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Social Entrepreneurial Initiatives within the Sustainable Development Landscape

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Abstract. Over the last few years many business schools have been active in developing courses on social entrepreneurship. The case studies used are typically based on non-profit initiatives aimed at alleviating social problems in the community. Yet social entrepreneurship is not limited in scope and structure. It is neither geographically nor culturally centered. To avoid the dilemma of defining what social entrepreneurship is or what it is not, we argue that the most fruitful approach is to adopt a specific *perspective* that illuminates the role and the unique contribution of social entrepreneurship. The perspective we propose is "sustainable development". This approach also permits the positioning of social entrepreneurship alongside existing organizations that participate in the global efforts to achieve sustainable development. We describe initiatives by social entrepreneurs and established corporations, highlight the social, economic and environmental impact, and draw out commonalities from the examples given.

Keywords: sustainable development, social entrepreneurship, corporate social responsibility.

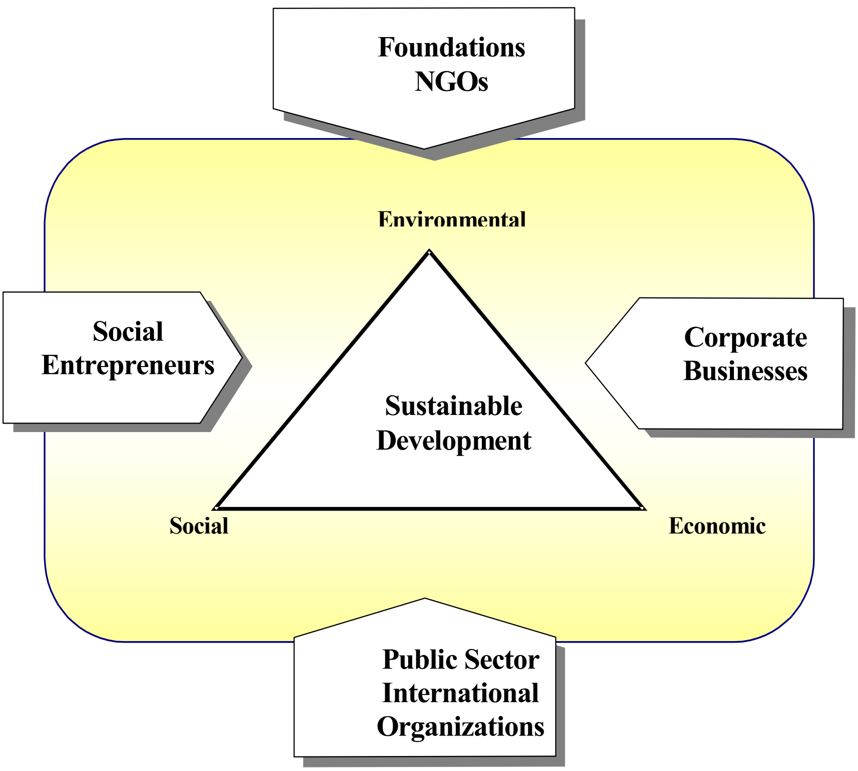
1. Introduction

In 1987, the need for a more sustainable form of development and growth was expressed by the United Nations' World Commission on Environment and Development in the landmark report titled 'Our Common Future'. The term *sustainable development* has since then permeated public policy addressing social, environmental and economic development in ways that "meet the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987).

The United Nations has built on this notion of sustainable development to define a set of Millennium Development Goals (MDGs). These comprise eight goals broken down into 18 targets and 48 specific indicators that can be quantified and monitored for development and poverty eradication by 2015. Goals include poverty reduction, gender equality, health, education, and environmental issues (*see Appendix 1*). Adopted by the General Assembly of the United Nations in September 2000 the MDGs reflect the urgency and complexity of addressing the challenges of sustainable development on a global scale.

Sustainable development is often disaggregated into social, economic, and environmental dimensions. Various organizations are engaged in contributing to development in these areas. Figure 1 displays four main groups of actors: the public sector and international organizations, foundations and NGOs, corporations, and social entrepreneurs. The public sector and international organizations are primarily engaged in formulating policies, coordinating global initiatives and providing significant funds for initiatives aimed at socioeconomic development. Foundations and non-government organisations (NGOs) are often creating awareness and frequently work more directly to address the needs of particular communities or specific types of needs. Large corporations are increasingly expected to adopt socially responsible practices within their business processes and make more proactive contributions towards achieving sustainable development. Within this framework of organizations and institutions we see social entrepreneurs as novel actors that are unique in developing small scale, flexible and innovative approaches to social value creation.

