Swiss Corporate Social Innovation in Holcim and Nestlé:
Generating Community-Based Initiatives and
Value-Creation in Brazil and Ecuador

DISSERTATION
of the University of St. Gallen,
School of Management,
Economics, Law, Social Sciences
and International Affairs
to obtain the title of
Doctor of Philosophy in
Organizational Studies and Cultural Theory

submitted by

Rocío Robinson

from

The United States of America and Honduras

Approved on the application of

Prof. Dr. Yvette Sánchez
and
Prof. Corinne A. Pernet, PhD

Dissertation no. 4491

Difo-Druck GmbH, Bamberg 2016

St. Gallen, October 13, 2015

The President:

Prof. Dr. Thomas Bieger

This thesis is dedicated to my mother, Rosita Robinson,
for her unconditional love and
unwavering belief in me…

Acknowledgements

There are friends who have always been in my life and who are very close to my heart. Dominique Mosimann, Monica Irisarri, Mayrita Cortez, Lieve Dierckx, and Christine Colevray, you are all pillars of strength and an inspiration to me. I would also like to express my deep gratitude to Margot, Suzy and the rest of the Fritschi-Wiedemann family for giving me their loving support throughout all of these years.

The most important acknowledgement goes to Urs Wiedemann for cheering me on relentlessly to follow my aspirations in both my private and professional life. My heartfelt thanks go to my family in Miami and in Honduras, who have also believed in me always. My deepest appreciation is for my loving mother, Rosita Robinson, who has made every sacrifice possible to help me in my life's journey; and who is truly an anchor, a mentor, and my best friend. I am forever grateful for our closeness, her openness, her understanding, and her devoted love. Thank you also to the rest of my family: Joe Robinson, Stephanie Robinson, Francis Robinson, Patricia Robinson, Diana Robinson, Pedro Antonio Robinson Diaz, Douglas Anariba, and Marisol Robinson. This thesis was written in loving memory of those dear to my heart who are unfortunately no longer with us: My father, Spencer Robinson, my amazing Abuelita Mundita, my aunt Sonia Isabel ("Yayita"), my brother Carlos Francisco Robinson, and my father-in-law Karl Wiedemann. ¡Gracias a todas estas personas que me han dado tanto ánimo, apoyo, amor y felicidad cada día!

Table of Contents

List of Tables

Keywords

Abstract

Once largely the domain of public policy and developmental economics, more and more Multinationals (MNCs) are embarking in Corporate Social Responsibility (CSR) initiatives that address education, health, and low-income community issues in the developing world. At the core of the CSR debate is the idea that corporations should transition from a state of mere compliance to a more active form of engagement: from harm minimization to value creation (Luetkenhorst 2004). Political CSR (Scherer and Palazzo 2011) highlights how firms increasingly provide public goods, and shape local and global business laws and regulations—thereby adapting beyond an instrumental role of CSR by becoming political actors themselves and sometimes filling the void left by the absence of local governance. The best practices in which firms contribute to their stakeholder communities is the major focus of study in this thesis, and the research question is: *How do Swiss Multinationals and local communities generate strategies and initiatives for joint impact through Corporate Social Responsibility projects in Brazil and Ecuador?* Iris Marion Young's "Social Connection Model of Responsibility" provides a framework to work with and elucidate responsible accountability in CSR community projects since she states that "all agents who contribute by their actions to the structural processes that produce injustice have responsibilities to work to remedy these injustices" (2006, 102). Three comparative, qualitative, case studies detailing Nestlé's Bottom of the Pyramid micro-distribution system in São Paolo, Holcim's community engagement projects in Brazil, and the cross-sector partnerships of the Alianza Suiza in Ecuador serve as the units of analysis to build upon Young's Social Connection Model. Corporate Community Involvement (CCI) proves to be a commendable form of governance and corporate strategy to make a substantial contribution to education and social inclusion through public-private collaboration between MNCs, communities, local universities, and NGOs, *inter alia*.

Resumen

Antes dominio casi exclusivo de la política pública y de la economía del desarrollo, cada vez más multinacionales (EMNs) están adelantando iniciativas de Responsabilidad Social Empresarial (RSE) en el mundo en desarrollo en áreas que afectan a las comunidades como la educación, la salud y los bajos recursos. En el centro del debate sobre la RSE está la idea de que las empresas deben ejercer una forma más activa de participación y creación de valor (Luetkenhorst 2004). El concepto de la RSE política (Scherer y Palazzo 2011) destaca cómo las empresas están cada vez más involucradas en la provisión de bienes públicos y en la transformación de leyes y regulaciones globales de negocios; por tanto yendo más allá de un rol instrumental de la RSE para convertirse en actores políticos en sí mismos. Dado el creciente protagonismo de las empresas en las comunidades locales, las formas en que estas contribuyen a sus *stakeholders* a través de buenas prácticas se erige como el enfoque de estudio en esta tesis. La pregunta de investigación es entonces: ¿Cómo las multinacionales suizas y las comunidades locales en Brasil y Ecuador generan estrategias e iniciativas de mutuo beneficio a través de proyectos de Responsabilidad Social Empresarial? El "Modelo de conexión social de responsabilidad" de Iris Marion Young ofrece un marco de análisis de obligaciones en proyectos comunitarios en materia de RSE puesto que, como ella afirma, "todos los agentes que contribuyen con sus acciones a los procesos estructurales que producen injusticia tienen la responsabilidad de trabajar para remediar estas injusticias" (2006, 102, mi traducción). Tres estudios de caso comparativos y cualitativos, sirven como unidades de análisis para construir sobre la base del modelo de Young: el sistema de micro-distribución en la "Base de la pirámide" de Nestlé en São Paulo, proyectos de participación comunitaria de Holcim en Brasil, y la colaboración intersectorial de la Alianza Suiza en Ecuador. Se muestra que el Involucramiento Corporativo en la Comunidad (ICC) es una forma loable de gobernanza por su compromiso de hacer una contribución sustancial a la educación y a la inclusión social, a través de la colaboración público-privada.

Zusammenfassung

Früher waren Bildung, Gesundheit und Armut in Entwicklungsländern vornehmlich Gegenstand von Politik und Entwicklungsökonomie. Heute nehmen sich zunehmend auch multinationale Unternehmen (MNU) dieser Themen im Rahmen von Corporate Social Responsibility (CSR) an. Bei CSR geht es im Wesentlichen darum, dass Unternehmen nicht allein für die Regelbefolgung (Compliance) verantwortlich sind, sondern sie sich aktiveren Formen des Engagements hinwenden sollen: Weg von der Schadensminimierung, hin zu einer verantwortlichen Wertschöpfung (Luetkenhorst 2004), bei der Unternehmen vermehrt öffentliche Güter anbieten und an lokalen wie globalen Governance-Prozessen beteiligt sind, und dabei jenseits rein instrumenteller CSR-Ansätze selbst politische Akteure werden, die manchmal Leerräume lokaler Governance ausfüllen („Politische CSR", Scherer und Palazzo 2011). Diese Arbeit untersucht den Beitrag, den Unternehmen in Gemeinschaften, in denen sie tätig sind, leisten. Die Forschungsfrage lautet: *Wie schaffen Schweizer MNU und lokale Gemeinden Strategien und Initiativen, um gemeinsam wirkungsvolle CSR-Projekte in Brasilien und Ecuador umzusetzen?* Iris Marion Youngs „Social Connection Model of Responsibility" bietet einen geeigneten theoretischen Bezugsrahmen, um Verantwortlichkeiten in CSR-Gemeindeprojekten zu prüfen. Denn: „Alle Akteure, die durch ihre Handlungen zu strukturellen Prozessen beitragen, die zu Ungerechtigkeiten führen, stehen in der Verantwortung, diese Ungerechtigkeiten zu bekämpfen" (Young 2006, 102, meine Übersetzung). Mit Hilfe dieses Modells werden in drei qualitativen Fallstudien Nestlés Bottom-of-the-Pyramid-Mikrodistributionssystem in São Paolo, Holcims lokales Engagement in Barroso (Brasilien) und die sektorübergreifende Partnerschaft von Alianza Suiza in Ecuador verglichen. Dabei erweist sich Corporate Community Involvement (CCI) als empfehlenswerte Form der Governance und Unternehmensstrategie, um in Zusammenarbeit zwischen MNU, Gemeinden, lokalen Universitäten, NGOs und anderen Akteuren einen wesentlichen Beitrag zu Bildung und sozialer Inklusion zu leisten.

Acronyms

AOB	Associação Ortópolis Barroso
Apae	Associação de Pais e Amigos dos Excepcionais
	(Association of the Parents and Friends of Impaired People)
Ascab	Associação dos Catadores e Recicladores de Materiais
	Reaproveitáveis de Barroso
	(Association for Trash Collection & Recycling)
BoP	Bottom of the Pyramid or Base of the Pyramid
CCI	Corporate Community Involvement
CEP	Community Engagement Plan
CERES	Consorcio Ecuatoriano para la Responsabilidad Social
	(Ecuadorian Consortium for Social Responsibility)
CSOs	Civil Society Organizations
CSR	Corporate Social Responsibility
CSV	Creating Shared Value
DJSI	Dow Jones Sustainability Index
FDI	Foreign Direct Investment
FEMDES	Fundación de Empresarios
	(Business Owner or Entrepreneur Foundation)
FLACSO	La Facultad Latinoamericana de Ciencias Sociales
	(The Latin American Social Sciences Institute)
GIFE	Grupo de Institutos Fundações e Empresas
	(Institutes, Foundations and Corporations Group)
IAF	Inter-American Foundation
IRSE	Instituto de Responsabilidad Social Empresarial
	(Corporate Social Responsibility Institute)
NGOs	Non-Governmental Organizations
PPP	Properly Positioned Products
Sebrae	Serviço Brasileiro de Apoio às Micro e Pequenas Empresas
	(Brazilian Micro and Small Business Support Service)
SES	Social Engagement Scorecard

Definitions

C.K. Prahalad: In his book, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profit* (2002), he proposes that business and government stop seeing the poor as victims; that the poor be seen instead as value-demanding consumers who are resilient and creative entrepreneurs.

Code of Conduct: A formal statement voluntarily written by the corporation that includes its ethical principles and its rules of engagement with stakeholders, who also agree to comply.

Community: Bowen *et al*'s definition is the most widely used in this dissertation, since they consider communities to be "defined by geography, economics or social situation, and may be sets of individual citizens or groups of citizens organized to represent a community's shared interests" (2008, 1). For the purposes of this thesis, the communities are the stakeholders and can be defined as MNC and MNC personnel, Civil Society Organizations, local government, school personnel, parents and students. In essence, the stakeholder communities are considered the entities directly implicated or affected by the CSR or CSV projects; the immediate environment of the corporation, not only from a geographical point of view, but also from the proximity of the activity.

Corporate Social Innovation: Term first coined by Rosabeth Moss Kanter (1999, 125), whose idea is that corporations should use social issues as a learning ground for identifying unmet needs and developing *solutions* that create new markets. Importantly, to achieve optimal results for a corporation and for the communities that it serves, local markets must influence, teach and change the institution—not the other way around.

Corporate Social Reporting: Sustainability reporting can be the vehicle for a corporation's transparency as well as the tool for comparison with other

companies. It details a corporation's environmental and social performance. It catalogs, for example, the set of actions carried out by the company that contribute to improve the environmental and social surroundings in which it operates in. Reporting is meant to be long term so that it can chart a corporation's activities that can me measurable throughout time.

Corporate Social Responsibility (CSR): There is no universally accepted definition of the term CSR despite much academic debate regarding the concept. Crouch (2006) defines CSR as firms voluntarily taking responsibility for the externalities produced by their market behavior. In other words, the steps that corporations take to integrate social and environmental considerations as corporate objectives. The European Commission defines CSR as, "a concept through which the company voluntarily includes the social and environmental dimensions in their business operations and in their relationships with the stakeholders"[1]. The World Business Council for Sustainable Development's (WBCSD) definition is, "the continuing commitment to be taken by companies to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life"[2]. Although CSR is predominantly a voluntary commitment, it involves compliance with national and international law. The concept of CSR is increasingly associated not only with sustainable development, but also with the integration of the interests of the stakeholders who may be affected by corporate management and activity. According to the European Regional Development Fund's project DESUR[3], CSR is mainly characterized by (2014, 6):

---

[1] The European Commission defined the concept of CSR in its Green Paper "Promoting a European Framework for Corporate Social Responsibility". July 18, 2001. Available: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0366:FIN:en:PDF

[2] World Business Council for Sustainable Development Website. Available at: http://www.wbcsd.org/work-program/business-role/previous-work/corporate-social-responsibility.aspx

[3] Developing Sustainable Regions through Responsible SMEs.

- A responsible corporate practice.
- The commitment to voluntary initiatives that go beyond what is required by law and by the acquired contractual obligations.
- Its integration in management and business strategy, as CSR is not about certain isolated actions.
- The development of beneficial actions for various stakeholders that the company relates with.
- The simultaneous achievement of financial, social and environmental benefits and the improvement of the competitiveness of the company.

Corporate Social Responsibility-Driven Innovation: It aims to create a better balance between a social and a commercial purpose. In this way, business is repositioned as "the driver for social change" whose ambition is to "transform society for the better through their products while also achieving economic success" (Krull 2009). CSR-driven innovation takes sustainability and transparency heavily into consideration and urges corporations to use social issues as a learning ground for identifying unmet needs and developing solutions that create new markets.

Corporate Sustainability: The aim to create long-term consumer and employee value that takes into consideration every dimension of how a business operates within the social, cultural, and economic. It is the extension of ethical corporate practices built around social and environmental considerations.

Creating Shared Value (CSV): In their *Strategy & Society* article, "The Link Between Competitive Advantage and Corporate Social Responsibility", Michael E. Porter and Mark R. Kramer urge corporations to focus more on the opportunities for competitive advantage from building a social value proposition directly into corporate strategy rather than pitting business against society and emphasizing the costs and limitations of compliance with externally imposed social and environmental standards.

European Union Definition of Corporate Social Responsibility (EU CSR): The European Union's definition of CSR refers to companies taking responsibility for their impact on society. They also suggest that CSR is increasingly important to the competitiveness of enterprises. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity.

Innovation: As is the case with the term CSR, the word innovation is also being consistently defined and re-defined. In this thesis, Schumpeter's idea of innovation as a critical dimension of economic change "which changes the values onto which the system is based" is used (1989). Therefore, innovation refers more to the category of innovation economics, which focuses on new product categories or increased productivity.

Impact: the measurable long-term benefit and social change created as a result of a corporate social investment.

Mission: A corporation's mission is its reason for organizational existence.

Nestlé Creating Shared Value (Nestlé CSV): Fundamental part of Nestlé's way of doing business, which states that to create long-term value for shareholders, it also has to create value for society. It involves compliance with national laws and relevant conventions, and sustainability that takes into consideration the rights of future generations. The main focus is on initiatives that involve water, nutrition, and rural development.

Nestlé's Popularly Positioned Products (PPP): Nestlé's definition of a PPP is a product that is "targeted at and bought by low-income consumers". Its CSR initiative falls under the nutrition and BoP categories since it claims to bring increasingly healthier products to within the reach of people and groups with less spending power.

Partnerships: Joint initiatives where each party contributes with resources, whether human, technical, or financial, and participates in decision-making.

Poverty Alleviation: social investments aimed to improve the situation of the most disadvantaged members of society. Programs usually are designed to meet basic needs such as food, water, and clothing. Many times, there is assistance to improve literary and financial know-how to be able to enter a market economy.

Poverty Premium: Prahalad and Hammond (2002) noted that BoP markets normally pay a poverty premium, meaning that the poor often pay more than their middle class counterparts do for products and services due to financial penalties, higher interest rate borrowing, or longer time-periods required to make a payment.

