to a shared value approach because it requires companies to treat everyone in their supply chain, as well as the communities they serve, as ends in themselves rather than as means to short-term financial gain. Respecting these individuals and communities demonstrates their worth and value to the organization beyond their capacity as consumers or suppliers.

Hasemann's business model embodies dignity and respect by ensuring that the operating environment recognizes and accommodates the individual needs of her employees. A Telehandelshuset employee, who worked as a chef until he lost his job because of his visual impairment, describes how "There is space and understanding for each individual's differences. Differences are a very important parameter in daily life and contribute to creating togetherness and security for the individual." Supporting the blind and visually impaired from training to employment has helped Hasemann dismantle the assumptions and stereotypes that prevent people with disabilities from being gainfully employed. She has created a harmonious working environment in which the blind and visually impaired are protected from discrimination on the basis of disability, and she is championing their rights with government and business alike.

Another element of respectful leadership is embracing the varied, and sometimes conflicting, viewpoints of colleagues in the creation of shared value. This is fundamental to Groff's approach: "My trait is to be conciliatory...I have always sought to convince people to dialogue." She launched the gender equality programme by inviting 450 colleagues to discuss the challenges and solutions to women's advancement in the organization. From that point, she has tried to ensure that each employee has ownership over different aspects of the project: "Little by little, actions... will consolidate themselves [so that] the innovation is already implemented and can grow into new spaces."

V. DEMOCRATIC GOVERNANCE AND BUSINESS

The enlargement of the private sector's role in human development is closely linked to the evolution of democratic governance. For much of the 1960s and 1970s, it was widely accepted that 'governance' was synonymous with 'government'. In this respect, the state was both the provider of development support and the target of governance reforms. Consequently, there was a "top-down approach to development that lacked grounding in people" (UNDP, 2011) and focused instead on the managerial aspects of public management. This overlooked the role of businesses and private economic actors in governance.

During the 1980s, however, the mood changed. The state-centric approach was not working and non-state solutions were beginning to be pursued, including contracting out responsibilities to non-state actors such as the private sector. The diminishing legitimacy of state solutions led to the proliferation of neoliberal policies and an increased reliance on unregulated markets for resource allocation. In this context, economic development was increasingly viewed as a precondition for good governance.

Towards the end of the 1980s, NGOs, as well as social movements and activists in the Global South, mobilised to raise concern about increasing poverty and poor labour and environmental standards. They observed that the focus on economic development and the private sector had failed to incorporate citizens as agents and beneficiaries of development. The emergence of the human rights-based approach, therefore, gave credence to a broader notion of *democratic governance*.

This broader concept requires fostering efficient institutions and an economic and political environment that renders public services effective and which makes economic growth possible. But at the same time, democratic governance is also concerned with whether institutions and rules are fair and accountable, whether they protect human rights and political freedoms and whether all people have a say in how they operate.

Democratic governance and shared value are closely aligned to the extent that they both take a people-centred approach to achieving more equitable economic and social outcomes. The values of democratic governance should apply to business firms as much as to governments. Hence, shared value can create ways of contributing to democratic governance as an end in itself.

How does the work of the honourees contribute to democratic governance?

In the current global context, economic growth and private sector participation in development have become performance criteria according to which efficiency of public governance is assessed. Increasingly, states need the business community's participation in devising solutions to poverty and social exclusion. Yet, states alone cannot build a multilevel governance system in which the private sector has an institutional role in development — unless, of course, the private sector is able to undertake such a mission. Honourees of the BfP award have championed business engagement in development — combining innovation with dedication and social activism — and showcasing how financial returns can be transformational in terms of quality of life, trust and stability in the community.

Five important links between democratic governance and shared value are exemplified by the work of the honourees:

1/ Relationship with government

The relationship between business and government has particular relevance to shared value. The social, economic and environmental costs created by companies that prioritise short-term financial gain at the expense of communities have led many governments to pursue punitive regulations. Porter and Kramer (2011) argue that this institutionalises the notion of trade-offs

between economic efficiency and social progress, and suggests that it would be better to focus on measuring environmental and social performance and “introducing standards, phase-in periods, and support for technology that would promote innovation.” But many fear that companies set on profit maximisation will find ways to overcome any form of regulation. Equally, there is a need for regulation to demonstrate zero-tolerance for exploitation, corruption and other unethical practices.