Figure 1: The Sustainable Development Landscape: The Actors Involved



It is important to note that "sustainable development is not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs" (World Commission on Environment and Development, 1987). As the landscape is dynamic, it presents opportunities for new players to emerge and address opportunities for value creation.[1]

While the topic is complex, we limit the scope of this note and provide an overview of how social entrepreneurs and corporations, through their initiatives, help to address issues surrounding sustainable development. We highlight the impact these initiatives have in the social, economic and environmental dimensions and identify commonalities from the examples stated. We argue that these commonalities help to break down the abstract concept of sustainable development into tangible outcomes; to clarify the nature of social entrepreneurship; and to provide a typology to analyze a variety of cases.

2. Social Entrepreneurs and Sustainable Development

In this section we first define who might be deemed a social entrepreneur. Secondly we describe three different examples of social entrepreneurial initiatives. And thirdly we illustrate the common elements from these initiatives and analyze their impact along the social, economic and environmental dimensions of sustainable development.

2.1. Who is a Social Entrepreneur?

> Social entrepreneurs are the flame that ignites the fire of social transformation. This is not business as usual. That flame must be fanned and nurtured by those who understand what social entrepreneurship is about and delight in its promise to achieve social transformation.
>
> Pamela Hartigan, Managing Director, The Schwab Foundation for Social Entrepreneurship

Social entrepreneurship is increasingly recognized as an effective means to integrate economic and social value creation. However, despite the increasing interest and activity in the area, it remains much misunderstood. Social entrepreneurship is not the sole domain of non-profit organizations and social entrepreneurs are active in the for-profit arena as well. The choice of set-up –

1. For example, consulting firms such as *SustainAbility* (www.sustainablity.com) have been the first to enter this market to provide consulting services on the issues of sustainability.

whether the initiative adopts a not-for-profit, a for-profit or a hybrid [2] form – mainly depends on the particular business model and the specific social needs addressed. Social entrepreneurs who address basic needs such as food, shelter or education very often find it difficult to capture economic value (Seelos and Mair, 2005). "Customers" of social entrepreneurs may be willing but often are unable to pay even a small part of the price of the products and services provided. Therefore they choose a not-for-profit set-up.

A more straightforward criterion to differentiate between traditional business entrepreneurs and social entrepreneurs lies in the relative priority given to social versus economic wealth creation. Every entrepreneur also creates social value (in the simplest case by paying taxes and creating employment). However, while for traditional business entrepreneurs social wealth is a by-product of the economic value created (Venkataraman, 1997); the main focus of social entrepreneurs is on social value creation. It is important to note that this does not mean that social entrepreneurs do not or should not pursue an "earned income" strategy, quite the opposite. For the Grameen Bank, one of the world's leading microfinance institutions, creating economic value is critical to ensure that it is able to continue with its mission, namely to change the life of the poorest among the poor by providing loans. Thus, for social entrepreneurs, social wealth creation is the primary objective, while economic value creation, in the form of earned income, is necessary to ensure the financial viability and sustainability of the initiative. While an increasing number of companies follow a social mission (Ben & Jerrys or the Body Shop), their primary objective still rests on economic value creation. According to our view these companies, although they certainly create social value, as any corporation or company does, do not qualify as social enterprises.

Social entrepreneurs use the same skills as traditional entrepreneurs but operate in a very different environment. Like business entrepreneurs, social entrepreneurs see and act upon what others miss. They seek opportunities to improve systems, to create solutions and to invent new approaches. Unlike business entrepreneurs, however, social entrepreneurs operate within a social rather than a purely economic context, which means they have limited access to capital and traditional market support systems. Many social entrepreneurs operate in developing countries that have none of the structures or resources that would enable and support traditional entrepreneurship. Social entrepreneurs must create novel business models, organizational structures and unique strategies for brokering between very limited, disparate and often dynamic resources to create social value. As a result, social entrepreneurs must be exceptionally skilled at mustering and mobilizing resources – human, financial, and political.

Successful social entrepreneurs produce significant returns. The results of their efforts transform existing realities, induce paradigm shifts, open up new

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2. The UK Government is considering legislating a new form of entity *Community Interest Company (CIC)* that will have a hybrid form between a for-profit and a not-for-profit entity to facilitate social entrepreneurial initiatives.

pathways for the marginalized and the disadvantaged, and unlock society's potential to effect positive change (Alvord, Brown and Letts, 2004).