Social Innovation: The term social innovation can refer to product and service innovations with a social purpose. It is a novel solution to a social problem that is more efficient and sustainable. Bottom of the Pyramid strategies can fall under this category and in this case can mean the creation of new business models that can also help reduce poverty, improve health, working conditions, and community development. The value created by social innovation is a benefit to society rather than to private individuals or business entities. Rosabeth Moss Kanter, a professor of business at Harvard Business School, first used the term nearly two decades ago in her article, "From Spare Change to Social Change: The Social Sector as Beta Site for Business Innovation"[4]. She is also an advocate for social innovation in education and training, promoting entrepreneurship and the proliferation of innovation districts so that collaboration, co-creation, and brainstorming can take place.

---

[4] The article was published in the *Harvard Business Review*, May-June 1999.

Stakeholders: In the past decades, the focus extends beyond the "shareholders" of a corporation and considers instead all "stakeholders" involved (Freeman 1984). In other words, anyone who has a stake, a claim, or an interest in the operations and decisions of a firm is considered a stakeholder (Carroll 1991, 9). The term includes, empowers and legitimizes management, owners, employees, suppliers, community, clients, consumers/customers and society at large. They are the groups that are directly or indirectly affected by the development of the company's business. In this thesis, the term refers to the communities or groups of individuals that are directly collaborating with or are most affected by the CSR activities described in the case studies. Hence, stakeholders include, among others, MNC personnel, community associations, NGO and Civil Society Organizations, school personnel (directors, teachers, gardeners), parents, students, and local government.

Sustainable Development: The Brundtland Commission (1987) convened by the United Nations defines sustainable development as "meeting the needs of the present, without compromising the ability of future generations to meet theirs". The commission was created to address the growing concerns regarding environmental degradation and its consequences on economic and social development. This commission for the first time links poverty into this equation. More importantly, its report recognizes that environmental problems affect the entire world and that it is therefore in the common interest of all nations to establish policies for sustainable development.

Sustainability Reporting: For Alex Hammer (2008), the link between poverty and reporting is the "natural result of internal and external pressures for business to meet complex expectations for sustainable practice" (slide 7). In other words, through publicly accessible reports, companies can articulate their overall commitment to sustainability, and record how sustainability contributes to drivers of growth and success.

The Base of the Pyramid or *The Bottom of the Pyramid* (BoP) is the largest, but poorest socio-economic group in the planet. Estimates range to include the 2.5 billion to 4 billion people who live on less than \$2.50/day and fall under this title[5]. These poor at the base of the financial pyramid are the fastest growing new market. They are the poor of today, but will be the middle class consumers of tomorrow.

The Base of the Pyramid Protocol: Created by Erik Simanis and Stuart L. Hart, the Protocol calls for the partnering of business and community to enable MNCs to generate new sustainable and equitable business opportunities by exploiting the MNCs' resources, technologies and best practices within the communities they operate in. This could mean forming a lasting partnership between the MNC and the poor communities who are rich in local knowledge and social capital.

Transparency: Thanks to the developments of information technology and emerging stakeholder pressure, many companies have adopted a growing culture of openness, communication and accountability.

Triple Bottom Line: In 1997, John Elkington came up with the Triple Bottom Line (TBL), consisting of the "People, Planet, Profit" concept which encompasses economic prosperity, environmental quality and social justice. Business should take these principles into consideration and commit to sustainable development values. These aspects of sustainability existed already, but what is remarkable is his advocacy for transparency and the stakeholder principle—that played a crucial role in developing sustainability

---

[5] There are many definitions of poverty and as of yet, no universal standardized form for measuring it exists. The World Bank is normally used for official global poverty statistics and they draw the international poverty line at living below \$1.25 per day. http://www.worldbank.org/

auditing initiatives such as the Global Reporting Initiative[6] and the Dow Jones Sustainability Indexes[7].

Value Chain: The process by which a corporation passes along a product's life cycle, from conception to customer delivery, from beginning of production to market.

Values: Set of principles, beliefs, ideals, and statements that are a part of corporate culture. An organization's values are the basis that guides its decisions.

Vision: It defines what the corporations intends to achieve in the future.

---

[6] http://www.globalreporting.org/Home
[7] http://www.sustainability-index.com/

Introduction

Introduction

The processes of neoliberalism and globalization have raised many concerns that Multinational corporations (MNCs) profit at the expense of workforce violation and environmental degradation. In the past two decades, many MNCs have responded by adopting a code of conduct of voluntary practices known as Corporate Social Responsibility (CSR). CSR comprises a range of activities used in organizations aimed at raising their social and environmental duties, with the aspiration to make these activities as much of a priority as their economic goals. Crouch (2006) sums up this approach by defining CSR as firms voluntarily taking responsibility for the externalities produced by their market behavior. Despite much academic debate regarding the concept of CSR and although the literature available on the subject is substantial[8], there is no universally accepted definition of the term[9]. Nonetheless, the position taken here refers to CSR as a firm's responsible and committed business conduct, good governance, and accountability aimed to provide the foundations to deliver economic growth and sustainability.

An important factor to consider is that it is difficult to assess the motivations behind CSR practices by Multinationals and their subsidiaries in Latin America. For example, are these practices implemented to manage stakeholders' perception with the ulterior motive to further the corporation's own financial interests? Or is there a genuine social agenda behind the propaganda-generating initiatives? While much theory exists on CSR, more empirical work should be undertaken to assess the actual effectiveness and benefits of these practices in Latin America. Therefore, large gaps exist

---

[8] It is outside of the scope of this thesis—nor its intention—to provide either a specific or new definition of the term CSR. For a brief and comprehensive literature review on CSR please see Eweje and Bentley (2006). Available at: http://khup.com/download/0_keyword-corporate-social-responsibility-evolution-of-a-definitional-construct-bowen/corporate-social-responsibility.pdf

[9] The most cited definition of CSR is Archie B. Carroll's (1979): "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time".

between the body of literature and how practitioners enact their CSR activities in the continent. Consequently, this thesis particularly addresses the following research question: *How do Swiss Multinationals and local communities generate strategies and initiatives for joint impact through Corporate Social Responsibility projects in Brazil and Ecuador?* The social contributions that an MNC makes to a community with the purpose of improving society first need to be outlined as well as detecting the "good practices" that augment the benefits of CSR ventures. To arrive at this juncture, we must trace the steps that a corporation takes to integrate social considerations, and how it understands and incorporates the interests of stakeholders in its corporate objectives. In other words, the focus is on examining the process of creation and development of the CSR initiatives, asking how the corporations integrate the communities, and detecting corporate strategy that results in best practices.

Part I introduces the theoretical foundations of the thesis. Chapter 1 provides a Literature Review that gives a wide-ranging overview of Corporate Social Responsibility (CSR) and Social Innovation, and explains Creating Shared Value (CSV) in detail. A conceptual framework that includes the central themes at the core of this analysis follows in Chapter 2: Political CSR, Corporate Community Involvement (CCI), Corporate Community Investment (CCINV), Base of the Pyramid (BoP) and Inclusive Business. Here, the link between community engagement strategy and "development" is explored. Chapter 3 presents the connection between CSR, poverty, and inequality within a global and regional context in Latin America. It also explores the "Swissness" factor of the MNCs studied in Brazil and Ecuador.

Part II presents the methodology and research design. Chapter 4 outlines Iris Marion Young's Social Connection Model of Responsibility that is used for analysis of the case studies, including her principles of power, privilege, interest, and collective ability. Then, I provide a justification for a need of additional criteria to be added to Young's Model; namely, inclusion, clear corporate strategy, commitment, and good governance. Chapter 5 expands upon the research design and qualitative comparative case studies, explaining why they were selected, along with the details of the data collection.

Part III offers the empirical analysis of the case studies through a Political CSR and Iris Marion Young's global (in)justice lens. Chapter 6 presents Nestlé Brasil's door-to-door micro-distribution system and how the corporation implements BoP strategies in São Paolo. Chapter 7 highlights Instituto Holcim Brasil's Ortópolis Barroso projects of corporate-community investment through the creation of Associations for the Empowerment and Autonomy of the small Minas Gerais city. Chapter 8 features the cross-sector cooperative partnership of six Swiss Multinationals[10] under the Alianza Suiza por la Educación en Ecuador, whose goal is to improve the physical and intellectual infrastructure of the schools in their stakeholder communities. Chapter 9 consists of an analysis of the three case studies in comparative perspective. Chapter 10 is the conclusion section, which summarizes the obstacles faced and successes achieved while implementing these CSR community projects in Brazil and Ecuador.

For the most part, CSR in the region has been increasingly associated with social innovation and sustainable development as MNC initiatives have been implemented in recent years with the purpose of contributing to community development and value-creation for all stakeholders. The three case studies presented here showcase improved models of corporate management and strategy in which firms can better engage with communities. The communities are the featured stakeholders in this dissertation and the term refers to the groups of individuals who partner with the corporations to carry out CSR enterprises: this includes, among others, the door-to-door micro-distribution salesladies in São Paolo, the various Associations in Barroso, and the participating schools in Quito and Guayaquil. One important inference from this thesis is that projects tend to be more successful when the corporation adopts inclusive business practices to give employment to the most impoverished stakeholder members. A clear corporate strategy that can be adaptable to local needs can better guide a Multinational through all the hurdles

---

[10] The six Swiss Multinationals are: Holcim, Nestlé, Novartis, Roche, Sika, and ABB.

of implementing this type of schemes. A genuine commitment is chiefly valued too, since long-term engagement with a community yields more positive results. Finally, good corporate governance is indispensable, for it provides transparency, accountability, and responsibility into the management of the ventures.

Currently, modest practical guidance has been offered to corporate leaders to show whether their CSR strategies have been effective or not. Perhaps because CSR is a "context-specific phenomenon" with unique challenges and solutions for each individual situation, country, or locality (Khan 2008), the "one-size-fits-all" approach is not applicable. This thesis not only fills in some of the gap in the lack of empirical research regarding CSR policies and their externalities, but also contributes to the better understanding of how CSR is executed in practice and its potential to foster positive outcomes with its stakeholders. These findings extend beyond CSR and contribute to the fields of social innovation coming from emerging markets, organizational strategy, the Bottom of the Pyramid, and inclusive business practices. To conclude, this thesis has given me the opportunity to demonstrate that CSR processes that integrate the stakeholder communities and consider them as co-creators can indeed foment activities which strengthen local society, and provide a platform that results in good practices.

Part I - Theoretical Foundations

Part I - Theoretical Foundations

1. Literature Review: Corporate Social Responsibility and Social Innovation

In the past decade, Corporate Social Responsibility (CSR) has taken center stage in response to growing public concern over the role of corporations, since many have been accused of infringing upon the environment, worker rights, and child labor. As corporations are held more and more accountable for abuses in both the "developed" and "developing" world, there is rising demand for corporate governance to be more environmentally and socially responsible, and to become more transparent and accountable. CSR does not begin a decade ago, however. The history of CSR can be traced back to the mid-20th Century, when the question of a firm's accountability to its society began to emerge (Carroll 2008). The belief back then was predominantly one where a corporation's core responsibility was to provide a maximum return to its shareholders. It is in the 1960s and 1970s when national public policy along with corresponding governmental bodies were created to officially recognize the environment, employees and consumers to be significant and legitimate actors in business; better aligning financial and legal commitments to ethical and moral obligations (Bichta 2003). Up until this point, however, CSR was not the norm, and it was mostly present in and associated with socially progressive companies. In the 1980's CSR picked up momentum, but was still in its infancy stages. In 1991 Archie B. Carroll de-lineated four kinds of social responsibility constituting CSR: economic, legal, ethical, and philanthropic.   The new goal of many corporations in the1990s and 2000s was not only to strive to make a profit and to obey the law, but to also be ethical and a good corporate citizen (Crane *et al* 2008). In the past twenty years, the focus extends beyond the "shareholders"

of a corporation and considers instead all "stakeholders[11]" involved. In other words, anyone who has a stake, a claim, or an interest in the operations and decisions of a firm is considered a "stakeholder" (Carroll 1991, 9). The term includes, empowers and legitimizes owners, management, employees, suppliers, community, clients, consumers, customers and society at large.

With these perspectives in mind, it remains that CSR integration into 21st Century business practices is still very uneven both in the "developing" as well as the "developed" world, and that not all stakeholders hold equal weight in decision-making or influencing power; values, objectives, interests and goals among actors still diverge. Additionally, the concept of CSR remains ambiguous, as it is constantly being defined and redefined. In recent times, the term has evolved to comprise a broad range of topics including: open and transparent business practices, investment in human capital, and commitments that extend beyond law and contract designed to deliver sustainable development. Presently, concepts of the term take account of non-traditional actors such as future generations as important stakeholders, and place sustainability, innovation, social inclusion, and added value for all involved at the forefront.

The most current academic literature and business practices focus on CSR's role and link with sustainability and innovation. John Elkington (1997) explains that sustainable development will gradually be delivered by business through markets. This will generate more competition, and along with it, more demand for companies to make a positive impact. The concept of sustainability within a firm, for our purposes, refers more to social rather than environmental concerns; and assesses whether a corporation's initiatives contribute in a positive or negative way. Here, an MNC's willingness to create long-term employee and consumer value while taking into consideration every dimension of how a business operates within the social, cultural, and economic is significant.

---

[11] Edward R. Freeman coined the term in his 1984 book titled *Strategic Management: A Stakeholder Approach.*

1.1   CSR Social Innovation: Products/Services for Social Improvement

As is the case with the term CSR, the word innovation is also being consistently defined and re-defined. For the purposes of its meaning here, I reference Joseph Alois Schumpeter and his idea that innovation is a critical dimension of economic change "which changes the values onto which the system is based" (1989, 38); and thus falls more under the category of innovation economics, which focuses on new product categories or increased productivity. As stated earlier, CSR integration into business processes remains irregular and has yet to be implemented in a systematized fashion. According to Hockerts, although CSR is becoming a managerial trend, most firms "conceptualize CSR chiefly as a tool to reduce risks and operational costs and only a minority actually uses CSR as a means to drive innovation" (2008,14). Hockerts and Morsing explain that there are two schools of thought regarding CSR and Innovation: product innovation with a social purpose and the creation of eco-innovation/clean technology [n. d.]. This thesis concerns itself with the former, product and/or practice innovations aiming for social improvements such as health, education, community development, and/or social inclusion.

The developing world in general is not traditionally a place which one immediately associates innovation with. On the other hand, Latin American companies have had to operate in harsh economic, volatile markets for a long time. Past economic crises in the continent have increased poverty, eliminated decade-long progress and devaluated currencies to record lows.   Despite (or due to) these harsh conditions, however, many Latin American companies have thrived in recent years under extreme circumstances. Therefore, there is growing recognition of the resiliency, ability to adapt, innovation and talent to be found in the region. According to Lourdes Casanova (2009), Latin America has produced strong leadership and homegrown management capabilities such as agility in decision-making and flexibility in action, which has led many "Global MultiLatinas" to succeed internationally and even manage to expand globally.

Gorodnichenko *et al* (2008) agree that globalization in the emerging markets can bring about great opportunities as well as pressures, seeing that emerging market economies are forced to innovate and improve their competitive edge when faced with Foreign Direct Investment (FDI) threats to be overtaken, merged or made obsolete. Innovation can thus be a spillover result of increased competition caused by globalization, and it can be stimulated or enhanced through the transfer of capabilities from FDI. It can also, in this sense, be a firm's efforts to raise competence by upgrading their technology, products, and services.

It becomes clear, then, that technological advances are not the sole focus of innovation, but rather a way to improve productivity—or to find non-traditional solutions to challenging problems. This thesis looks at innovation through that prism—the improvement or developing of a new product or service—and states that the innovation taking place in Latin America, and particularly in Brazil, often focuses on enhancing social inclusion and a community's health and education. That is not to say, however, that there are no technologically innovative advancements in the continent. On the contrary, there exist globally expanding companies in the fields of Information Technology and telecommunications, as Lourdes Casanova's case studies of *Global Latinas* catalogue (2009). For example, Brazil's Politec is one of the world's best IT services providers, and Mexico's América Móvil has revolutionized technologies for the pre-paid phone.