By and large, the honourees see themselves as operating outside of government: “we just don’t work much with governments,” one said. Some of the honourees even described this independence as proof that they were creating value for society. ‘In recognition... that we have paid our dues,’ was an oft heard comment among them. Cycon, for instance, viewed the harmonisation of the international trade in coffee as playing a crucial role in minimizing bureaucratic obstacles and government reliance on coffee exports. As the only honouree working solely in an advanced democracy, Hasemann perceived that there was a much greater dependency on government because the disabled trainees and employees received subsidies from the government to support their employment.

Many of the honourees have had negative experiences with governments, especially those working in countries transitioning to democracy or with limited rule of law. In these cases, they have had to grapple with corruption, extortion, arrests, detentions and court cases. Based on these experiences, one of the honourees described government as an “inhibitor.” Other honourees cited bureaucracy as a key prohibiting factor, including changing legislation, arbitrary application of regulations and extensive paperwork. Notably, the companies with less reliance on government support faced fewer bureaucratic obstacles.

Equally, the honourees gave examples of ways in which they were collaborating successfully with government at the local and national level. For example, Hasemann described how “The Minister of Labour has been working for the last six months to determine how the government can be more supportive.” One employee at the *Yemen Times* felt that the government had become more supportive in the wake of the 2011 Arab uprisings.

Overall, the honourees viewed their main stakeholders as the communities in which they and their co-workers operate. Consequently, they also consider their relationships with CSOs as important and productive: “In general, initiatives by government are guided by demand from civil society.” Many of the honourees described a trajectory in which they first secure the trust of the communities and CSO partners and then can be fully responsive to the needs of the community. Once they are ‘in tune with community needs’ and ‘seen as successful’, governments come to see them as legitimate partners and they start to gain a footing with the public sector. This encourages governments and the private sector to follow their lead, and they open the way for similar practices and investments.

The result of these dynamics is that many of the honourees are engaged in an advisory capacity with governments. From working on national economic plans to holding workshops on corporate social responsibility and advising on national dialogue processes, the honourees are being offered new platforms to help shape the enabling environment for business success. Perhaps because of this engagement, or because of the complex social issues that the honourees are engaged in, many of them have come to see the importance of government for shared value creation. They describe the political reform that is required to reinforce economic reforms, and one honouree described the single most important factor as “ensuring the rule of law.” Particular roles for government were identified by the honourees, including improving education and health, as well as strengthening infrastructure.

2/ Social Accountability: The private sector is understood to consist not only of business firms, but also of individuals and households that consume and produce goods and services. The political and social space is impacted by these private economic

actors, and poverty reduction therefore requires effective democratic governance as a mechanism for identifying and responding to their needs (OECD, 2006).

Dean's Beans works solely with cooperatives at the supplier level. In addition to being members of the cooperatives, the farmers are also owners, which mean they are both the users of the cooperatives' services and managers of the firms. As opposed to private companies, all members have an equal share in a cooperative and equal voting power. Cooperatives incorporate the aims of their members, and these are often broader than profit maximisation. For example, some cooperatives are focused on engaging the largest possible membership without losing money. They also have non-economic goals, such as participation, democracy and member education (CMI, 2004). This is a vital mechanism for ensuring that the pursuit of social and economic progress is based on the needs of the community, and as a means of holding business firms accountable to the communities in which they operate.


3/ Conditions for Development: The private sector can only contribute to sustainable human and economic development under the right market conditions. This requires an efficient state with sufficient human, financial and institutional capacity to empower private actors to expand productive capacity, provide social protection, ensure fair competition and support the most vulnerable individuals to sustain and protect their livelihoods. But it also requires a robust and vigorous private sector, which adheres to ethical standards and does not reinforce existing inequalities and patterns of social exclusion.

The Abraaj Group is focused on strengthening and developing the private sector through its investments. One of the six categories of its Sustainability Index is 'Private Sector Development', which it recognizes as fundamental to the overall development impact of the Group's investments. Each of Abraaj's partner companies is benchmarked against Private Sector Development and is expected to improve their score each year. This is complemented by their 'Ethical Framework for Investment', which guides companies towards endorsing ethical principles. Additionally, the Abraaj Group is leading by example on corporate governance as the first private equity firm to seek a licence from the Dubai Financial Services Authority. It has since built on this by developing a Holistic 'Compliance and Governance Framework', which communicates the company's ethical standards to stakeholders and which holds employees to account.

4/ Development Partnerships: Many business firms contribute directly to elements of democratic governance such as protecting, enabling and implementing citizenship rights, as well as the provision of public goods and services. Shared value is an important vehicle for democratic governance programming, and many of the honourees demonstrate good practice in this regard. In some cases, the honourees are operating in countries with failed or failing states, and are thus required to take on activities that have traditionally been under the purview of governments. Consequently, there is a growing interest in partnering with the private sector to leverage the impact of companies' core business activities on democratic governance outcomes.