2.2. Social Entrepreneurial Initiatives

> A social entrepreneur works within a scale ranging from zero to 100 percent cost recovery. If they distribute food to the hungry, they are operating at zero cost recovery. If they provide health services and charge a fee to cover part of the cost, they are operating at a positive cost recovery. Once they reach 100 percent cost recovery, they become a sustainable social entrepreneur. If a social entrepreneur remains sustainable, they can become a legitimate player because they can draw on the resources of the market. The more sustainable social entrepreneurs there are, the more powerful they become as a business community.
>
> Muhammad Yunus, Founder of the Grameen Bank

1. Aigamo: Promoting Environmental Sustainability through Creative Farming

> I'm not just raising ducks; I'm raising rice and ducks at the same time in the same field. By combining two completely different things you can come up with wonderful results. Ducks and rice are just one example.
>
> Takao Furuno[3], Organic Farmer

The 'green revolution', which increased food yields through intensive mono-cropping and use of inorganic fertilizers, pesticides and herbicides, is now recognized as environmentally unsustainable. Annual increases in the use of chemical fertilizers outstrip the growth of rice yields, causing ever declining incomes for their farmers. Takao Furuno, a Japanese farmer, was determined to address this problem and turn his rice farm organic. While exploring ways to address the issue, he came upon the traditional practice of using *aigamo*[4] ducks to grow rice. In the Aigamo farming method, no pesticides or chemical fertilizers are used and yet the rice yields obtained are nearly twice those obtained from using conventional production methods. This organically grown rice is also sold at a large premium.

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3. Takao Furuno made the list of the Schwab Foundation's *'Outstanding Social Entrepreneurs 2002'*.
4. Aigamo is a Japanese name for a small breed of ducks that are a cross between a mallard drake and another domesticated species.

In Furuno’s rediscovered Aigamo method, soon after rice is transplanted, two-week-old ducklings are added in fenced pens to the flooded fields. A natural symbiotic relationship then develops within the duck-rice ecosystem. The ducks eat weeds, weed seeds, insects, and other pests and also add droppings that provide plant nutrients. Additionally, the ducks’ swimming activity aerates the fields, which in turn strengthens the rice stalks. After the rice crop is harvested, Furuno adds compost and plants wheat as a cover crop. He also raises a variety of vegetables on each plot, and is able to deliver vegetables, rice, duck meat, and other items, such as duck eggs and fish to over 100 families.

Furuno's duck-rice system is the result of continuous study and years of trial and error adjustments. He has had to face numerous setbacks prior to getting the technique right. For example, in one season disease destroyed his entire crop and on another occasion, for nearly three years his ducks were eaten by dogs until he had the idea of installing electric fences. Furuno’s research has been exhaustive going to the extent of identifying the optimal age at which ducklings should be released into paddies, the number that should be introduced for each tenth of a hectare and the moment when the ducks should be removed. He also discovered that the addition of certain fish (loaches) and a nitrogen-fixing weed (azolla) to paddies boosted rice and duck growth.

Furuno has successfully demonstrated that small-scale organic farming can be highly productive: his 3.2 hectare farm provides him with an estimated income of US$ 160,000 per year. In 2002, an estimated 10,000 farmers used Furuno’s method domestically in Japan and over 75,000 farmers had adopted Aigamo internationally in countries such as China, India, Philippines, Korea, Vietnam, Laos, Cambodia, and Malaysia.

In sum, the economic impact of Aigamo spans from productivity gains and premium prices for the individual farmers to income effects through scaling of the initiatives in different countries. From a social perspective the initiative caters to public health issues (reduced use of pesticides and chemical fertilizers) and improved standards of living for the farmers. The most prominent impact relates to the environmental aspect: Aigamo fosters an ecological balance by using natural methods to control pests and fertilize the soil and thus avoids soil degradation.

2. Grameen Bank: Creating Wealth from Poverty

> We are wrongly told that the free market economy is only about personal gain. But social consciousness or doing good for other people can also be an incentive. So is accepting the notion that making money is not the only principle. All that social enterprises need to do is cover their costs. Grameen is now a very large enterprise throughout Bangladesh that covers its costs with a small profit. It all depends on how you design it.
>
> Muhammad Yunus

The Grameen[5] Bank (GB) provides credit to the poor in rural Bangladesh without any collateral. Muhammad Yunus, the founder of GB believed that credit could be an effective tool to fight poverty and that it serves as a catalyst in the overall development of socio-economic structure. The Grameen project began in one village in 1976 and in the early phases, Yunus, an economics professor, along with his students, worked in rural areas with the poor villagers in order to gain a better understanding of their problems. In 1983 the GB officially came into existence when a law was passed by the government of Bangladesh specifically enabling its creation.

The GB operated differently from existing credit providing organizations on three counts: firstly, priority was given to design the system in such a manner that the loans would be fully repaid, and repaid on time. Secondly, only the poorest villagers, (the landless), were eligible. Thirdly, the bank would make an effort to lend money primarily to women who were socially, as well as economically, impoverished.

The loan disbursal design was unique. To qualify for a loan, a villager had to demonstrate that her[6] family assets were below the bank's threshold. The villager was not required to put up collateral but instead had to join a five-member group and a forty-member center and attend a weekly meeting. The villager also had to assume responsibility for the loans of her group's members; it was the group, not the bank, which initially evaluated the loan proposals. Defaulters would spoil things for everybody else, so group members had to choose their partners wisely. If all five repaid their loans promptly, each was guaranteed access to credit for the rest of her life, or as long as she elected to remain a customer.