The term "Corporate Social Innovation" first coined by Rosabeth Moss Kanter (1999, 125) becomes most appropriate here, since her idea is that corporations should use social issues as a learning ground for identifying unmet needs and developing *solutions* that create new markets. Importantly, to achieve optimal results for a corporation and for the communities that it serves, local markets must influence, teach and change the institution—not the other way around. The institution or corporation, therefore, needs to be open to finding local solutions to local problems by "exploiting" local strengths. The focus steps away from concentrating on local *weaknesses* and centers instead on using native know-how, talent, knowledge and human capital.

1.2   Creating Shared Value

Creating shared value (CSV) is a business concept engendered by Michael E. Porter and Mark R. Kramer, and is explained in detail in the *Harvard Business Review* 2011 feature titled "The Big Idea: Creating Shared Value: How to Reinvent Capitalism—and Unleash a Wave of Innovation and Growth" [12].   In the article, the authors explain how companies have successfully managed to create fruitful links between corporate strategies and social benefits. One of the central premises of CSV is that the competitiveness of a corporation is tied to the health of the communities around it: "a business needs a successful community, not only to create demand for its products but also to provide critical public assets and a supportive environment" (Porter and Kramer 2011, 66). They declare that firms and society are mutually dependent. Plainly said, corporations can and should take the communities' needs into consideration, which does not mean that business has to sacrifice economic progress and profits by doing so.

The authors define "shared value" 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" (*Ibid.*). Value is denominated as "benefits relative to costs, not just benefits alone" (*Ibid.*). By and large, in their CSV "Big Idea" article, Porter and Kramer claim that when corporations engage in the shared value approach, they have tremendous opportunities for innovation and growth by tackling social problems as core business objectives[13] (Porter and Kramer 2011, 65, 77; FSG Website).

---

[12]Article available at: https://hbr.org/2011/01/the-big-idea-creating-shared-value
[13]Available at: http://www.fsg.org/OurApproach/SharedValue.aspx

1.2.1 How CSV Works

The three most important avenues through which corporations can create shared value opportunities, according to Porter and Kramer, are:

1. *Reconceiving products and markets*: Simply stated, corporations can provide appropriate products and services to meet societal needs. In this way, they can better serve existing markets, access new markets, or lower costs through innovative practices and technological discoveries. "Meeting needs in underserved markets often requires redesigned products or different distribution methods. These requirements can trigger fundamental innovations that also have application in traditional markets" (Porter and Kramer 2011, 68). For example, low-cost cell phones developed new market opportunities and services for the poor.

2. *Redefining productivity in the value chain*: Corporations can boost the quality, quantity, cost, productivity, and reliability of distributions through shared value. "Today some companies are beginning to understand that marginalized suppliers cannot remain productive or sustain, much less improve, their quality. By increasing access to inputs, sharing technology, and providing financing, companies can improve supplier quality and productivity while ensuring access to growing volume. Improving productivity will often trump lower prices. As suppliers get stronger, their environmental impact often falls dramatically, which further improves their efficiency" (Porter and Kramer 2011, 70). As a result, by centering on energy use, logistics, and essential natural resources, corporations can drive economic and social development upwards. For example, reducing excess product packing can improve product distribution, and reduce costs and environmental degradation.

3. *Enabling local cluster development*: "Firms create shared value by building clusters to improve company productivity while addressing gaps or failures in the framework conditions surrounding the cluster" (Porter and Kramer 2011, 72). In other words, by improving the framework that supports a corporation's operations, they can improve business too. In order to compete and excel,

corporations need reliable local suppliers, functioning infrastructure, access to talented employees, and an effective and working legal system. In furtherance of that goal, and "To support cluster development in the communities in which they operate, companies need to identify gaps and deficiencies in areas such as logistics, suppliers, distribution channels, training, market organization, and educational institutions. Then the task is to focus on the weaknesses that represent the greatest constraints to the company's own productivity and growth, and distinguish those areas that the company is best equipped to influence directly from those in which collaboration is more cost-effective" (Porter and Kramer 2011, 75). Thus, by ameliorating the overall infrastructure of the community cluster involved or affected, coupled with a long-term vision in mind, the corporation can improve its own productivity. For example, business can enable local clusters by developing suppliers' skills as well as local schools and institutions whenever it can.

1.2.2   The Expansion of CSV

The idea of creating shared value has become more and more prevalent in the world's leading business schools[14], and topics tying firms and sustainability are voraciously consumed by academia and corporations alike[15], the expansion of the shared value industry has taken off. Corporations have embraced it with open arms, hailing it as the new hot trend to accompany

---

[14]Numerous business schools have implemented CSV as part of their strategy and management curriculum: Harvard Business School Executive Education (http://www.exed.hbs.edu/programs/csv/Pages/default.aspx); Harvard Business School Institute for Strategy and Competitiveness (http://www.isc.hbs.edu/creating-shared-value/Pages/default.aspx); ESADE (http://www.esade.edu/research-webs/eng/igdp/partners/formacion). See also the *Financial Times* article "Why CSV Makes Sense for Business Schools" available at: http://www.ft.com/intl/cms/s/2/f47575be-e280-11e3-a829-00144feabdc0.html#axzz3LmwFvoFH

[15]FSG hosts events throughout the entire world (e.g., Canada, Colombia, Mexico, South Africa, United Kingdom, and USA) in order to further expand the ideology and implementation of CSV (https://www.sharedvalue.org/events).

sustainability issues. In addition to Nestlé, many other corporations have adopted the shared value principles, including Multinational corporations such as GE, Google, IBM, Unilever, Coca Cola, Rio Tinto, Hewlett-Packard (HP), Deloitte, and Western Union, to name a few.

An entire industry has spawned from the CSV approach. Behind most of this push is the Foundation Strategy Group, better known for its acronym FSG. Porter and Kramer' consultancy was founded in 2000 as a "nonprofit consulting firm specializing in strategy, evaluation, and research[16]" and has provided consultation to the world's leading corporations, non-profits, and foundations (FSG Website). Their aim is to partner the aforementioned entities with governments to "develop solutions to the world's most pressing and challenging social issues" (*Ibid.*). Generally, FSG implements CSV's main principles and helps corporations redefine their value chains, reconceive products and services, and enhance competitive context to achieve and create shared value. Additionally, the Shared Value Initiative was founded in 2012 to help expand the implementation of shared value strategies throughout the globe by bringing together corporate leaders, civil society, and governments to improve communities through peer-to-peer exchange, market intelligence, strategy and implementation, and shared value advocacy[17] (Shared Value Initiative Website).

1.2.3   An Evaluation and Critique of CSV

Seemingly and surprisingly, up to now, CSV has skyrocketed to academic and corporate fanfare without much criticism or opposition from academia or the public. Porter and Kramer's "Big Idea" has gone mostly unchallenged until recently, when several academic articles addressing and appraising the value of CSV's contributions have been written.

---

[16] http://www.fsg.org/AboutUs/Overview.aspx
[17] http://www.sharedvalue.org/about-initiative

In general, there is consensus that CSV's major strength is that it appeals to both practitioners and scholars alike. The fact that the concept of CSV has spread in both boardrooms and classrooms is highly esteemed, since introducing the idea that social concerns should matter to a corporation is an achievement in itself. CSV has elevated social goals to a corporate strategic level. In a workshop with Prof. Dr. Thomas Beschorner[18], he stated, "CSV is interesting from a strategic point of view, since this might be the first time that a type of strategic 'tool' is provided. In CSR, we normally have no such tools. Another very good aspect is that CSV brought the agenda of the CSR discussion to a mainstream level. Porter can activate the business media and make them notice" (TADA 2014).

An attraction by corporations to the CSV concept might be explained by the fact that Porter and Kramer speak the language of managers and corporate strategists. They created a social concept that is approachable and easily digestible for corporate people by using the language of the *Harvard Business Review* which readers are comfortable and familiar with—in lieu of using purely academic language. Hence, the authors' argument may be convincing to corporate leaders "because it is relatively close to mainstream management thinking that is already in place" (Beschorner 2013, 108). Indeed, Porter and Kramer's 2011 article is one of the most cited *Harvard Business Review* articles and has widely helped to make Business Ethics more conventional and commonplace in boardrooms. It is important to keep in mind, however, that the "popularity of a concept does not guarantee its profundity" (Crane *et al* 2014, 133).

---

[18]Prof. Dr. Thomas Beschorner is Co-Director of the Institute for Business Ethics at the Universität St. Gallen (http://www.iwe.unisg.ch/en/ueber+uns/team/beschorner). The Workshop took place at the Transatlantic Doctoral Academy on Corporate Responsibility (TADA) (http://www.doctoral-academy.net/) meeting in Montréal, Canada the week of April 28-May 3, 2014.

The Business Case Argument

The business case argument, although mostly a strength, can sometimes also be lacking. In a TADA conference at the HEC Montréal in Canada, a participating Deloitte consultant was asked if he uses CSV or CSR in his projects. His reply was the following:

> We are using CSV more and more. CSV is not entirely a different concept from CSR, but it centers on different wording. CSV has brought corporate attention and credibility to dealing with the social. Mostly, I find that companies use it to differentiate themselves from their peers. They want to highlight the social benefits of their activities. It's a good business case argument.[19] (TADA 2014)

This is an example of the classic business case argument for CSV; that doing well for society is good for business. In point of fact, companies engaged in CSV and CSR activities ubiquitously expressed the saying, "doing well by doing good".

Certainly, a business case argument for validating the importance of social projects is crucial. However, although this justification that corporations should perform good actions for society because it will in the long run translate into better business is essential, but not sufficient. It is merely a starting point. Prof. Dr. Thomas Beschorner commented on the subject:

> To be an economic actor in the long term is not enough. We need to expect more from corporations. They need to go a bit further, beyond the narrow perspective of risk management. Ideally, we want corporations to say, 'we are responsible actors and how can we get better at achieving that goal?' (TADA 2014)

---

[19]The conference took place at the Transatlantic Doctoral Academy on Corporate Responsibility (TADA) (http://www.doctoral-academy.net/) in Montréal, Canada on May 1, 2014.

So far, the business case argument for corporations to adopt the CSV approach is the strongest motivator yet to be seen. In other words, that implementing projects of non-financial activities that contribute to the improvement of a social condition is to be done because it ultimately fulfills economic needs or furthers financial gain in the long-term. Expected benefits of assisting society, then, end up enriching the corporation. Nevertheless, Porter and Kramer are not the first ones to come up with this idea; scholars such as Matten and Crane (2005), Scherer and Palazzo (2007) and Zadek (2001) have for over a decade written about corporate citizenship, responsibility and sustainability, and about the civil corporation. Strictly speaking, these academics' argument has all along been that corporations have to do well for society as an end in itself, and go beyond the business case argument.

1.2.4 Contesting the Value of the Creating Shared Value Approach

In the 2014 academic article "Contesting the Value of 'Creating Shared Value'"[20], perhaps the biggest public academic detractors of the concept, Andrew Crane[21], Guido Palazzo[22], Laura J. Spence[23], and Dirk Matten[24] critique Porter and Kramer's Creating Shared Value concept, and highlight its shortcomings. The main criticisms summed up in the article and on Crane and Matten's Blog[25] are that CSV:

---

[20]*California Management Review,* vol. 56/2, Winter 2014. UC Berkeley.
[21]Andrew Crane is Professor of Business Ethics and Director of the Centre of Excellence in Responsible Business, Schulich School of Business, York University in Toronto, Canada.
[22]Guido Palazzo is Professor of Business Ethics at the Faculty of Economics and Management at the University of Lausanne, Switzerland.
[23]Laura J. Spence is Professor of Business Ethics and Director of the Centre for Research into Sustainability at Royal Holloway, University of London, UK.
[24]Dirk Matten is Professor of Strategy and the Chair in Corporate Social Responsibility at the Schulich School of Business at York University in Toronto, Canada.
[25]Blog by Andrew Crane and Dirk Matten. March 4, 2014. Available at: http://craneandmatten.blogspot.ch/2014/03/four-big-problems-with-creating-shared.html

- *portrays a one-dimensional version of CSR and is unoriginal*
- *ignores the tensions between social and economic goals*
- *is naïve about business compliance*
- *is based on a shallow conception of the firm's role in society*

There are additional critiques, such as that CSV is portrayed as a "silver-bullet" because its creators present it as providing a solution to everything. For example, in Nestlé, CSV is a component of every single department strategy there is. It serves as a vehicle or tool to contribute to monitoring, measuring social impact, and alleviating issues related to supply chains and producers.

CSV is Unoriginal

By calling their business and sustainability approach "creating shared value" instead of "corporate social responsibility", the impression is created that Porter and Kramer are deliberately choosing not to engage in the CSR debate. Moreover, by not defining CSV as an organizational tool or business model, they leave open the interpretation and implementation of the concept—while simultaneously alienating it from CSR, but not clearly defining how it is different. What is to be noted, nevertheless, is that before CSR operated in a sort of niche within the corporate world, but then Porter and Kramer came along and turned CSV into something widespread and conventionally accepted. CSV has reached mainstream levels that CSR could not reach until the present time.

As stated earlier, CSV has positively brought issues tied to CSR into the forefront, and it is extraordinary considering that CSR often deals with rather "defensive" approaches to prevent "bad business practices", such as corruption or fraud. Positive contributions regarding how to realize "good business practices" are much less well presented (Beschorner 2013, 107). Porter and Kramer, on the other hand, do portray corporations as advocates for

society and stakeholders. Notwithstanding, CSV makes a strong effort to not only distance itself from CSR, but also discredit it as weak and depthless.

Several authors have claimed that CSV is unoriginal and borderline plagiarism since Porter and Kramer present it as a "novel contribution, yet its core premises bear a striking similarity to existing concepts of CSR, stakeholder management and social innovation" (Crane *et al* 2014, 134-135). In addition, they fail to acknowledge that their proposal of creating social and economic value for multiple stakeholders is an idea that has previously been well developed in the Business Ethics and CSR literature. First, there already exists a set of articles around creating value within stakeholder management theory. Moreover, value creation has for over a decade, been the main feature of Ed Freeman's stakeholder theory, "the principle that 'creating value for stakeholders creates value for shareholders'" (Crane *et al* 2014, 135). Also, CSV is duplicating the debate on social innovation, whose locus has long been the re-conceiving of products and markets through social enterprises. Twelve years before the publication of the CSV article, Rosabeth Moss Kanter articulated in the *Harvard Business Review* the concept of "social innovation" as a process "where companies take community needs as opportunities to develop ideas and demonstrate business technologies, to find and serve new markets, and to solve long-standing business problems" (Crane *et al* 2014, 135). Porter and Kramer do not provide citations for any of these ideas, and they instead pass them off as their own, prompting Stuart Hart[26] to dismiss CSV as "intellectual piracy" (*Ibid.*).

---

[26]Stuart Hart is a leading author on sustainable development and business strategy. In 1997, his article on strategies for a sustainable world helped launch the CSR movement in the United States, and he subsequently won the *Harvard Business Review's* award for best article that year.

Porter and Kramer Have No Understanding of CSR

In their article, Porter and Kramer present an outdated version of what CSR is, which highlights the lack of understanding on their behalf. This limited representation of CSR delivers a very narrow conceptualization of the term. Their definition neither reflects the current, ongoing academic debates, nor accurately depicts today's CSR practices adequately. CSR seems to be considered in its generic sense, rather than as it is intended: as a strategic tool. "Porter and Kramer portray CSR as bolt-on philanthropy and CSV as built-in strategy" (Crane *et al* 2014, 134). In other words, that CSR is loosely added as needed for benevolent and charitable purposes, and CSV is directly delivered from top management and build into the corporate strategy. This polarized view that CSV serves strategic purposes for a firm and that CSR is purely a philanthropic activity is very one dimensional, unfair, and does not fully embody all that CSR is and encompasses.