The *Yemen Times* is deeply committed to freedom of the press, a key tenet of democratic governance. It has established the first independent community radio station to give a voice to Yemeni people on key issues affecting their country. The radio station aims to promote democracy, freedom and human rights, as well as improving media professionalism in radio broadcasting. Since 50 percent of the Yemeni population is illiterate, radio remains an important communication tool and the *Yemen Times* is using it to bring people into the National Dialogue. For example, Radio Yemen Times produces Article 19, a weekly programme that tackles issues related to freedom of opinion and expression. Its title is drawn from the relevant article of the International Declaration of Human Rights.

5/ Measurement and Impact



The transition towards contracting out responsibilities to non-state actors was, in large part, driven by a desire for greater efficiency. This ‘New Public Management’ agenda has heightened the demand for results and the need to competitively quantify value for money. A democratic governance approach, on the other hand, suggests that the former overlooks the complex adaptive systems within which social change is created in favour of more linear causality. The result is that the co-creation of public value between citizens and public and private agencies is often neglected.

Since the concept of shared value is relatively new, there is limited research and guidance to support its measurement. However, shared value measurement is a vital step for sustainable business and development success because it enables companies to modify their strategies, improve decision-making and optimise results. Because customers, co-workers, investors and communities want to know how a business positively contributes to society and the economy, innovation, growth and social impact then require companies to be aware of the exact interdependency between social and business results as well as their shared role in supporting developing economies.

Despite these potential benefits, the majority of the honourees felt that measurement was ineffective and viewed it as a secondary concern at best. One honouree said that “metrics miss” and are “overrated.” In particular, he felt that they failed to capture the anecdotal and qualitative differences that shared value achieves. Another honouree described being overwhelmed by requests for measurement: “It seems it is all about measurement,” they said. Motivations for measurement, such as changing government policies, were viewed with scepticism by some of the honourees. At the same time, the potential benefits of measurement were recognized in terms of supporting others to emulate the shared value approach.

A review of the honourees’ different measurement approaches reveals that they face a number of shared challenges. First, they are largely focused on capturing quantitative, short-term results and outputs rather than long-term *impact*. This is a missed opportunity for business firms because many of the more significant aspects of social change will only be realized in the long run. The focus on outputs rather than outcomes may perpetuate the sense that measurement has limited application, since it will fail to capture the difference that, a hospital being built, for example, has made on the community and the local cluster development.

Second, very few of the methodologies measure social impact and profit as one system. This is a particular challenge for shared value approaches, and it limits the application of the range of measurement tools developed for CSR. In order to capture the *new* value that has been created, measurements need to model the anticipated social benefits *relative* to its projected costs, and then track progress against the desired targets (Porter et al., 2012). New methodologies will need to be developed to capture the dual outcomes of shared value approaches, so that the links between them can be better understood. A composite index linking business performance with the impact on local social indicators such as poverty, unemployment, women’s participation rate, social safety net enrolment and spending would serve the purpose of measuring businessworthiness in a specific development context. Such an index may also consider quantifying parameters such as the trust and perception of people in the community through specific surveys. The businessworthiness index would allow for comparative analyses and competition among private actors regarding their business capacity to generate social value. It will also contribute to the expansion of the inclusive business culture that is critical to the sustainable development of our global system.



VI. REFLECTIONS

The documentation of the 2013 Business for Peace honourees has helped deepen the understanding of the shared value approach and the concept of businessworthiness. The stories and analyses have helped to unlock the process and potential of shared value in business, and the particular characteristics of the honourees that have enabled them to overcome the challenges of 'doing business differently'. It is hoped that this will contribute to future discussions on shared value, corporate social responsibility, the relationship between business and development as well as the enabling environment for business success. More importantly, the stories are intended to provide concrete examples of how it can be done so that other businesses might consider taking a shared value approach.

This section draws on the different components of the report, in order to distil key lessons and reflections. It is not intended as an explicit set of recommendations, but as a starting point for those interested in the shared value approach. The reflections aim to summarise the key lessons from the documentation process, and to stimulate thought and action.

1/ The growing gap between business and society is a missed opportunity for economic and social development.

While it seems that the development community increasingly recognizes the important role of the private sector in development at the conceptual level, policies and practices seem to perpetuate the idea that there are trade-offs between social value creation and profit-maximisation. Narrow conceptions of the private sector as an economic actor ensure that businesses are tangential to the core functions of development organizations. The shared value approach and businessworthy leaders are developing ways to close this gap, and the development community should find ways to engage in this process.