The GB has been profitable ever since its existence, except in 1983, 1991, and 1992. "It is not a charity; it is a business and its funds are recycled and continue to grow", underscored Yunus at the 2000 U.N. Millennium Summit. The example of the GB has inspired a global microcredit movement that has spread to 65 developing countries and has reached 17 million borrowers around the globe. According to a recent internal survey[7], over 46% of Grameen's borrower families had crossed the poverty line and the remaining families were moving steadily out of poverty.

Grameen's foremost achievement is its ability to alter the widespread norm that one cannot do business or give credit to the poor. The social consequences of this paradigm shift include reduction of poverty, and the development of individual self-esteem and female empowerment through self-help. Environmental effects are less apparent but include an increased awareness for the environment (e.g., reduced use of wood for cooking) through higher levels of education and standards of living. The economic benefits for the borrowers

5. The word *'Grameen'* in Bangla, the national language of Bangladesh, literally means *'of the village'*.
6. The feminine form is used to describe the client as this was Grameen's target client segment.
7. Source: Grameen Bank website http://www.grameen-info.org/, December 2003.

include profits from the newly created micro-enterprises as well as improved business skills (e.g., negotiation skills) from the specific training programs offered by GB. The lenders on the other hand gain economically from the group lending method as they can count on an outstanding credit discipline and face marginal default rates.

3. Lijjat Papad: A 'Tasty' Job-Creation Recipe for Unskilled Women

Lijjat Papad is about women. We provide work and work gives self-dignity.

Mrs. Jashwantiben Popat, Co-Founder, Shri Mahila Griha Udyog, Lijjat Papad Group

Lijjat Papad[8] is an organization that has acted as a catalyst in empowering poor urban women across India over the last four decades. Launched on a shoestring, the co-operative's annual turnover in 2002 exceeded $65 million. Lijjat was started by a group of seven women in 1959 and in 2002 it had grown to more than 40,000 members in 62 branches across 17 Indian states. Lijjat's main product is a thin, round, savory snack called *papad*, and *papad* rolling is the major activity of the "member sisters". Lijjat currently exports its products to countries and regions such as the US, the UK and the Middle East.

Lijjat offers self-employment opportunities to women. Any woman looking for work can join Lijjat, and earn Rs. 2,000 to Rs. 3,000[9] every month for her roughly six hours of work every day from home. Lijjat women collect ingredients to roll, cut and dry at home and return the next day with a minimum of 3 kilograms of *papads*. The *papads* are dried on open terraces or balconies commonly available in the homes[10] of the women, avoiding the need for large factory space. Natural sunlight, abundant in India, is also an important input in the production process. The *papads* are finally tasted to ensure quality before being packed for distribution.

Lijjat's backbone is provided by its women employees and its strength lies in managing resources, notably capital Only women can become members of Lijjat, and all of its members, own the organization. Remuneration is the same for everyone, and profits and losses are shared equally among the member sisters, so there is no possibility of concentration of assets and wealth. Making a profit is seen as essential. *"If we do not make money the organisation will not run, and to*

8. The term *'Lijjat'* literally means 'tasty' in Hindi, the national language of India. *'Papad'* is an Indian snack that comes in various forms and flavours.
9. India's GDP/capita in PPP terms is $2,540; Exchange rate: 1 US$ = 48.6 Indian Rupees (Rs.): Source: The World Factbook, US Government, 2002 data.
10. It is common for the poor people of the cities in India to live in basic apartment blocks called '*chawls*' where each family typically lives out of a large room and shares common facilities, such as bathrooms, terraces and courtyards.

make money it is essential to run the business with skill", says the group's rulebook. There is a narrow, standardized range of products and it does not give credit to the retailers it supplies. The organisation is lean and typically five administrators run a branch of 400 women. Technology however is rejected because it displaces jobs. Lijjat refuses to accept donations, but instead provides donations to the needy..

.Lijjat Papad has been successful in India because there are few barriers to entry such as specialized skills or the need for production facilities and the model is easily scaleable. Lijjat had been quick to pick up on, and use to its advantage, some basic characteristics of the Indian market place: most Indian women know how to make *papad*; the female, the urban poor are underemployed; and decentralized production is the best way of distributing consumer goods.

Lijjat Papad's main contribution to sustainable development comprises both social and economic dimensions. By providing employment for the "unskilled", it stimulates self-confidence and a sense of empowerment for women. It generates profits for the organization and its members and provides a credit facility for women which has an economic multiplier effect.