It Ignores Tensions between Social and Economic Goals

The CSV concept fails to deal adequately with trade-offs and negative impacts on stakeholders. Porter and Kramer consistently claim win-win situations and do not present dilemmas or complications that might arise from a firm's involvement in social and environmental activities; challenges may remain "systematically unsolved and do not [always] result in win-win outcomes...The simplistic claims made by Porter and Kramer about the promise of the shared value concept are distortions at worst and optimistic at best" (Crane *et al* 2014, 136). Simplifying the complexities of social and environmental issues can lead to misrepresentation of outcomes. For example, operating with the CSV concept, corporations might spend more resources in promoting the impression that difficult problems have been transformed into win-win situations. Namely, that they could promote strategies for greenwashing or whitewashing.

It is Naïve about Business Compliance

Porter and Kramer seem to be naïve about the challenges of business compliance (legal and ethical) by mostly ignoring it or being overly optimistic about how corporations adhere to external norms and governmental laws and regulations. They automatically presume that corporations abide by the law, however, "the absence of compliance with such standards is a key problem of multinational corporations" (Crane *et al* 2014, 140). Even if companies are seriously involved in sustainability schemes, audits, and certification systems, compliance is a very big challenge because of widespread cheating in their supply chains—particularly low-tier suppliers.

It Provides a Shallow Conception of the Role of Business in Society

Crane *et al* further allege that Porter and Kramer make some much-exaggerated claims regarding the importance of CSV. The title alone, "How to Reinvent Capitalism—and Unleash a Wave of Innovation and Growth" has raised some eyebrows in academia since it entails very ambitious and pretentious aspirations. Crane *et al* add that another major problem with CSV is that it calls for a role of the firm in capitalism that could be yet more harmful than it is now. CSV does little to tackle any of the deep-rooted problems that are at the heart of capitalism's legitimacy crisis (Crane *et al* 2014, 140). It aspires to transform business thinking, but is not specific as to which models or practices need transforming. Its main problem is that CSV maintains a focus on the micro firm level, rather than providing systemic changes.

1.2.5   The Future of CSV

In the 6th International Conference on Corporate Sustainability and Responsibility held at Humboldt Universität zu Berlin on October 8th and 9th, 2014, Professor of Business Ethics Laura J. Spence[27], and one of the original co-authors of the article "Contesting the Value of Creating Shared Value", expanded upon the reactions the article caused. When asked whether we should do away with CSV altogether, Professor Spence replied that:

> Academia doesn't necessarily need to discard CSV entirely. There are some valid aspects that can be used, but we need to research more the effects and impacts of CSV and its initiatives. We have to be more critical of it! I mean, 'CSR', 'corporate citizenship' 'social performance', 'corporate governance', these are all terms that have been heavily criticized. Why not CSV? We need to learn the causal links that 'transform' corporations and what the limits of Porter and Kramer's three main points are [redefine value chains, reconceive products and services, and enhance competitive context to achieve and create shared value]. (Interview at Humboldt Universität zu Berlin on October 8, 2014)

During the Questions and Answers segment, Professor Spence added that, "CSV can be useful to better convince doubting CEOs of their responsibility towards society and to broaden their scope to think about environmental issues" (*Ibid.*). Again, she echoed the idea that the business case argument serves only as a starting point, but that firms are accountable for contributing a lot more to society.

---

[27]Comment made during an interview after her presentation on October 8, 2014. Professor Spence is also the Director of the Centre for Research into Sustainability at Royal Holloway University of London. She can be reached via email at: Laura.Spence@rhul.ac.uk.
For a more complete profile, visit: http://pure.rhul.ac.uk/portal/en/persons/laura-spence(767f3c03-c153-46a7-a882-66a6e941843d).html

In an extensive, private interview, I conducted after her presentation; I asked Professor Spence what it is that she felt was missing from CSV:

> An important line of argument is that we need to look at the idea of 'value' vs. 'value*s*'. We need to bring *values* into the whole equation; something that Porter and Kramer absolutely do not do. The focus shouldn't only be on profit, price, or cost. Porter and Kramer should re-define what 'value' means and open the discussion of how it is related to the ethics of corporate integrity and good and fair business conduct. They don't do this at all. (*Ibid.*)

She is correct that Porter and Kramer define value as "benefits relative to costs, not just benefits alone" (2011, 66). They associate value solely on monetary terms rather than on ethics or morals. I also asked Professor Spence if she finds that more corporations are moving towards CSV and perhaps further away from CSR. Her reply was:

> I find that most CEOs don't care what it's called, whether it's 'CSV', 'co-creation', or whatever. What's most important is to identify and understand clearly what your organizational risk is. (Interviewed in Berlin on August 8, 2014)

Lastly, she spoke briefly about the general challenges of measuring the impacts of CSV and CSR, and reiterated that there are not many precise tools or instruments beyond the GRI, social indicators, or other sustainability reporting tools. It is clear that it is difficult to find indicators that capture the fullness and multi-dimensionality of social issues. Nevertheless, there are many ongoing projects that precisely try to achieve this quintessentially important task of assessing how much value has or has not been added, and for whom[28].

----

[28] Porter and Kramer had a chance to respond to the "Contesting the Value of Creating Shared Value" article, and their reply is normally annexed to the Crane *et al'*s article for easy access and reference. At the end of the conversation, Professor Spence stated that, "Porter and Kramer would have been better off not responding to our article, because they showed their lack of depth and comprehension regarding our critiques and they didn't even

Table 1. Summary of the Strengths and Weaknesses of the CSV Concept

Strengths	Weaknesses
It appeals to both practitioners and scholars alike.	It is unoriginal, while making exaggerated/ unsubstantiated claims.
It elevates social goals to a strategic level.	Is portrayed as a "silver-bullet" that provides a solution to everything.
A clear role for government's participation	No understanding of CSR. Misrepresents it.
It indicates specific approaches (markets and producers, productivity and value chain, and clusters for development).	Ignores the tensions between social and economic goals.
Has made a general public more aware of business-society issues.	It is naïve about business and legal compliance.
	Shallow conception as to the role of business in society.
	Focuses on value instead of also focusing on values.

Sources: Summary compiled by the author based on the cited articles.

---

address most of our points. For example, they never replied anything regarding the intellectual piracy claims and accusations from several authors" (Spence Interview in Berlin on August 8, 2014).

1.3   Concluding Remarks

In the past decade, CSV has gone mainstream through Porter and Kramer's ubiquitous presence in business schools and their consultancy FSG's global projects. Nevertheless, academia has only recently begun to forthrightly ask if CSV changes the paradigm in the world of CSR. Several other questions inevitably arise, such as whether CSV is better than CSR at delivering social and environmental impacts, or if CSV is to some degree taking us back to Milton Friedman's 1970's arguments that the sole role of the firm in society is to make profits. Perhaps it is true that the popularity of CSV lies in the fact that CSR tends to be more pessimistically presented, with its focus on responsibility, accountability, and ethics; while the language for CSV is normally associated with creating value and contributing to society—making the former not as inviting to business professionals as the latter.

The biggest critique regarding CSV is that profit-making remains at the central core and as the main goal of a corporation's activity, which is exactly what pundits and discontents have been generally criticizing about capitalism for decades. As Professor Spence expanded upon, CSV only attains to put "value" at the core of corporate strategy in preference of including "value*s*" as well. Porter and Kramer are also criticized for copying the ideas from stakeholder theory and the social innovation literature.

Lastly, firms now are demanded and expected to engage in a broader spectrum of society; global now means meeting the compliance of cooperation. Therefore, MNCs should further develop capabilities that extend beyond economics. In CSV, Porter and Kramer do not offer a conceptualization of the firm as an actor that goes beyond the current economic ideology, and alternately provide a firm-centered approach that may not always be the best at addressing societal needs. According to James E. Austin (also from the Harvard Business School) and M. May Seitanidi, value creation requires not only a transformation of the corporation, but a re-configuration of its role in society and self-conception as well (2011); something which Porter and Kramer do not fully deliver with their CSV approach.

2.   Conceptual Framework – Central Themes

2.1   Political Corporate Social Responsibility

The economic strength of many Multinationals coupled with the voids in global governance—particularly in the developing world—is seen by some as legitimizing a role for corporations that currently extends beyond their traditional economic functions. In the past decade, many corporations have increasingly taken over certain activities that traditionally belonged to politics and governments. Some corporations are now the providers of basic public goods such as health, education, water, social security and the protection of human rights. In some cases, MNCs are even becoming the enablers of social rights, civil rights, and political rights. Hence, corporations are increasingly influential in whether these rights are respected or not, and are assuming a state-like role. With these new functions, new responsibilities should also follow.

Traditionally, firms were conceived primarily as economic actors, while governments and state agencies as principal political actors. Under the new conditions of globalization, however, the strict division between private business and nation-state governance is no longer the status quo. Due to the limited ability of some nation-states to develop effective systems of global regulation, the privatization of areas that formerly were the sole responsibility of the state is surging. Notwithstanding, there are parts of the world that follow the opposite trend and are experiencing nationalization and state-ownership of major industries as in the case of Venezuela. The tendency seems to be, however, that corporations are increasingly adopting roles formerly assigned to state governments; and many MNCs have started to assume social and political responsibilities for which they are not obligated—nor regulated—to do so by law. Thus, they are becoming important economic and political actors that challenge current governance structures in global society. It is suggested by Scherer and Palazzo, that this new paradigm needs to recognize the

politically-active role of business in today's evolving post-Westphalian[29] global order, and that this "Political CSR" needs to acknowledge that the old presumptions of liberal democratic theory in which there is strict separation of the political and economic spheres no longer applies (2007, 18). In a post-Westphalian system, the concept of a nation-state deteriorates as they are no longer completely sovereign in their territory, and might even have to depend politically or financially on external/international actors and agents. This current politization of the firm raises many questions. For example: What is the role of federal and local government, then, if an MNC is taking over or supplementing public services of education, infrastructure and health? What does it imply for the legitimacy of the state? Who is the legitimate holder of power? What is the risk of an MNC doing this? What is the risk for a local community?

Scherer and Palazzo further state that since firms already engage in political processes, the challenge is to embed the corporation in *democratic* processes (2007b, Slide 22). In traditional CSR, the main focus is to respond to the concerns of the most powerful stakeholder groups, and to manage the relations with these important groups. Stakeholder management deals with the idea of internalizing the demands, values, and interests of those stakeholders that affect, or are affected by corporate decision-making (2011, 903). Whereas the new political approach of CSR emphasizes that corporations move beyond only focusing on stakeholders, it recommends that firms shift more towards democratic global governance and the willingness and interest to address environmental and social challenges (2011, 907).

While this seems ideal, critiques of Political CSR abound. Whelan, for example, suggests that Political CSR needs to do more than simply describe the fact that profit-focused MNCs commonly engage in political activities—such as dealings with human rights (2012). Specifically, he suggests that Political CSR should be associated with a "political model of corporate

---

[29]A Westphalian system is one in which sovereign nation-states control their territory and are not bound to external actors or agents.

governance that gives voting rights to leading NGOs and various stakeholders" (Whelan 2012, 720). Edward and Willmott's reading of Scherer and Palazzo's advocacy of Political CSR is that it is primarily oriented to the managerial question of how businesses and their senior executives can retain legitimacy when acting as overtly political actors; rather than creating a new business theory for the firm (2011, 3). An overall critique of Political CSR is that although it has normative strength, the main weakness seems to be that it does not fully represent or explain social realities, nor does it offer any solutions. Furthermore, since nation-states or international institutions are sometimes not able to sufficiently provide or guarantee public goods to those that need it the most, is it moral for MNCs not step in at all—and by not interfering, leaving entire communities or sectors of society to be deprived? What is clear is that corporations are here to stay and their political importance will continue to grow. Hence, new models of governance also mean new models of collaboration and negotiation between stakeholders, MNCs, Non-Governmental Organizations (NGOs) and local government.

2.2   Corporate Community Involvement

This thesis concerns itself with the positive interaction between Multinationals through CSR initiatives or programs and stakeholder local communities in Latin America. CSR and how business should interact with society in general have been controversial topics for many decades. In the past, CSR has been considered a corporation's actions to distract the public from ethical questions posed by a firm's core business practices. Earlier rhetoric of CSR has not always matched the reality of its claims and scholars have questioned its false promises of development and weak commitments to communities (Frynas 2005). Companies' unethical business activities, lack of a universal code of practice and formal regulation have made the public skeptic of any positive contributions that an MNC can make. Furthermore, it was the not-for-profit sector that predominantly involved itself in social directive

initiatives. Slowly, however, issues of social enterprise also became important for the for-profit sector.

Freeman's Stakeholder theory (1984) emphasizes that firm financial performance also depends on positive "stakeholder management" (2001); which translates into a successful cooperation between the firm and all stakeholders involved. Freeman defines stakeholders[30] as "any group or individual who can affect or is affected by the achievement of a corporation's objectives" (1984, 46). As stakeholders gained significance, more and more scholars outlined the importance for academics and practitioners to step away from focusing solely on corporate financial performance, and to concentrate instead on corporate social performance and corporate social initiatives (Margolis and Walsh 2001). Only recently has much focus been centered on an MNC's responsibility towards local communities; consequently, questions whether corporations can be trusted to serve the public good arise. To date, surprisingly, the literature has provided little stakeholder analysis of the relationship between CSR policies and their externalities[31]; although a major focus of CSR is stakeholder and community outreach, and reducing undue harm to them.

Just as Corporate Social Responsibility has proven to be a difficult concept to define, so has the term "community". As far back as 1955, G. A. Hillery identified as many as 94 different definitions for community. In 2006, Dunham, Freeman and Lietdka also concern themselves with better identifying who community stakeholders are, and what their role in stakeholder theory and management is. For the purposes of this thesis, stakeholders here are defined as persons or groups of people affected in any way by the presence or action of the corporation and with any interest therein (DESUR 2014, 75). Many

---

[30] For Freeman, a list of stakeholders can include customers, suppliers, employees, financiers, and communities (1984).
[31] According to Crane, Matten and Spence externalities "are the positive and negative side effects of economic behavior that are borne by others, but are not taken into account in a firm's decision making process, and are not included in the market price for goods and services" (2008, 5).

stakeholders can be identified, but depending on the corporation and in the situation, some groups will be more relevant than others at any specific time. The stakeholders discussed in this dissertation are, more specifically: MNC and MNC personnel, Nestlé door-to-door salesladies, citizens of Barroso who partake in an Association, Alianza Suiza school personnel (directors, teachers), parents and students, NGO and Civil Society Organizations, and local government. In essence, stakeholders are considered the entities directly implicated or affected by the CSR or CSV projects implemented[32]. For the term "Community", Bowen *et al*'s definition is the most suitable, since they consider communities to be "defined by geography, economics or social situation, and may be sets of individual citizens or groups of citizens organized to represent a community's shared interests" (2008, 1). The corporations in this thesis have defined their stakeholder communities as those who have geographical proximity to the plants concerned (Holcim and Nestlé), and to the school communities who are in the sphere of influence of all six Multinationals (Alianza Suiza).

Community engagement, then, can be loosely defined as the processes of collaborative interaction between Multinationals and groups of individuals with the goal of improving a local group's social conditions. Among many things, community engagement can include philanthropy, training, volunteerism (from employees and community members), negotiation, dialogue, implementation, and collaboration between business[33] and society for a common goal. The World Business Council for Sustainable Development's (WBCSD) definition for CSR ties the concept to both development and community: CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality

---

[32] The stakeholder communities involved might be broader in scope than that which is mentioned in these case studies.
[33] With time, the term "community" has expanded; and some corporate communications, for example, consistently refer to the MNC as part of a "community" (Jenkins 2004).

of life of the workforce and their families as well as of the local community and society at large[34]"(WBCSD Website).