2/ There is untapped potential in the links between democratic governance and shared value.

The experiences of the honourees demonstrate that shared value is contributing to the realization of democratic governance as an end in itself. The enlargement of the concept of governance over the past 20 years has led to a growing recognition of the importance of economic actors and their relationships with government, civil society and communities in shaping and responding to social and economic needs. Democratic governance and shared value are closely aligned to the extent that both take a people-centred approach to achieving more equitable economic and social outcomes. The values of democratic governance should, therefore, apply to business firms as much as governments.


Those working on democratic governance should explore the role of the private sector in strengthening social accountability and delivering democratic governance programmes. Equally, they should recognize the importance of strengthening state capacity in order to create the right market conditions for businesses to thrive and further contribute to development.

3/ There is a global governance gap.

Globalisation has created complex operating environments for businesses and they are expected to transcend a range of different, and sometimes inconsistent, legal requirements. At the same time, many of the social and economic issues that businesses respond to have transnational causes that require multilateral solutions, such as climate change. Yet there has been insufficient focus on "globalising the civic and democratic institutions that have historically comprised the free market's indispensable context" (Barber, 2000:275). Consequently, many businesses are helping close this 'global governance gap' by voluntarily contributing to self-regulation for sustainable business practices, such as through the UN Global Compact, IFC Performance Standards and OECD Guidelines for Multinational Enterprises. Linking these global standards to shared value approaches will strengthen the enabling environment for new value creation.

4/ Civil Society Organisations play a key role in shared value creation.

All of the honourees pointed to their relationships with CSOs as productive and useful in the journey towards shared value.



Specifically, CSOs play a key role in helping identify societal needs, creating entry points into the communities, setting standards for engagement with the community, being development partners and influencing government. This is a key lesson and it suggests that CSOs are fundamental to the enabling environment for shared value. Governments should recognize this relationship and find ways to support CSOs to cultivate partnerships with businessworthy leaders.

5/ Businessworthy leaders are able to work closely with governments and are able to work with other partners to overcome bureaucratic and policy obstacles when they arise.

Few of the honourees described a positive working relationship with government in the creation of shared value, and many saw them as an obstacle to progress. At the same time, many of the honourees recognized the importance of governments to maintain the rule of law, improve education and health, as well as strengthen infrastructure. It was recognized that economic reform strengthens political reform, and honourees considered themselves as having key advisory roles in this regard. Development organizations need to identify ways of bridging this gap so that governments can be partners from the beginning, responding to the specific needs of shared value creation, and to limiting the bureaucratic obstacles to innovation.

6/ The impact of shared value is not being systematically captured and utilized.

Overall, the honourees felt that measurement and results had limited application to shared value. Equally, a number of them faced specific challenges with regard to measurement, such as linking the social impact to costs, as well as communicating long-term impact rather than short-term output. Analysis of the literature revealed that methodologies for shared value measurement are in their infancy, and there is little guidance to support the development of meaningful results. Failure to advance this agenda could lead to missed opportunities for businessworthy firms, including communicating the importance of shared value, improving decision-making and optimising results. There is a clear need for academics, researchers and companies to help overcome the perception that measurement and results are irrelevant, and also to find ways in which they can be a central part of the shared value approach. This, in turn, will generate knowledge and learning that incentivise others to join the shared value movement.

Based on these reflections, it is clear that the concepts of businessworthiness and shared value hold enormous potential. Framing business in this way means that companies can actively contribute to development without sacrificing their profits or sustainability. There is also an untapped capacity in relation to democratic governance. A businessworthy approach can help strengthen private sector governance, partnerships between government and business, social accountability and democratic governance goals—such as the rule of law and commercial justice. In order to unlock this potential, the development community needs to better engage with businessworthy leaders, governments need to be supported to strengthen the enabling environment for shared value, global governance mechanisms need to encourage shared value approaches, CSOs need to be supported to bridge the gap between society and business and measurement approaches need to evolve to have more relevance to businessworthy firms. More importantly, a new business culture that leads to inclusive markets and that leverages the increasing private investment in human capital for productive capacities should, above all, spread and draw on corporate social responsibility gains. It must also seek solutions to the alarmingly high inequality that globalisation has generated and fostered.

This paper was intended to stimulate further dialogue and thought leadership on how to best drive forward a higher form of capitalism, one that supports the achievement of human development goals rather than undermining them. The experiences of the honourees have provided concrete examples of how it can be done, as well as distilling a range of challenges that need to be overcome. In this sense, the paper is a stepping stone towards a shared value agenda, which it is hoped will become a well-trodden path.



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