2.3. The Common Features and Impact of the Social Entrepreneurial Initiatives

The common elements from the three social entrepreneurial initiatives highlighted here are discussed below. See *Table 1* for a summary of their impact along the social, environmental and economic dimensions.

a) *The social entrepreneurs identified an opportunity that was overlooked.*

Existing companies or institutions were not interested in addressing the needs that were identified by the social entrepreneurs because servicing these needs did not seem to make conventional business sense. It is only in hindsight that their proposition seems viable or appears to have constituted an opportunity. Furuno's idea of combining ducks and rice to avoid the use of pesticides and chemical fertilizers was quite unconventional. Almost nobody believed that Grameen could make money from a client segment that was below the poverty line and in Lijjat's case it was difficult to conceive that unskilled women could become the company's core asset.

b) All the protagonists involved had a social focus though profit making was also important.

The underlying reason for creating a business was not solely to make money. Furuno started thinking about a better way of farming because he felt that the environment needed to be cared for. Grameen started out with the objective of providing credit for the poorest of the poor, while Lijjat's objective was to provide employment for unskilled women.

c) Good business practices were used to operate the businesses.

The design of operational procedures was important to the overall success of the enterprise. In the case of Furuno, it took years of research to get the timing of the introduction of the ducklings into the rice fields correct for optimum yields. Prior to starting the bank, Grameen personnel worked with their prospective clients in remote rural areas to understand the villagers' mindsets and needs. This allowed them to understand their clients better, and they, in turn, provided information that helped to design a unique loan disbursal system. Lijjat ensured that no credit was given to the retailers it supplied, one of the many business principles that ensured strong financials for the company. All these procedures went a long way to ensure that the businesses were successful.

d) The social entrepreneurs made the best use of the resources they had.

The social entrepreneurs involved often had to look for innovative ways to ensure that they made the most use of the resources they had access to. Furuno, for example, combined duck and rice farming into one process. Additionally he stopped using pesticides and chemical fertilizers, reduced weeding needs and grew many extra crops on his relatively small farm. At Grameen, the process of granting loans and loan repayment involved in large part the participation of the community itself. This helped reduce administration procedures and at the same time the risk of bad debt. In Lijjat's example practical operating procedures were adopted to ensure that costs were kept to a minimum. Natural sunlight was used as an important input in the production process for drying the papads and factory space was not required as most of the drying was done from the open terraces or the balconies commonly available in the homes of the Lijjat 'sisters'.

Table 1: Impact Assessment of the Social Entrepreneurial Initiatives

	Social Impact	Environmental Impact	Economic Impact
AIGAMO	• Public health hazards reduced due to less use of pesticides and chemical fertilizers • Increased quality of life due to reduced workload (less weeding etc.) and better income (organic rice is sold at a premium) for the farmers	• Soil degradation controlled as chemical use avoided • Ecological balance maintained as natural methods used to control pests and fertilize the soil	• Economic gains through productivity increases -higher yield for rice and more crops per farm • Premium price obtained for the organic rice
GRAMEEN BANK	• Helped reduce poverty. • Built confidence among the people and started a virtuous cycle for the betterment of society	• Little direct impact, however an economically stronger and a more educated or aware society reduces the pressures on the environment - e.g. demand for wood used in cooking fires should drop as standards of living improve	• Entrepreneurs benefit from the credit given by the bank-new business creation improves economic situation • Gains in profit and goodwill for the bank through a wider and loyal customer base • Better negotiating power of the poor people improves their chances of success in business
LIJJAT PAPAD	• Employment for the 'unskilled' • Improves confidence and sense of well-being for the women through employment	• No apparent impact	• Profits for the company and its people. • Credit facility for poor women through generated revenues

3. Corporate Initiatives and Sustainable Development

In this section we provide an overview of the types of activities that companies are undertaking to address sustainability related issues. First, we introduce the concept of Corporate Social Responsibility (CSR). Secondly, we highlight three initiatives from corporations which, by integrating CSR into their business strategy, contribute to sustainable development. Finally we identify common features from these initiatives and analyse the impact that these initiatives have had on both communities and on the businesses themselves.

3.1. Corporate Social Responsibility

> Every company, like it or not, has a CSR policy. The first issue is whether they recognise the fact, and the second is how far they are alert to changes in what society expects of them in this field. The importance of the second of these points is that companies have always had responsibilities towards the societies of which they are a part, but the concept of social responsibility has broadened and attained a new prominence during the last decade…
>
> Sir Adrian Cadbury[11]

There are different perceptions of what CSR means. The World Business Council for Sustainable Development defines CSR as "…the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". The European Commission (2002) has called for more direct corporate social responsibility (CSR) as a business contribution to sustainable development. In practice CSR is about how companies manage the business processes to produce an overall positive impact on society.