The view of development as being primarily about economic growth became less dominant as the failings of the Washington Consensus became more apparent in the late 1990s, and much greater emphasis was placed on the social dimensions of development and its relation to capitalism. CSR also became a major focus of interest at around this time for official development practitioners within the multilateral and bilateral development agencies[35]. The United Nations launched the Global Compact in 2000, and its ten principles derive from the Universal Declaration of Human Rights, the ILO's Fundamental Principles on Rights at Work, and the Rio Declaration on Environment and Development while inviting business, labor, NGOs and governments to work together (Global Compact Website).

In recent years, Michael E. Porter and Scott Stern created the Social Progress Index[36], and they define social progress as "the capacity of a society to meet the basic human needs of its citizens, establish the building blocks that allow citizens and communities to enhance and sustain the quality of their lives, and create the conditions for all individuals to reach their full potential" (2015, 4). The authors state, "development strategies based solely on economic development are incomplete" and that an "inclusive growth strategy must directly target improvements in social progress" (2015, 19). They reiterate that inclusive growth requires *both* economic and social progress and with their index aim to create a robust and holistic measurement framework in which

---

[34]WBCSD community involvement projects and initiatives can include community assistance programs, teacher training, health and safety programs, volunteerism, and philanthropic contributions.

[35] Development agencies began to pay close attention to CSR in the late 1990s, it also became of interest to "international organizations such as the World Bank and the UN, and national development cooperation agencies such as DFID in the United Kingdom and the Canadian International Development Agency (CIDA)" (Jenkins 2005, 529).

[36] The Social Progress Index incorporates four key design principles: exclusively social and environmental indicators instead of economic proxies; outcomes, not inputs; holistic and relevant to all countries; and practical tool for practitioners (2015, 4).

social progress "sits alongside GDP as a core benchmark for national performance" (*Ibid.*).

As CSR focused on environmental, labor and human rights, Rhys Jenkins stated that while these are very important issues, he called for a more development-oriented approach[37] and recommended a shift for the CSR agenda to include poverty reduction as a major objective—while acknowledging that the current way that CSR is practiced has inherent features which limit its ability to address poverty (2005, 540). Prieto-Carrón *et al*, advocated that CSR should adopt a "people-centered" perspective as opposed to the dominant "business case" perspective, asked for the link between governance, power, participation and CSR to be addressed (2006, 987), and for CSR to also represent a Southern-hemisphere perspective and broaden its scope to include the role of business in relation to poverty reduction in the developing world (Prieto-Carrón *et al*, 2006*,* 977).

Gabriel Eweje answers this call and shifts the focus to the increasing demands on MNCs to provide community development programs and assistance to the communities where they operate in, particularly in developing countries (2006, 93). Often, states in the Global South afford limited enriching projects and deliver weak social infrastructure. Hence, CSR can offer a basis for MNCs and their host communities to resolve the social issues that have plagued relationships between them (*Ibid.*). In underprivileged nations, MNCs are expected to make available certain social services in addition to performing their core economic activities. While citing his case studies in Nigeria and South Africa as examples, Eweje notes that MNCs are at times expected to provide education, scholarships, basic infrastructure such as roads, and even medical clinics as well as medication—even though these are not normally the functions of an MNC (*Ibid.*). For some scholars such as Jane Nelson, MNC responsibilities extend even further, since she considers that MNCs should also contribute to human capital, provide local people with the tools to drive their

---

[37] Rhys called for a more development-oriented approach and for focus on impact on poverty as a specific criterion in the assessment of company performance (2005, 528).

own economic development (1996), and engage in public policy dialogue, advocacy and institution building (2006). Crane, Matten and Spence likewise detail the growing accountability of CSR in different organizational contexts: in the private sector, in the public sector (schools, hospitals, universities), in civil society organizations or non-governmental organizations, as well as CSR in developed and developing countries (2008).

At the turn of the Century, hybrid approaches were on the rise and cross-sector engagement along with multi-stakeholder partnerships became more common. For example, as NGOs became more and more frustrated in their efforts to fight off MNCs after working tirelessly for decades to establish global standards for corporate social accountability, they opted in recent years to work directly with MNCs to achieve their goals. Not only did Corporate-NGO collaboration flourish, but also partnering between Business and Civil Society Organizations[38] (CSOs). These partnerships were strategic and successful in that corporations could contribute their financial expertise and resources while NGOs/CSOs could provide their public legitimacy[39] and experience (Elkington and Fennell 2000, 49). It is to be noted, however, that many NGOs remain extremely critical of CSR activities undertaken by the corporate sector. Nevertheless, we have witnessed in the past decade the relationship between companies and NGOs/CSOs shift from an antagonistic one to building partnerships with business to contribute to society at large (Warner and Sullivan 2004). All the same, it is clear that no one sector can respond to the challenges posed by globalization and its potential negative business consequences. Hence, corporate-NGO/CSOs collaboration can result in achieving common goals to fulfill both stakeholder and societal needs.

---

[38]Civil Society Organizations act in the public interest but independently of the state or the private sector (Diamond 1996, 3). CSOs and Not-for-Profit Organizations (NPOs) are important actors with much knowledge and expertise in fields such as health, education, poverty, and social inclusion. Additionally, their competence on social issues is embedded across local communities and global networks.

[39] Sometimes also their "trust-worthiness".

Currently, the academic literature calls for corporations to strengthen local institutions, tap into local community knowledge and expertise to enable local people to address development and poverty challenges in their communities. There is documentation of many of these partnerships, "Corporate Community Involvement" (CCI) cases that can create conditions to better address social issues and to jointly generate social capital. Jehan Loza, for example, explores business-community partnerships and details community organization capacity building in Australia (2004). Tracey *et al* call for a move away from philanthropy to long-term commitments between corporations and community enterprises[40] since community enterprises offer strong local linkages and democratic structures for stakeholder participation in the United Kingdom (2005, 335). Implementing CSR at the local level poses many complications, mainly weak and inefficient local government organizations, and MNCs should therefore support and enhance local governance's accountability, involvement and inclusiveness (Hamann *et al* 2005). Judy Muthuri illustrates multi-sector collaboration for CCI and community development through her case study in Kenya, where corporate action helped foster collaborative processes for capacity building of the local community to participate in societal governance (2007). Not to be forgotten, Heledd and Obara expand upon the risk of dependency that a community might develop on a company that undertakes CSR corporate community initiatives and can result in serious consequences for the dependent community, particularly after a company departs (2006). Clearly, there is also the risk that local government, who often rely on corporate taxes, that they too become dependent on companies to solve local developmental problems.

It is to be noted that much of the academic literature on this topic focuses on CSR initiatives in the oil, gas and mining sectors since the extractive

---

[40] For Tracey *et al*, "Community enterprises are distinguished from other third sector organizations by their generation of income through trading, rather than philanthropy and/or government subsidy, to finance their social goals" and allow for members of the community to participate in the management of the organization (2005, 328).

industry plays center-stage in many debates regarding social and environmental sustainability, as their impact is felt greatest at the local level. As this Literature Review exemplifies, many case studies have focused on Australia, North America, Europe, and Africa. This dissertation aspires to contribute to the Latin American dossier by presenting case studies where multiple MNCs from varying and competing industries collaborate together with local communities, government, and NGOs/CSOs for joint CSR and CSV programs in Brazil and Ecuador.

2.2.1   Corporate Community *Investment*

Moon and Muthuri define Corporate Community Investment (CCINV) as business involvement in social initiatives by way of contributing financial, in-kind assistance and human resources such as time and skills to meet the social and economic needs of the communities in which they operate in (2008, v). CCINV is increasingly at the heart of a CSR approach, and the governance of CSR is changing as companies formalize and integrate community initiatives into the core business strategy. Recently, the professionalization of community relations and investments now spans across teams and departments within a firm. Community issues and dealings are interconnected with other CSR agenda, such as, "employee relations, human resource development, customer relations, diversity issues, accountability, measurement and reporting" (Moon and Muthuri 2008, vi). Furthermore, companies are developing infrastructure in the form of systems and policies to support, communicate, measure and integrate CCINV objectives throughout the firm. Current CCINV programs tend to be initiated and ran by top management who incorporate them into strategic planning. This is different from previous CCI programs, which were normally delegated to community relations or communications personnel who did not always have knowledge about the core business of the firm.

What started out as philanthropy and paternalism has now turned into a mode of governance that involves partnerships rooted in vital community

investments. Companies are choosing strategic alliances that help them achieve multiple business objectives to fulfill their community needs, stakeholder demands, as well as their business goals. MNCs seek partnerships in the public, private, and non-profit sector to guarantee value creation and to improve their social effectiveness. CCINV programs seem to be very lucrative for the communities as they benefit from the donation of employees' time and know-how. The firms also stand to profit: they gain more loyal employees who feel more connected to both the corporation and the community. The partnering entities also benefit, as they need to demonstrate credibility and capability to deliver quality service to enhance corporate social practices. In this way, charities, NGOs, local associations and educational institutions adopt more private sector management skills that can improve the overall performance of their organization.

Reasons or drivers behind a firm's CCINV programs can be the *Competitive* Advantage Factor, responses to the moral marketplace demands, and the *Comparative* Advantage Factor (Hess *et al* 2002, 6-7). A Competitive Advantage Factor calls for less traditional and tangible sources of competitive advantage (such as technology, financial capital and location) and might include building reputational assets through better community relations. The new moral marketplace reflects stakeholders' moral desires, as well as their increasing demands and expectations of a firm's behavior. In other words, stakeholders expect the corporation to "do the right thing". CCINV programs based on a firm's core competencies demonstrate how a corporation's specialization can deliver a particular service or aid. The Comparative Advantage of business over governments or non-profits showcases a firm's capacity to assist in solving some social problems (Hesse *et al* 2002, 13). A firm can recognize specific community problems, and use its comparative advantage to help the community in need. For example, the United Parcel Service of America (UPS) has used its physical resources, human capital and organizational experience to help deliver supplies to those affected by hurricane and earthquake disasters. UPS runs these humanitarian relief

operations in partnership with the American Red Cross and UNICEF, to name a few of their partner organizations (UPS Website).

In response to Political CSR, business can sometimes be more apt than governments at solving certain societal problems since they hold vast know-how and stocks of resources that sometimes far exceed local governments or non-profits for addressing a particular social issue. Companies have diversified their community giving from traditional practices such as donations and philanthropy into complex partnerships that can result in Corporate Community Investments that enable poor and marginalized communities to be drivers of their own development.

2.3   Base of the Pyramid and Inclusive Business

As established markets became more and more saturated, MNCs turned increasingly to the emerging markets for expansion. Previously, MNCs typically targeted the wealthy elite from the developing world. In the past decade, however, they have launched new initiatives that aim to sell to the Base of the Pyramid (BoP), a low-income market of consumers previously untapped. There has been an increase in targeting what some corporations consider Segments C and D[41]. It is C.K. Prahalad (2002) who with his book, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profit*, he proposes that business and government stop seeing the poor as victims; that the poor be seen instead as value-demanding consumers who are resilient and creative entrepreneurs. The Base of the Pyramid[42] is the largest, but poorest socio-economic group in the planet. Estimates range to include the 2.5 billion

---

[41] Segment A and B are those with the highest purchasing power; and segment E being those without any or too limited of a purchasing power.
[42] The term "Base of the Pyramid" may be used interchangeably with "Bottom of the Pyramid" in this thesis to mitigate the negative connotation of the word "Bottom".

to 4 billion people who live on less than \$2.50/day and fall under this title[43]. These poor at the base of the financial pyramid are the fastest growing new market. They are the poor of today, but will be the middle class consumers of tomorrow. There are currently many new business models being developed for doing business with them, and who deliberately target this demographic: "models which engage the poorest of the world as consumers and create goods and services catering to the BoP's specific consumption needs" (Prahalad and Hammond 2002b).

Examples of BoP business models are micro-credit/micro-finance and market-specific BoP products, all of which have gained much popularity in the past decade, but not without lack of criticism. Banerjee *et al* (2013), for instance, question the "miracle of microfinance" with a randomized evaluation where results indicate that although microcredit is an important financial tool since it frequently allows for the expansion of household business, they found no impact or effect on measures of health, education, or women's decision-making power. Nevertheless, micro-credit has been a growing and lucrative industry throughout the developed and developing world.

At the heart of goods made with the BoP in mind, is low-cost production resulting in a low-cost price. Prahalad and Hammond noted that MNCs need to improve their product design and local distribution to bring down the poverty premium, meaning that the poor often pay more than their middle class counterparts do for products and services due to financial penalties, higher interest rate borrowing, or longer time-periods required to make a payment (2002b, 8). Distribution has often been a problem, since the BoP population tends to live in difficult-to-access zones, resulting in entire areas previously not penetrated. Products may come in smaller portions, even in single-serving-size packages; which result more expensive in the long run,

---

[43] There are many definitions of poverty and as of yet, no universal standardized form for measuring it exists. The World Bank is normally used for official global poverty statistics and they draw the international poverty line at living below \$1.25 per day. http://www.worldbank.org/

but are an immediate, accessible, low-cost solution. There exists, for example, the creation of a one-serving-size sachet of shampoo that besides being more affordable in that small quantity, is also easier to dissolve in cold water. Most of the world's largest corporations such as L'Oréal[44], Unilever, Proctor & Gamble (P&G), offer single-serving-size packages. In the streets and family-owned shops of Latin America, I have seen products ranging from food (ketchup, tea, coffee), household needs (detergent, aspirin), to personal hygiene (toothpaste, deodorant).

Stuart L. Hart (2007) regards the poor not only as potential consumers, but also as business partners, producers and innovators in *Capitalism at the Crossroads: Aligning Business, Earth, and Humanity*. Aneel Karnani (2007) argues that the solution is to focus on the poor as producers and to emphasize *buying* from the poor, thereby elevating their real income. The Base of the Pyramid Protocol[45] calls for the partnering of business and community to enable MNCs to generate new sustainable and equitable business opportunities by exploiting the MNCs' resources, technologies and best practices within the communities they operate in. This could mean forming a lasting partnership between the MNC and the poor communities who are rich in local knowledge and social capital. The second generation of BoP strategy sees them beyond mere consumers, and considers them as business partners to engage with in long-term partnerships. Central to Simanis and Hart's Base of the Pyramid Protocol, for example, lies the principle of "mutual value" and "co-creation". This means that each stage of the process should create value for *all* involved and that co-creation entails equal partnership with the BoP community to imagine, launch, and grow a sustainable business (2007, 8). MyC4[46] is an

---

[44] Nestlé has invested heavily in the world's largest cosmetics and beauty company, partially to tap further into the BoP market in the Global South. At the end of 2013, Nestlé owned 23.29% of L'Oréal shares (Nestlé Website).
Available at: http://www.nestle.com/ask-nestle/our-company/answers/nature-of-nestles-relationship-with-loreal
[45] Created by Erik Simanis and Stuart L. Hart. http://www.bop-protocol.org/
[46] http://www.myc4.com/

example of an innovative business model or corporation that positions the BoP as a partner. This social venture capitalist meets the co-creation processes with stakeholders by allowing investors to provide loans of their specified amount to projects[47]; thus, meeting the goal of building a shared commitment between a person or corporation and low-income communities. As will be outlined in the first case study, Nestlé Brasil provides an innovative approach to CSR, which encompasses BoP strategies for inclusive business with a focus on community development and added value for stakeholders.

Despite significant effort in proclaiming that there is a fortune to be made at the Base of the Pyramid, however, there are not many concrete examples of thriving, large-scale ventures by MNCs or social entrepreneurs (Karnani 2007). Most successful cases exemplified (including the one in this dissertation) list few sectors, and stay mainly within the food and cell phone industries. While it is true that all of this mad-rush to cater to the BoP might also be considered "the latest incarnation of corporate imperialism" or a veiled attempt to sell to the poor (Bonsu and Polsa 2011); it cannot be denied that at minimum it has inspired and created business model social innovation.

As consumers become more and more savvy regarding product manufacturing and origin, there is growing demand for CSR performance disclosure and transparency. On a global level, Foreign Direct Investment increasingly takes into account a corporation's CSR policy and performance in making investment decisions (Jenkins 2005). CSR practices, then, will only become more and more important in the future. Thus, as standards of ethical business practices are being raised, new business models are being developed. Reaching these markets, however, provides great opportunities that come along with great challenge (London and Stuart 2004). At the core of these initiatives lies the understanding that Western-style business strategies are not effective in these low-income markets; and that new business strategies require non-traditional practices, new solutions, and innovation.

---

[47] These projects are mostly in Africa.

3.   CSR, Poverty, Inequality, and the Local Context in Latin America

3.1   Can CSR Help Ease the Pains of Poverty and Inequality?

Latin America has been trying for the past decade[48] to shift towards a more equitable and sustainable type of development. The region understands more and more the importance of a balanced approach between the need to protect the environment and the need to solve social problems such as inequality and poverty, as well as the inclusion of the private sector and civil society. By adopting the Millennium Declaration 2000, all United Nations members made the commitment to double their efforts to eradicate poverty. The Millennium Development Goals include environmental sustainability, as well as poverty reduction efforts, and improvements in health and gender equality.

The Economic Commission for Latin America and the Caribbean[49] (ECLAC) identifies high levels of poverty and inequality at the top of the economic and social development factors that most heavily hinder Latin America's progress. The poverty indices in the region did improve in the years extending 2003 – 2008 when the continent achieved historically high growth rates and implemented significant income redistribution policies. Nevertheless, in 2007, 184 million Latin Americans representing 34% of the population were still living below the poverty line (ECLAC 2010, 30). The most recent figures from 2013 show that the poverty rate declined to 28% of the population, representing 165 million people; still, 69 million of that population are extremely poor (ECLAC 2014, 15). Apart from the high levels

---

[48] In 1992, the United Nations Conference on Environment and Development, also known as Earth Summit, was held in Rio de Janeiro to raise attention to the increasing deterioration of the environment. The link between environment and development was established and the concept of sustainable development broadened (ECLAC 2010: 10).
[49] http://www.eclac.org/default.asp?idioma=IN

of indigence, the region also suffers from a high Gini coefficient[50]. Given the region's development pattern, distributive inequality could be reduced through high per capita GDP growth rates (ECLAC 2010, 34). Economic growth alone, however, is not sufficient to reduce poverty-related problems.

Corruption has long been an additional problem in the region. In recent years, however, due to more stakeholder engagement and increasing demand for transparency has resulted in a growing trend towards sustainability reporting. For Alex Hammer, the link between poverty and reporting is the "natural result of internal and external pressures for business to meet complex expectations for sustainable practice" (2008, Slide 7). In other words, through publicly accessible reports, companies can articulate their overall commitment to sustainability, and record how sustainability contributes to drivers of growth and success. In the presentation "Sustainability Reporting in Latin America and the Caribbean—Where is it Going?", Alex Hammer further states that emerging markets have the opportunity to leapfrog; that sustainability reporting will be integrated into mainstream communication channels, and will play an even bigger role in product and branding in Latin America (2008, Slide 42). Although it is still at an early stage, there is particularly strong demand for sustainability reporting in Brazil. There is also clear evidence of the determination of Brazilian companies to further evolve their approach and to make their own distinctive mark regarding transparency (*Ibid.,* Slide 35). CSR-driven innovation, then, takes sustainability and transparency heavily into consideration. It aims to create more balance between a social and a commercial purpose. In this way, business is repositioned as "the driver for social change" whose ambition is to "transform society for the better through their products while also achieving economic success" (Krull 2009). This new paradigm provides solutions that create long-term fundamental changes in market by re-shifting the power systems to provide innovation and more transparency.

---

[50] The Gini coefficient is commonly used as a measure of inequality of income or wealth within a country.

The continent's religious heritage might also play an important role on the focus to make social contributions. This is reflected in the giving of alms to the poor and the importance of "giving back" to society. Hence, it is no coincidence that many CSR pioneering organizations[51] and corporate initiatives hold aspirations to create a more fair and sustainable business and society. There is a growing interest to contribute to the development of communities and social value creation. Supranational organizations such as the Inter-American Development Bank[52], Transparency International[53], and global initiatives like the United Nations Global Compact[54] have also played a role in influencing the continent's alignment of business operations with efforts to alleviate poverty and inequality; and to improve upon the areas of human rights, labor, corruption and the environment. Further goals are to raise transparency and accountability in the continent, and to make contributions to society.

The trajectory of CSR has been one that began with philanthropic intentions and has evolved into a broad range of initiatives and activities that extend beyond profit-making. CSR practices of the 21st Century focus more and more on sustainability and social inclusion. In Latin America, many of these initiatives are closely linked with poverty alleviation. It is important to note, however, that these initiatives are not always altruistic in nature, but have the ulterior motive of creating the "consumers of tomorrow" and giving purchasing power to an entire stratum of a continent that had previously been mainly left out of market activities (Prahalad 2002).

---

[51] Such CSR focused and innovative organizations include the Ethos Institute in Brazil (http://www.ethos.org.br/DesktopDefault.aspx?Alias=ethosEnglish&Lang=pt-BR&TabID=3889) , Acción RSE – Empresas por un Desarrollo Sustentable in Chile (http://www.accionrse.cl/app01/home/mision.html), and Peru 2021 (http://www.peru2021.org/).
[52] http://www.iadb.org/?lang=en
[53] http://www.transparency.org/
[54] http://www.unglobalcompact.org/

3.2 CSR, Local and Regional Context in Latin America

It is difficult to generalize the corporate social and environmental responsibilities of MNCs in Latin America and the Caribbean (LAC) due largely to the multiple and diverging economic, social and cultural regions that encompass the hemisphere. Although the promotion and advocacy of CSR in Latin America is more established than ever before, there is a huge gap between CSR activity in Canada and the United States, and the rest of the Americas. As deep as this gap is, however, the breach between the most advanced and least developed countries of the region is also very large according to Alexander Haslam. For example, Brazil leads the LAC countries since its firms demonstrate a high level of engagement with CSR and a commitment to reporting that is closer to Canadian norms rather than Latin American ones (2012, 53); while CSR in the Andean region is in its nascent stages.

The Latin American region must also contend with the *Sturm und Drang* of globalization. Past economic crises in the continent have increased poverty, eliminated decade-long progress and devaluated currencies to record lows. Lourdes Casanova (2009) affirms that despite (or due to) these harsh conditions, though, many Latin American companies have thrived in recent years under extreme circumstances. Therefore, there is growing recognition of the resiliency, ability to adapt, innovation and talent to be found in the region (*Ibid.*). Nevertheless, globalization has brought about great opportunities as well as pressures, and while some companies in North America and Europe have taken this chance to reposition themselves as drivers for social change, there are disparities as to how it is applied throughout Latin America.

There are many complexities and approaches to CSR exercised by local and global firms. In comparison with Europe, the differences within Latin America are remarkable, mainly due to the level of development of the overall financial market, institutions, and legal framework of the continent. As stated by Estrella Peinado-Vara, there are many difficulties that slow CSR progress in Latin America more than in other regions, such as "weaker institutional capacity and corporate governance and less favorable business environments.

Some capital markets are relatively underdeveloped; therefore, issues such as corporate governance are not a priority" (2012, 46). Yet, many corporations have managed to survive these challenges and to improve their CSR activities, "There are companies that learned the hard way and realized the importance of the social license to operate, or that learned about environmental sustainability only after suffering negative consequences (boycotts, litigations, etc.) due to their irresponsible behaviors (labor disputes, community conflicts, environmental disasters, etc.)" (*Ibid.*).

Corporate Social Responsibility policies in Latin America can be incorporated directly into the business strategy of a firm and can expand across a wide range of activities. They can be as simple as buying/selling Fair Trade products, or as far-reaching as to provide community-based development. It is important, then, to define which practices are merely window-dressing, and which aspire towards making a valuable contribution to society. In the United States, CSR has typically been correlated with philanthropy; whereas in Europe, it has been more linked with operating a business in a socially responsible way. Casanova and Dumas remark that recent CSR practices in Latin America are predominantly tied with the purpose of securing that a corporation's operations are "sustainable", and are often linked with social issues such as poverty and inequality (2012, 55). In other words, many MNCs in the continent take into account not only the economic and financial dimensions in decision-making, but also the ethical, social and environmental consequences. While Alexander Haslam writes that the key weakness of CSR in Latin America is that "it's not suited to either monitoring or promoting compliance" (2012, 53), many MNCs embrace a CSR approach that extends beyond the Western conceptualization of stakeholder pressure, environmental concerns, and integration into core business. In the Latin American continent, some corporations sometimes offer a hands-on, community improvement approach that engages with local populations as much as possible. This can entail the setting up of learning centers to educate a community, to facilitate them in developing new skills, or provide activities that help them better themselves.

3.3   Local Context Brazil: Established CSR

From all of the countries in Latin America, it is perhaps in Brazil where the CSR initiatives and goals are being more aggressively and innovatively pursued; and social inclusion lies at the top of many government and business agendas. According to the Ethos Institute, Brazil has become a hotspot for social entrepreneurs and more than half of all companies there have embraced policies that take into consideration human welfare (Casanova and Dumas 2010, 135).   These social development practices include the establishing of ethical patterns, better management, organization of knowledge, and the development of tools to improve the relationship between employees, customers, suppliers, community, shareholders, public power, and the environment (Ethos Institute Website). By and large, the social factor is often in the Brazilian business forefront: there is a tendency to promote programs that take the improvement of localities and communities into consideration, and these programs tend to be entrepreneurial, dynamic and evolving. Business with a CSR focus is very prevalent and present in modern-day Brazil. Michaela Rueda, Human Resource Director of Holcim Brasil comments on this subject:

> Many companies come from various family origins here in Brazil. Families could have emigrated from anywhere in the world. What they have in common is a concern with CSR, which is very strong in many family-owned enterprises. Most of the time, there's not a very strong alignment with the corporation's business, but the families create foundations. They use CSR to help society and to try to nullify the negative impacts of their business. (Interviewed on January 12, 2012 at the Holcim Headquarters in São Paolo)

There is a long history of Brazilian firms making social contributions to society and starting foundations with the purpose of making social development a priority. These family-run foundations were often the first ones to conduct the CSR projects of some of the major Brazilian corporations such as Vale SA.

3.4 Local Context Ecuador: The Rise of CSR

Like in most of Latin America, firms in Ecuador have had to operate in harsh economic, volatile markets for a long time and corporate social responsibility has only recently entered the corporate consciousness. There is a nascent and growing trend for companies to consider ethical behavior, worker and labor rights, communal development and their impact on the environment. Themes related to value chain integration, corporate governability and transparency, however, do not prove to be too prevalent in the general practice or CSR discourse agenda.

CSR in Ecuador predominantly manifests itself through philanthropic models, some sustainability or social programs, and more rare cases where companies incorporate CSR as business strategy. To some extent, CSR in Ecuador has been influenced by the indigenous tradition of valuing solidarity, customs of giving, receiving and communal sharing. As in the case of Brazil, practices are heavily shaped by the country's Christian religious heritage of giving alms to the needy. Currently, Ecuador is in the evolving stages from a paternalistic system based on welfare, to one that considers more social and economic inclusion. A bigger impact has come from the financial capital of foreign Multinationals, collaboration with international non-governmental organizations (NGOs), hemispheric networks such as RedEAmérica, and the Consorcio Ecuatoriano para la Responsabilidad Social (CERES[55]) who conceive that business ethics should include a strong social responsibility component. As a result, many local firms express a form of CSR based on philanthropy and donate goods or services sporadically. Some larger national companies have begun limited sustainability and social programs, or engage in inclusive business activities. Smaller MNCs who operate in the country tend to outsource their CSR, while some Multinationals, international, and national banks have started Foundations. Fewer MNCs and national companies have incorporated CSR as business strategy.

---

[55] Ecuadorian Consortium for Corporate Social Responsibility

The existing most active associations involved with CSR in Ecuador are Fundación Avina, Instituto de Responsabilidad Social Empresarial del Ecuador (IRSE[56]), and the Fundación de Empresarios para el Desarrollo Social (Femdes[57]). Universities such as Universidad Técnica Particular de Loja, Universidad Casa Grande, and the Facultad Latinoamericana de Ciencias Sociales (FLACSO[58]) in Ecuador have started to offer CSR courses in recent years. There seems to be no evidence of consumer or civil society driven organizations that proactively and publicly demand responsible business behavior, nor a governmental drive pushing towards CSR implementation and regulation. For the first time, CSRAméricas held its ninth Inter-American Conference on Corporate Social Responsibility[59] in Ecuador on the 21st to the 23rd of May 2012. This meeting was organized by the Inter-American Development Bank's (IDB) Multilateral Investment Fund (FOMIN[60]), and the local Ecuadorian co-organizers were the Ministry of Coordination of Production, Employment and Competitiveness[61], the Municipality of Quito and CERES. Día País was the main event within the conference in which the host country could decide the format and content of the day's agenda. The focus was chosen as "Ecuador, Competitivity and Responsible Investment[62]" to diffuse Ecuadorian best practices in an open house forum where seventeen projects were chosen and presented—amongst them Alianza Suiza (the third case study in this dissertation). To recapitulate, the trajectory of CSR in Ecuador has been one that began with purely philanthropic activities and is slowly expanding into a broader, more complex, multi-sector practice.

---

[56] Institute for Corporate Social Responsibility Ecuador
[57] The Business Foundation for Social Development
[58] Latin American School of Social Sciences
[59] La Conferencia Interamericana de Responsabilidad Social de la Empresa.
[60] Fondo Multilateral de Inversiones, Miembro del Grupo Banco Interamericano de Desarrollo (BID)
[61] Ministerio de Coordinación de la Producción, Empleo y Competitividad (MCPEC)
[62] "Ecuador, Competitividad e Inversión Responsable"

3.5   Global and Local Corporate Social Responsibility

This thesis discusses how Swiss Multinational corporations and the local communities they engage with intersect at the cross-roads between the global, the local, and Roland Robertson's phenomenon of glocalization—the act of conducting business according to both local and global considerations and practices (1995). CSR can be a local, global, or combined occurrence. For Multinational corporations, it tends to be a mix of worldwide strategies that are adapted to a very regional context. Issues of glocalization play an important role in the nature of this study since the main unit of analysis is international corporate phenomena and local communities. What is important is how a corporation manages being international and local simultaneously; and how that corporate setting and the local communities interact, navigate, and handle each other. Working in foreign cultures, as well as dealing with cultural differences, and understanding cross-cultural inconsistencies are very real concerns for MNCs doing business in Latin America. It is not just about cross-cultural communication, but also about transnational multiplicity and sub-national diversity (e.g., Alianza Suiza in Ecuador works in Quito with a predominantly indigenous population and in Guayaquil with mainly Afro-Ecuadorian communities).

Although Swiss corporate culture plays a major role in the envisioning, structuring and manifestation of CSR projects, varying corporate strategies are implemented by specific MNCs. In most of the cases, headquarters normally provides basic guidelines while regional teams adapt the projects to the local needs and demands on the ground. Nicolas Crettenand[63], International Marketing Manager at Nestlé Headquarters shed some light as to what the corporate policy is from Headquarters in Switzerland:

> Normally, Headquarters makes and drives the strategy. Afterwards, it is the countries that chose their own implementation and actions.

---

[63] The interview with Nicolas Crettenand was conducted in French. The conversation was then translated into English by the author of this dissertation.