Traditionally companies have enacted CSR by "social giving". In other words companies made profits, fulfilled their duty towards society by paying taxes and donated to philanthropic causes. These charitable donations very often included community development goals and were seen as separate from business objectives. Doing well *and* doing good were seen as separate activities. Today CSR is much more focused on a "built-in" model, i.e., operating the core business in a socially responsible way and therefore doing well *by* doing good. What many of these organizations are learning is that cutting-edge innovation and competitive advantage can result from weaving social and environmental considerations into business strategy from the beginning.

3.2. Corporate Initiatives Addressing Sustainability Issues

In this section we highlight selected examples of corporate initiatives[12] that address sustainability issues. We examine Timberland's method of reducing the environmental impact of its business, Hewlett Packard's (HP) way of creating social impact by partnering with communities in need and Procter and Gamble's (P&G) achievement of social and business impact through its cause related marketing programmes.

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11. Sir Adrian Cadbury holds the Chair of the UK Corporate Governance Committee. He was the Chairman of Cadbury Ltd. From 1965 and of Cadbury Schweppes from 1975 to 1989.
12. It should be noted that the companies listed carry out numerous other initiatives too but they are not focused upon in this note.

1. Timberland: Conserving the Environment through Good Operating Practices

> Some call it corporate social responsibility. At Timberland, it's known as "doing well and doing good". As citizens of the global marketplace, we believe it's important to speak openly about our corporate practices and beliefs. We think hard about the materials we use, our labour standards, and how we can create meaningful impact in the communities where we live and work.
>
> Timberland Website

Timberland was founded by Nathan Swartz who began his boot making career as an apprentice stitcher in 1918, in Boston, Massachusetts. In 1973, the Timberland name was born, taken from the brand name for the company's original waterproof leather boot. In the 1980s, the company expanded to Italy and was promoted as an international lifestyle brand with the introduction of clothing and women's footwear.

Timberland has been proactive to integrate numerous eco-friendly processes into its business. It follows the principles of the *"three rs" – reduction*, *re-invention* and *recycling*, to guide its environmental policymaking. Timberland's eco-friendly measures have not only been beneficial for the environment but also for the company, resulting in gains through increased reputation and reduced operating costs. Some of Timberland's environmental initiatives are listed below.

Reduction. Timberland has been reducing its dependence on chemicals by minimizing the use of chemical solvents to assemble its footwear. Its suppliers reduced solvent use by 60% for some styles of shoes by using water-based adhesives. In some cases, these new adhesives have actually improved product performance. Timberland has also helped reduce emissions by pursuing innovative products like "forward green tags"[13] to fight climate change. In 2002, these tags allowed a reduction of its carbon dioxide emissions by 2,500 tons.

Re-invention. Timberland has also been proactive to use organic cotton to manufacture its products. Organic cotton, i.e. cotton grown without harmful chemicals, is used as raw material for its apparel. In 2003, it introduced a line of 100% organic cotton T-shirts and also added a 100% organic collection in Fall 2003. Timberland gives a certain percentage of the proceeds from the sales on these items to selected charities it has partnered with. The customer is informed

13. Green tags are a tradable commodity that represent a fixed-quantity reduction in emissions. Since local utilities offer a limited number of renewable energy options, green tags are an important instruments that anyone can use to make a difference. For more information on 'green tags', see Native Energy (www.nativeenergy.com).

that by buying Timberland's products, he or she is also contributing towards environmental conservation.

In another example of re-invention, Timberland decided to glue together its boxes instead of folding them resulting in 15% less material use. The resulting box was also stronger.

Recycling. Timberland incorporates eco-friendly measures in its new retail store designs. It chooses sustainable or recycled materials in the construction of these stores. For example Timberland's Freehold, New Jersey store features a floor made from bamboo, a renewable resource that regenerates from the same root system every five years. Additionally, it also boasts of a cash register counter and a door made with reclaimed wood and wall fixtures made from recycled fiber. Timberland purchases only 100% post-consumer recycled cardboard to make its footwear boxes and heats its Netherlands' distribution centre with waste steam from a nearby power station. The electricity for this station is in turn sourced from 100% renewable wind and hydroelectric power.

Timberland's "three 'r' principles" contribute to the environmental, social and economic dimensions of sustainable development. Innovations in packaging help to reduce the use of wood and the use of organic cotton helps to reduce soil degradation. Various community projects are sponsored through sales margins. And finally economic value is created by an enhanced brand reputation and an increased willingness to pay for Timberland's products.

2. *Hewlett Packard (HP): Strategic Partnerships for Mutual Gains*

The idea that companies have no responsibility to the communities in which they operate; that in other words, we operate in a vacuum, or the idea that our actions have no consequences on the world around us is short-sighted at best, and it is certainly not sustainable for very long.