> Then, everything is verified and validated by the control center. We authorize and confirm. That's why someone like me has to travel so much, to see what is done in place and if it's aligned with strategy. That's what makes my job interesting, because every country is so different. (Interviewed on October 25, 2011 in Vevey)

It seems that the local subsidiaries tend to function at a micro level, while Headquarters operates at a more macro level. For Nestlé, Headquarters dictates and provides procedures for a project, but it is ultimately the regional subsidiary that can adjust it to requirements on the ground. Nevertheless, Nestlé offices throughout the world are expected to adhere to Headquarter directives, and they are inspected regularly to assure that they do so. By contrast, regional Holcim subsidiaries have abundant freedom to implement projects locally. Michaela Rueda, Human Resource Director at Holcim Brasil explains that from an administrative perspective, there is a common vision for the hemisphere, but that they are fully responsible for developing or adapting a project locally:

> Andreas Leu [Responsible for Holcim in Latin America and Member of the Executive Committee] wants us to have a common vision for CSR projects in Latin America. That way, we don't have to reinvent the wheel all of the time, even if each country in Latin America is different. Switzerland gives us the directions and guidelines, but at the end we do everything locally. For better or for worse. Sometimes we would like to have better instructions so that we don't feel so lost. (Interviewed on January 12, 2012 at the Holcim Headquarters in São Paolo)

During the interview, Michaela Rueda expressed some frustration at having too much autonomy and not enough structure or guidance from Switzerland; since at the end, her team is held fully accountable for the success or the failure of the local projects. She mentioned several times that more guidance would be

useful, but that they at least had some clear CSR procedures that they could follow:

> The Holcim Institute in Brazil, it's 100% local. The Institute does receive, however, some support from Switzerland. With the creation of the CSR policies there were manuals written, which included a lot of information about stakeholders. We were given tools to comply with the requirements. All of this helped align the CSR policy. (*Ibid.*)

It is a part of the Holcim corporate culture to offer clear guidelines and then to give liberty regarding implementation.

The more fruitful projects can stay at a local level, or be replicated in another location in the world. For example, Nestlé Brasil created a Bottom of the Pyramid Unit in São Paulo that devised a micro-distribution franchise to have market entry into favelas and other marginalized communities that previously provided logistical obstacles and no opportunity for brand exposure. For Nestlé, Headquarters can learn from a successful project in one locality (e.g., Brazil) and implement nearly the exact same model on a global scale (e.g., India and the Philippines). Nestlé follows a strict global adherence to "Creating Shared Value" and normally does not engage in CSR activities that are not tied to their core business.

While some MNCs (e.g., Nestlé) adopt a more universal or broad strategy for implementing their CSR projects (e.g., micro-distribution system and Nutrir at schools), other MNCs (e.g., Holcim) opt for an ad hoc strategy that considers each community they interact with as a microcosm with particular characteristics that need to be addressed individually. Holcim does not follow a concept such as CSV, but implements a "Social Engagement Scorecard" (SES) worldwide that provides a framework for selecting and managing CSR projects. In this way, objectives can be set early and measured over time. However, the SES is merely a tool for managing information regarding the projects, not a blueprint for creating them. Holcim Brasil practices a much more localized form of CSR than Nestlé, since each project is tailor-made for the actual and specific conditions of each town or city;

whereas Nestlé's projects are replicated worldwide. In this sense, Holcim's CSR strategy is more "local" rather than "global".

The presence of a Multinational corporation can have a strong influence and impact on local culture. Differences do not only exist between countries, there are inconsistencies *within* a country, particularly one as large as Brazil. Alessandro Araujo de Souza works with community projects and is a Consultant for Latina Consultoria Empresarial in São Paolo. Holcim hires him as a consultant from time to time and he is currently working with projects in Barroso (Chapter 8). He expands upon this topic:

> Barroso's identity is Holcim.   The city is unknown without the company. Everyone hears that Tiradentes is a tourist town, but they hear 'Barroso' and automatically think 'Holcim'. There's no Boy's Club, no Lion's Club, no outside groups. Merchants are the only ones who bring in new culture, new fashion. Before Internet, the stores had no way of doing research. If you have no research, you have no innovation.   There's no cinema, no theater, no cultural space in Barroso. Only Television. So, once they got Internet and Holcim arrived, it had a big impact. There were clashes between the local and the global. Facebook has a big presence, everyone has an account. And now the town is getting used to seeing foreigners who come to the Holcim plant. (Interviewed at the Holcim Headquarters in São Paolo on January 17, 2012)

The processes of globalization have arrived a bit slower in Barroso, Minas Gerais, than in other parts of Brazil. Normally, when executives come to visit the plant, they stay in Holcim housing. During my sojourn there, I stayed in the only hotel in the small town. It was difficult to get around because there were no regular buses and it was problematic to get meals because there was only one local fast-food hamburger place that did not hold regular open hours. In juxtaposition, the recently expanded Barroso cement plant is one of Holcim's biggest and most important in the Western Hemisphere.

Corporations benefit from both the local and the global strategy. The concept of leapfrogging, for example, is very applicable in the case of the Alianza Suiza in Ecuador (Chapter 9) since Roche, Sika, and ABB can rapidly learn how to adapt and implement CSR projects from the more experienced Holcim and Nestlé by being in an alliance with them. Roche, Sika, and ABB can also learn about global trends and benefit from the risks and missteps of the other firms. The less experienced firms in this Alliance can skip on to accelerated and more advanced practices of "glocalized" CSR.

Multinational corporations often adopt their products and services to domestic markets. Some do it so well that the locals tend to appropriate the brand as one of their own. In Brazil, for example, Nestlé is considered a "Brazilian" corporation because many people consume their foodstuffs throughout their entire lives. The corporation produces local edibles that cater to native tastes: Maggi Sopão Feijão, Moça Doce de Leite (canned), and Pure Life Splash Açaí water. Nestlé Ecuador also functions in a similar way and yields foods that embody the traditions of the region. In Ecuador, the perception is also that Nestlé is a local corporation. Mariana Tufiño, Executive Director of Corporate Social Responsibility for Nestlé Ecuador explains:

> We have a very strong presence in Ecuador. 100% of the population grows up consuming our products and people perceive us as an Ecuadorian company. Because Ecuador is so diverse, our focus here is anthropological and deals with identity. We focus on the Andean heritage and its traditions. We want our food to empower the indigenous communities! For example, we sell a white carrot cake, instant quinoa soup; we have managed to localize our products. To preserve identity is one of our priorities! That means that we have to adapt to local needs! (Interviewed at the Nestlé Headquarters in Quito on November 09, 2011)

In Ecuador, Nestlé can address needs twofold: those of the BoP market and those of the different ethnic groups. Mariana Tufiño uses the discourse of food sovereignty by emphasizing that the indigenous people should have access to

culturally appropriate food, and that they can even be empowered through the consumption of Nestlé products. Interestingly, she believes that the mass production of Andean food is a positive affair, and she never questioned during our conversation whether consuming the processed Nestlé fares in lieu of the traditional home-made goods these communities eat is healthy or unhealthy for them. Nestlé's Floating Supermarket selling in the Amazon (Chapter 7) raises some of the same questions; mainly, should the natives be exposed to this processed, fast food, and whether cultural heritage can be turned into instant meals. One may also be prompted to ask how a quintessential Swiss corporation can excel at producing traditional Amazon, Quichua, or native Ecuadorian food. Which leads to the question of how "Swiss" are these Swiss corporations?

3.6   The "Swissness" Factor

When it comes to product or service competency, reliability, and trustworthiness, Switzerland tends to top the charts in several international country rankings. As a country brand, it embodies tradition, reliability, and exclusivity or luxury. "Swissness" is synonymous with quality, precision, and innovation. It also stands for efficiency, punctuality, and order. For example, Switzerland holds the second position in the FutureBrand Country Brand Index for years 2014-2015, which considers a country's ability to have a measurable competitive advantage over its peers. Some of the key drivers of a country brand include having a reputation for high quality products, a desire for others to visit or study in the country, and ability to do business (FutureBrand Website). Workwise, the Swiss brand represents specialization and highly trained professionals that are hardworking, competent, and skillful[64]. Switzerland came in second place for competitiveness in the IMD World

---

[64] This could be attributed in part to the dual educational system which combines apprenticeships in a store or firm and vocational education at specialized schools; alongside the world-class university education that Switzerland offers.

Competitiveness Index, which takes into consideration the resilience of a country's economy, employment numbers, and its dominance in technology and infrastructure. The Alpine nation seems to have prospered also thanks to exports, business efficiency, and innovation. Recently, it placed in third position in "The Good Country Index", ranking very high in prosperity and equality, science and technology, and health and wellbeing (The Good Country Website). Overall, Switzerland is perceived as a reliable and dependable country with much natural beauty to offer and a high quality of life.

The "Swissness Worldwide 2013 Survey[65]" is an international study on the perception and market value of the Swiss brand, it offers results that evidence "Swissness" as good for business and that the country's global image has consistently improved throughout the years (Feige *et al* 2013). Furthermore, customers are willing to spend more on Swiss products than on goods from other countries. For companies, it pays off financially since firms can charge more for items manufactured in Switzerland.

Reference is often made to the Swiss brand together with the term "Swissness". However, the Swiss brand does not actually exist. Normally, it refers to goods or services labeled with the designation "Swiss", the "Swiss cross" or any other information connected to Switzerland. Recently, there has been an increase in the "Swiss Made" designation being abused or wrongly used at home or abroad by being placed in products that are not made in Switzerland. Hence, the new "Swissness" legislation, which will come into force on January 1, 2017, will strengthen protection for the "made in Switzerland" designation and the Swiss cross (Swiss Federal Institute of Intellectual Property Website).

---

[65] The University of St.Gallen's Institute of Marketing and the htp St. Gallen Managementberatung's study is originally titled in German: "Swissness Worldwide 2013 – Image und internationaler Mehrwert der Marke Schweiz".

3.6.1   How "Swiss" are Holcim and Nestlé in Brazil and Ecuador?

Holcim and Nestlé are considered "local" corporations in Brazil and
Ecuador. They seem to enjoy the best of both worlds, since, paradoxically,
they are considered very "Swiss" when it comes to issues of organization,
timeliness, structure, high quality, consensus, discipline, and reliability.
According to Alejandro Muñoz, Manager of Industrial Maintenance at Holcim
and Representative to the Alianza Suiza, local perception of the "Swissness" of
the Alianza Suiza cannot be underestimated:

> We are very Swiss! We have a lot of structure, organization, outlines,
> and plans. We also enjoy a very good reputation because we improve
> the security issues of the schools. It's just like at Holcim, we are
> obsessed with health and safety issues. Because Holcim is a Swiss
> company and we are in the "Alianza Suiza", we raise the quality of the
> projects. Maybe that's what makes us different from Ecuadorian
> corporations and their projects. (Interviewed at the Holcim
> Headquarters in Quito, Ecuador on November 10, 2011)

Alejandro Araujo de Souza told me that he is very proud to work for a Swiss
corporation because not only is the pay higher than at other international
corporations, but because he also enjoys being in a demanding and disciplined
environment where the bar is set very high. He then expanded upon how
Holcim corporate culture is distinctive to other institutions he has been a
consultant for:

> The discipline that Holcim instills is different than at other institutions.
> With Holcim, we always have an "action plan" and need to map out
> the next steps. We always have to look to the future. Many Brazilians
> don't like to do this, they find details too tedious. Many times, they
> make decisions based on the pressure of the moment, so they're always
> improvising! This can sometimes be good, but most of the time it's
> not. On the other hand, too much formality, too much structure is
> senseless, not correct for us. Brazilians are used to an "informal"

culture. We're adverse to future projections. With Holcim, I have to plan for the entire year! Very few Brazilian companies ask for that. So, planning is something that I learned here. That's not too present in Brazil. People at Holcim do a lot of reflection, there's also a lot of acceptance of criticism. In Brazil we say, "Let's do it!" We decide to do it, and then we have to find a way; but sometimes there's no concept, no planning beforehand! (Interviewed at a project site in Barroso on January 17, 2012)

Alejandro Araujo de Souza also explained that Swiss culture, as he has experienced it, is very different from Brazilian culture. For him, working for a Swiss corporation means planning ahead and paying attention to detail, whereas Brazilians are not very accustomed to scheduling and organizing for the future—which can have chaotic outcomes. Michaela Rueda, Human Resource Director at Holcim Brasil agrees that there is an element of Swissness at Holcim:

Well, Swiss companies tend to have Swiss culture. Here, we feel it in a positive way. We have the freedom to choose, we get input from everywhere else in the world. We engage in collaboration, lessons learned from all group companies; whether they are in India or anywhere else in the world. We all use the same supply manuals; we share the process of participation and creation together. I can sum up our Swiss culture by saying that it's about: consensus, joint collaboration, and trust. (Interviewed at the Headquarters in São Paolo on January 12, 2012)

Michaela Rueda expanded upon the benefits of being not only a Swiss corporation, but being able to have access to knowledge from all over the world. Consensus, collaboration and trust, as well as respect and justice are traits that were often associated with the Swiss. Otmar Hübscher, CEO of Holcim Brasil, also spoke to me about the Swiss component at Holcim Brasil:

Well, first of all, you might know that there is a lot of egalitarianism in Switzerland; it's a country that was founded upon this belief. It helped us when we were much, much poorer. We learned to have respect for individuals and we also learned about responsibility. That's how our system of direct democracy was founded, and based on responsibility and justice. Here at Holcim Brasil we try to instill this sense of egalitarianism, we try to create a culture of respect for individuals, and we also encourage responsibility and justice. (Interviewed at the Headquarters in São Paolo on January 20, 2012)

At least four of the people whom I interviewed told me that they consider the Swiss to be very fair, just people. Neutrality was also mentioned often, followed by comments explaining this as the reason why the United Nations is based in Geneva. Not everyone agreed that Swiss traits are inherently positive, however. Michaela Rueda commented on the topic of consensus:

A culture of consensus is sometimes a weakness. We are very independent and free, but the negative aspect can be the inverse of this culture, which means lack of confrontation. No one wants to take a solid position, so as to avoid conflict. All of this doesn't affect us too much in CSR, but perhaps it affects the business units more. The directors and executives that work for the Swiss companies, they take a very long time to take decisions, and we have to wait around for them. (Interviewed at the Holcim Brasil Headquarters in São Paolo on January 12, 2012)

Michaela Rueda mentioned that even when she is at meetings with the top Swiss executives of the corporation, sessions are long because they cannot come to a resolution on account of people not always speaking out their minds or taking a decision. All of this seems to be in the brink of change, however. Although many of the Swiss corporations have a prominent "Swissness" to them, it seems that it is declining. According to Otmar Hübscher, CEO Holcim Brasil, many things are fluctuating:

A lot is changing! Even in Switzerland. Before, people had much more auto-control, self-reliability. In regards to the corporation, the Swiss factor is also changing. It's diminishing. Nestlé has been international for a very long time. In contrast, our global expansion is just beginning. But cement is the second most consumed product after water, so we have a promising future. Things in Headquarters are changing. Our executive meetings, for example, used to be all in German. Now these executive reunions are in English because not everyone speaks German. Also, the committee is made up of international professionals from all over the world. The Swiss factor here at Holcim Brazil is becoming less present; I can feel it decreasing. (Interviewed at the Headquarters in São Paolo on January 20, 2012)

The more globalized that a corporation becomes, the less "home" identity it seems to preserve, as several nationalities enter the corporation's sphere, English becomes the lingua franca. The conversation with Otmar Hübscher then turned to worldwide shifts and the rise of the Global South:

The fact that other nationalities are rising isn't necessarily a negative thing. These shifts make it more democratic in international dimensions. At least for the higher classes. In Brazil, for example, there are more advances, more innovation. This is all coming from the South, not from Europe or North America. Therefore, the Swiss factor reduces. Again, this is not necessarily negative. The fact that the Swiss factor goes down simply means that there are other changes and advances, influences from other parts of the world. (*Ibid.*)

The CEO of Holcim Brasil believes that the Swiss influence, or the Swissness factor, is lessening in the corporation. This is a direct effect of the processes of globalization, that there is more mixing of nationalities, which results in the creation of an international class. Also, these same processes are giving the opportunity for innovation and creation to come from non-traditional parts of the world, such as Brazil and the Global South in general.