Carly S. Fiorina, former Chairman and Chief Executive Officer, HP

Hewlett Packard does business in 178 countries around the world and is a leader in computer and technological products. HP works on a number of fronts to address sustainability issues. One of its innovative programs is called I-community: HP invests its people, money and products for up to three years to work side-by-side with communities to help them achieve certain goals. By providing the support of its managerial talent and its technological expertise, HP helps empower and enable the communities to achieve goals that are set by the community itself. HP has one of these I-community programs in an extremely impoverished rural area of southern India called Kuppam. HP has partnered with the Indian State Government of Andhra Pradesh to deliver this program. Early on in the process a group of employees who went to Kuppam observed that the provision of electricity in the area was unreliable. One of the ideas that resulted from this visit was to produce a solar-powered printer and a solar-powered digital camera.

In 2002, the Indian government passed a law whereby every citizen had to have a national ID card with a photograph. As a result of this decision, villagers had to travel to the cities on a periodic basis to have a photograph taken for their ID card. This was a time consuming process, and it took the villagers away from their work. However HP's solar-powered digital photography equipment provided the opportunity to some women entrepreneurs in Kuppam to become roaming photographers. They would travel around the villages, take photographs and create national identity cards for the villagers.

The I-community initiative at Kuppam has been a successful income generating enterprise for local female entrepreneurs. HP has also benefited. It created a new business line and now has entry into the large digital photography market in India. Additionally, it has some loyal customers who feel grateful towards HP for developing their communities.

HP's I Community initiative contributes to community development in rural areas and promotes education and learning for villagers. From an economic perspective the initiative plays an important role in new market, business line and product development and in enhancing customer and employee loyalty. Furthermore, through strategic partnerships, it influences decision making to enact the future.

3. Procter and Gamble (P&G): Cause Related Marketing

> We feel that sustainable development must fit naturally within a business for it to be a viable option. Companies need to make money. It is well and good having a socially responsible approach to business, but if it is going to have a negative impact on the bottom line, it is unlikely that the organization will be able to sustain the program in the long-term.
>
> Chris Smith, Principal Researcher for Corporate Sustainable Development at P&G.

P&G is one of the biggest advertisers in the world and in 2000 it spent around US$4.1 billion on its global advertising. P&G uses brand values that influence its product lines as the foundation for the corporation's socially responsible projects. For example, *"improving the quality of consumers' lives"* is one such value that P&G incorporates into its product branding strategy.

The corporation's aim is to run its sustainable schemes in development areas that are aligned with the business. P&G creates a special brand and an extra attraction for its products by attaching a social cause to the marketing strategy of its products. It has run numerous cause related marketing programs with its products in this manner, many of which have received community awards.[14]

An example of P&G's cause related marketing program is '*Shiksha'*, a special promotion with the aim of helping educate the children in India.

P&G jointly launched *Shiksha* by partnering with Sony Entertainment Television. Under project *Shiksha,* by purchasing packs of *Vicks, Whisper, Ariel, Tide, Head & Shoulders* and *Pantene*, a mother could win either Rs. 200,000 towards the graduate education fee of one child, or Rs. 5,000 towards the next year's tuition fee for one child. Everyday, Rs. 225,000 worth of prizes was announced at prime-time on '*Kkusum',* a popular soap opera, on Sony Entertainment Television. All *Shiksha* prizes could be gifted and were transferable, in case the winner was not a parent or, if the child was above 21 years of age.

3.3. Common Features and Impact of the Corporate Initiatives

The common elements from these three corporate initiatives are discussed below. Also see *Table 2* for a summary of the business and community impact of the initiatives.

1. Corporations incorporated CSR into their business strategy.

In all the examples listed, the corporations looked for a business gain in return for the support they provided for the social initiatives. They did not adopt the traditional charity or donation outlook. Timberland has been able to promote its image as an innovative and pro-environment organisation with the introduction of its organic shirts. It also provides customers with another incentive to buy its products by linking the purchases with environmental conservation. HP adopted a strategy to look for new markets, consumers, ideas, partners and employees by getting directly involved in sustainable development projects in the developing world. This strategy allowed HP, as in the case of Kuppam, to invent new products and build new business lines while simultaneously meeting its community development objectives. P&G's *Shiksha* initiative allowed it to use prime-time television not only to enhance its image as a socially responsible corporation, but also to reach out to more people to buy its products. Consumers received social benefits in return for the purchases they made of P&G's products.

14. For example, P&G India received a special cause related marketing award at the Economic Times Awards 2000 for the Project *Poshan*.

2. *Corporations looked at their core strengths and designed a programme along those lines.*

One common trait in all the examples stated is that the corporations designed their community programmes by starting from their core strengths. In the case of HP this was information technology to support the Kuppam community. P&G used its marketing strengths and its household products to design innovative cause-related marketing programmes. Timberland, in turn, looked at its apparel lines and promoted organic shirts. This strengthened its brand and attracted customers who were environmentally conscious.

3. *Corporations partnered with others to draw upon different resources.*

All the corporations chose to partner with different organisations depending on the structure of the programmes they designed. Partnering enabled them to reach out further into the community and also gain wider recognition without moving away from their core business activities. In HP's Kuppam case, local communities and the State of Karnataka were partners in the I-community programme. Timberland partnered with various organic cotton farmers to procure the raw materials. It also partnered with the NGOs it supported through contributions from the sales of its organic clothing. In P&G's *Shiksha* campaign, Sony Entertainment Television was an important partner that allowed P&G to deliver its message on primetime television. This in turn allowed the message to have far more impact. The social impact of P&G's range of initiatives embraces the promotion of basic education for children and the reduction of malnutrition. Economic benefits for the corporation include enhanced reputation, brand value and customer loyalty.

Table 2: Impact Assessment of the Corporate Initiatives

	Social Impact	Environmental Impact	Economic Impact
TIMBERLAND	• Varied. Supports community development programs through its contributions from product sales.	• Wood use reduced due to innovations in packaging. • Organic cotton helps reduce soil degradation.	• Reputation enhanced and increased brand value through goodwill. • Customer feels good about buying the product and might pay a higher price.
HEWLETT PACKARD	• I-community initiative helps achieve various rural community development objectives. • Education and learning gains for the villagers through transfer of know-how.	• No apparent impact	• New markets, products, business lines developed. • Enhanced customer loyalty and goodwill. • Partnerships put HP in a strong position to influence key decisions which should have future income benefits.
PROCTER & GAMBLE	• *Shiksha* promotes children's education.	• No apparent impact	• Reputation enhanced and increased brand value and goodwill. • Partnerships enable it to get prime marketing attention at low cost. • Customer loyalty should increase as they feel that the corporation behaves responsibly towards society.

4. Conclusion

While the UN Millennium Declaration and the MDGs were adopted in 2000 at the largest-ever gathering of heads of state, the UNDP Human Development Report (2003) provides evidence that, for many people on this planet, life remains grim, and hope for improving their situation is frail: "*…despite these welcome commitments in principle to reducing poverty and advancing other areas of human development, in practice…the world is already falling short. …more than 50 nations grew poorer over the past decade. Many are seeing life expectancy plummet due to HIV/AIDS. Some of the worst performers – often torn by conflict – are seeing school enrolments shrink and access to basic health care fall. And nearly everywhere the environment is deteriorating.*"

The scale and complexity of sustainability goals seem overwhelming given the limited abilities of existing institutions to achieve them. Recently, expectations have been building that global businesses could become powerful allies in the fight for sustainable development. Margolis and Walsh (2003) point out that the central challenge lies in blending manifest human misery and corporate resourcefulness. However, Gallup International's 2002 "Voice of the People" survey asked 36,000 citizens across 47 countries on six continents to rate their level of trust in 17 different institutions "to operate in the best interest of society." People around the world expressed the lowest levels of trust in national legislative bodies and large multinational companies. CSR continues to be a vague and largely voluntary concept that currently lacks focus and commitment from the business community.

Increasingly, social entrepreneurs assume critical roles in addressing the social, economic and environmental challenges of sustainable development. Their creativity and flexibility in choice of structure, funding, resources and business models allows them to create small-scale, flexible, local solutions to sustainable development related needs. Yet to achieve the necessary scale a more coordinated approach is required in order to bring together the creativity and local experience of social entrepreneurs with the ingenuity of established corporations. Linking social entrepreneurs and CSR efforts could therefore be a very promising model in terms of its potential impact on sustainable development and on achieving the MDGs.

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Appendix 1: Millennium Development Goals and Targets

Goals	Targets
1. Eradicate extreme poverty and hunger	1. Halve between 1990 and 2015, the proportion of people whose income is less than one dollar per day
	2. Halve between 1991 and 2015 the proportion of people who suffer from hunger
2. Achieve universal primary education	3. Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a course of primary schooling
3. Promote gender equality and empower women	4. Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015
4. Reduce child mortality	5. Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
5. Improve maternal health	6. Reduce by three-quarters between 1990 and 2015 the maternal mortality ratio
6. Combat HIV/AIDS, malaria and other diseases	7. Have halted by 2015 and begun to reverse the spread of HIV/AIDS
	8. Have halted by 2015 and begun to reverse the incidence of malaria and other diseases
7. Ensure environmental sustainability	9. Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources
	10. Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation
	11. By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers
8. Develop a global partnership for development	12. Develop further an open, rule-based, predictable, non-discriminatory trading and financial system
	13. Address the special needs of the least developed countries
	14. Address the special needs of landlocked developing countries and small island developing states
	15. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term
	16. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth
	17. In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries
	18. In cooperation with the private sector, make available the benefits of new technologies, especially information & communications

Source: http://www.un.org/millenniumgoals/