Part II - Methodology, and Research Design

Part II - Methodology and Research Design

4. Methodology

4.1 Young's "Social Connection Model of Responsibility"

Iris Marion Young proposes an alternative conception to the liability model of responsibility in her "Social Connection Model of Responsibility", which states that "all agents who contribute by their actions to the structural processes that produce injustice have responsibilities to work to remedy these injustices" (2006, 102). She further affirms that this responsibility is not necessarily backward-looking, but rather primarily forward-looking. In this way, it is not the goal to look towards the past and to attribute guilt to an agent, but to find remedy to unjust outcomes in the future. An agent can contribute to existing structural injustices even if these structural injustices are not out of his or her making. By mere association or participation, the agent has an obligation to join forces with others—who also share responsibility—to change or transform the structural processes to make the outcomes less unjust. The model clarifies that "individuals bear responsibility for structural injustice because they contribute by their actions to the processes that produce unjust outcomes" (Young 2006, 119).

In considering the demands and encroachment of globalization, one must always take into account the numerous agents involved in the system. This means scrutinizing and analyzing the institutions, actors, and practices implicated in unjust global interactions. Young explains that:

> Structural injustice exists when social processes put large categories of persons under a systematic threat of domination or deprivation of the means to develop and exercise their capacities, at the same time as these processes enable others to dominate or have a wide range of opportunities for developing and exercising their capacities... Structural injustice occurs as a consequence of many individuals and

institutions acting in pursuit of their particular goals and interests, within given institutional rules and accepted norms. All the persons who participate by their actions in the ongoing schemes of cooperation that constitute these structures are responsible for them, in the sense that they are part of the process that causes them. (Young 2006, 114)

In other words, it is every agent's duty to respond to and to remedy any structural injustice that is the outcome of an engagement. Furthermore, social injustice exists and is perpetuated sometimes involuntarily within the rules and norms presently in place. Mere cooperation makes an agent part of the process that causes structural injustice.

In essence, Young declares that there are two models of responsibility: liability and social connection (2006, 115). The liability model is normally applied in legal and moral discourses, and is characterized by guilt, blame, and fault. Young adds that the Social Connection Model of responsibility establishes a special kind of obligation, and therefore goes beyond prior variations based on guilt, blame or liability. Furthermore, it is clear that agents have "certain responsibilities by virtue of their social roles or positions" (Young 2006, 119). A final feature of the model is that the forward-looking responsibility can be discharged only by collective action. Hence, responsibility derived from collective action or "social connection [...] is ultimately political responsibility" (Young 2006, 123).

Table 2. Comparison of Two Models of Responsibility

Liability Model	Social Connection Model
Characterized by guilt, blame, fault	Social Connection
Direct attribution of guilt	Shared responsibility / collective action
Backward-looking argumentation	Forward-looking perspective
Look to past to attribute guilt	Find remedy to injustice in the future
Individual, narrow focus	Global, cosmopolitan focus

Source: List compiled based on Young (2004, 2006).

With limited time and resources to respond to structural injustices, we share more responsibilities than we are capable of discharging. Thus, we must make choices about where our action can be most useful or which issues are the most urgent. The Social Connection Model offers some parameters for reasoning and deciding which injustices are more pressing, and assessing the degrees of responsibility: "these differences of kind and degree correlate with an agent's *position* within the structural processes" (Young 2006, 126). Persons can reason about their relation to structural injustice along parameters of *"power, privilege, interest,* and *collective ability"* (Young, 2006, 127). For our purposes, the Social Connection Model ties in well with Corporate Social Responsibility because they both address issues and questions that arise regarding an agent's obligations and responsibility while participating in structural social processes with unjust outcomes.

4.1.1　CSR and the Social Connection Model

Research into whether Multinationals have contributed towards (ir)responsibility and global (in)justice is very important. How MNCs have enhanced and sometimes improved structural processes that reduce injustice is also valuable. In order to fully understand the CSR agenda in Latin America, it is necessary to generate a solid base of empirical evidence. This thesis contributes to helping close that gap by exploring CSR activities in Brazil and Ecuador. The aim is to analyze and assess the impacts that Multinational CSR activities have in the communities they engage with. The three case studies considered will be analyzed within the context of Iris Marion Young's Social Connection Model of Responsibility to explore the responsibilities of various kinds of actors and the power relations among them. I apply the four parameters in Young's Model: *power, privilege, interest, and collective ability;* along with the additional four criteria that I propose: *inclusion, clear corporate strategy, commitment, and good governance* (elaborated upon in the next two sections). Young provided an outline for a social connection model that can be used to better investigate complex social structures, which she defined as sets of "institutional rules and interactive routines...physical structures...which are relatively stable over time", and explained that social structures serve as background conditions for individual actions by presenting actors with options: they provide "channels that both enable action and constrain it" (2006, 115).

In the case study chapters, I will consider the actions of individual agents, as well as the deep interconnections among the networks and alliances established, while taking into consideration how the decisions, actions and policies of the MNC affect the options available to the local citizens, community groups, and NGOs, *inter alia*. Concomitantly, this will be contemplated along with how the corporation may or may not be limited by the decisions, actions, and policies external stakeholders take. By better understanding these complex social structures, we can better assess and acknowledge the opportunities and responsibilities of the actors involved. As mentioned before, central to these complex social structures lays power and

influence, to which Young applies a level of responsibility to: "an agent's position within structural processes usually carries with it a specific degree of potential or actual power or influence over the processes that produce the outcomes. Where individuals and organizations do not have sufficient energy and resources to respond to all structural injustices to which they are connected, they should focus on those where they have a greater capacity to influence structural processes" (Young 2006, 127).

4.1.2 Critiques of Young's Social Connection Model

Jacob Schiff offers some critiques and pointers to Young's Social Connection Model. First, he states that Young's model fails to recognize explicitly the idea that most people have a difficult time acknowledging that they are complicit or that they contribute to structural injustices. Furthermore, that many people do not feel sympathy, or are emotionally or intellectually connected to global social problems and injustices. This might be because as individuals, we do not possess the ability and willingness to confront our responsibility for structural injustices due to two main reasons (Schiff 2008, 101). The first reason is the un-accounting for of background and peripheral conditions. Young's model, according to Schiff, "does not evaluate harm that deviates from the normal and the acceptable" (as cited in Schiff 2008, 102). Hence, he wants to question precisely the conditions that are assumed as being normal and acceptable. He poses the questions of how do we come to acknowledge what is "normal" and "acceptable"? And, how do we bring background conditions to the foreground? (*Ibid.*). The second critique revolves around the idea of "social connection". He wonders how we are to experience and acknowledge such a connection, particularly within a context of globalized production and consumption. Many of Iris Marion Young's writings center on sweatshop conditions. Schiff offers the following illustration of a common situation: "How am I—sitting in my Chicago apartment probably wearing *something* produced by some (to me) anonymous exploited sweatshop laborers,

probably several thousand miles away—supposed to experience myself as being socially connected to them by an obligation of justice?" (*Ibid.*). Here, he proposes that the majority of individuals don not think about the conditions of sweatshop laborers on a daily basis, and therefore are far removed from feeling sympathy for them. Instead, these same individuals feel disconnected to those that produce their purchased goods. One task at hand, then, is to convert the problem of structural injustice into a meaningful part of an individual's consumption patterns and for him/her to learn to connect it to everyday experiences; through Internet, for example.

As a form of explanation, Schiff expands upon three main tendencies that he believes make it difficult for us to acknowledge structural injustice, and that make social connection challenging for us to confront our political responsibilities: thoughtlessness, bad faith, and misrecognition (103). Thoughtlessness refers to institutional arrangements that can insulate us from the harms to which we contribute; for instance, sweatshops are sometimes hidden from public view and much of the work is often done away from the public eye, in workers' homes. Furthermore, great distances often separate consumers from sweatshops abroad. At the same time, Global capitalism provides ripe conditions for expansive thoughtlessness, which can hinder our capacity to confront our implication in structural injustice (Schiff 2008: 104). Bad faith is the second tendency Schiff offers, and it refers to a human's capacity or condition to lie to oneself. While thoughtlessness can be an undeliberate inability or weakness, bad faith is a conscious action to distract oneself from complicity in the suffering of others (Schiff 2008, 107). The third tendency, misrecognition, allows for bad faith to be maintained in place since denial of responsibility for structural injustice is supported by thoughtlessness, and it is learned through constant everyday repetition (Schiff 2008, 109). In essence, there is a misconstrued action built into the process of buying goods made abroad and the exploitation of sweatshop labor that is often out of sight. The connection between a person purchasing merchandise and the exploitation of the producers of that merchandise is often concealed to us; therefore, we are not able to recognize the complicity to an injustice by our action. Nevertheless,

being "confronted daily with the human suffering engendered by our consumption choices would brutally expose the reality of our implication in that suffering" (Schiff 2008, 110). As a solution, Schiff suggests that the use of narrative, "telling stories about the concrete, lived experience of human beings contributing to and suffering injustice" might be the way to promote the acknowledgement that is required for us to confront our responsibility in the contribution to structural injustice (Schiff 2008, 112). Narratives are not only meant to be explanatory, but they can also serve to expose conditions and arrangements that propagate structural injustices.

Robert Jubb, on the other hand, argues that while Young's Social Connection Model does address some issues of global justice, it misjudges the problems that international justice poses. Although Young does seek to provide new avenues for understanding the ways in which social interactions can be attached to responsibilities of justice towards others, contrasting theorists are more concerned with the debate between statists and cosmopolitans. While it seems accepted that the processes of globalization can undermine a centralized state authority, we have yet to shift our focus to the interaction between domestic and international politics, and how these affect issues of justice.

Although Young addresses many issues regarding the global production chain and worldwide labor standards, Jubb's mayor critique is that Young's model does not cover a wide-enough scope. For example, the model does not explain if structural injustices are all of the same kind, and does not explain what is the best way to process structural injustices (2013, 702). Additionally, Young's model is not as universal reaching as she claims it to be since it tells us nothing about how to prioritize the numerous responsibilities or even what those responsibilities are. There are too many questions left unanswered: which structural processes should citizens be concentrating their energies on? What kind of sacrifice is an individual expected to make? (Jubb 2013, 705). As a result, the model has numerous loopholes, barely provides concrete advice, and merely offers vague recommendations. What the model needs, according to Jubb, is to consider problems that already exist and to

provide concrete institutional guidance with clear goals. Jubb resorts to other authors for recommendations, namely practice-dependent theorists Ayelet Banai, Miriam Ronzoni, and Christian Schemmel, who suggest creating a practice when one is not available. These theorists advice that "Transnational corporations are not currently internationally regulated, yet doing so would be one obvious way of controlling their impact on the domestic practice of attempting to provide a decent set of opportunities for those who share a basic structure" (as cited in Jubb 2013, 708). Regulation and hard laws seem to be a solution. Kate McDonald, an additional theorist whom Jubb refers to, responds by quantifying the difficulty in regulating global supply chains since there does not seem to be any agent who is able to supervise and monitor Multinational corporations; and asks how then "should we think about the problem of controlling transnational production relationships?" (as cited in Jubb 2013, 711). Although there is no detailed plan how to achieve this, one solution put on the table is to create agents capable of regulating socio-economic questions of justice at a domestic and international level.

Henning Hahn addresses the conflicts between the domestic and the international, and the antagonism between the statist camp and the cosmopolitan viewpoint. He calls for a move beyond a statist focus to a worldwide dimension of responsibility for better tackling problems of global justice. He acknowledges that there are many obstacles to achieving this goal since a nation state normally provides integrated institutions, legitimacy, and a legal force; whereas, a global arena lacks the characteristics of an ordered state and generally tends to be made up of more feeble institutions. Hahn recognizes that Iris Marion Young laid the groundwork for the conception of such framework of responsibility in global injustices. Nevertheless, he claims that her model displays some flaws forasmuch as it fails to define minimal and basic human rights, and it is not useful in tracing responsibility along the causal supply chains.

Hahn's mayor critique is that Young's model considers all parties involved as equals, without distinguishing those that play a minor role from those that have substantially contributed to an injustice. The model is

problematic in that if all parties are held equal, then no one party is accountable (Hahn 2009, 49). It is clear that in its unwillingness to judge the gravity of involvement, the Social Connection Model steps away from the practice of "naming and shaming"—an action that holds much weight in exposing wrongdoers globally. Yet, quite importantly, the model does not provide a means to rank conflicting individual responsibilities with differences in scope. Hahn notes that the claim that "our responsibility towards a friend or a fellow citizen takes priority over our responsibility towards a stranger *in all cases* is implausible" (2009, 50). On that account, he suggests adding a basic-needs approach to Young's model. This means defining basic human rights as rights that are crucial to assuming other rights, and in assigning collective responsibilities. Hahn suggests adding a "responsibility for justice" component to Young's model, which he defines as an obligation that is "demandable in terms of a right" whose decree lies on the valid claims others can make and in the legal and/or political enforcement of these claims (2009, 50). Particularly, others can legitimately hold an individual or a group of individuals responsible in terms of lawfulness and fairness, and are justified to enforce those individuals to fulfill their responsibilities.

What is novel in Hahn's critique of Young's model is that he suggests weighing in the seriousness of a wrong, defining who the contributors are, and establishing parameters to detect urgent needs with a "basic-rights approach" (2009, 51). His "Model of Participatory Responsibility" considers a person's liabilities and capabilities in comparison to others, and gives everyone a general responsibility for justice. When there is no traceable liability, an order of responsibility is to be established. Even if liability is unclear, a causal chain that leads to "institutions that function as guarantors of basic rights" is to be linked (*Ibid.*). Hahn specifically steps away from individual liability, connecting responsibility for global justice with national and international institutions, and thereby firmly decreeing global accountability as the new paradigm. Altogether, Hahn's participatory responsibility does not require clear knowledge of who is guilty or liable, and can therefore be applicable to network social structures. His participatory responsibility addresses global

wrongs in a legal context rather than in less enforceable humanitarian claims; it adopts an approach that makes Young's model more universal; and it establishes institutional responsibility over personal liability (2009, 53).

Perhaps the author who has written more extensively about Young is Judith Schrempf. In her article, "A Social Connection Approach to Corporate Responsibility: The Case of the Fast-Food Industry and Obesity" (2014), she states that the social connection approach is an additional dimension to the liability model of responsibility, and not a replacement of it. The core idea is to encourage corporate actors to consider the broader consequences of corporate activities, since societal problems are mostly caused by a network of actors who contribute to, enforce, or mitigate harm through their actions and interactions. The goal, then, is threefold: to move from a causal relationship of blame to a social connection of responsibility; to move from the absolution of others to a shared responsibility; and to move from a backward orientation to a forward orientation (*Ibid.*). In this way, responsibility is shared among a network of actors.

Table 3. Summary of Judith Schrempf's Goals to Encourage Corporate Actors to Consider the Consequences of Their Activities
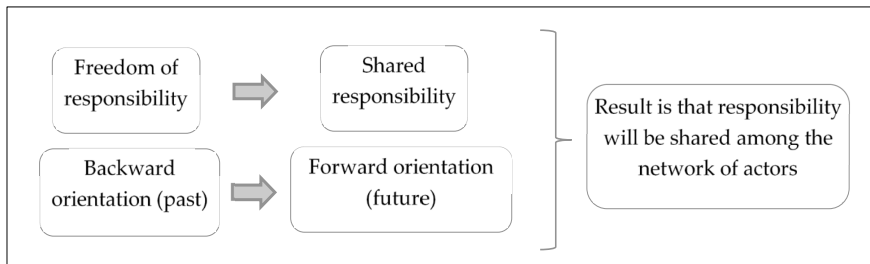
Source: Graph based on Schrempft (2014).

Young stated, "responsibility derives from belonging together with others in a system of interdependent processes of cooperation and competition" (2006, 119). Social connection corporate responsibility (CR), according to Schrempf, breaks with some assumptions of the liability approach to corporate responsibility. Social connection CR is based on shared responsibility, a forward-looking perspective, and a judgment of background conditions; which means that the existing rules, standards, and regulations are questioned (Schrempf 2014). Schrempf adds that Young's (2004) reference to a system consisting of interdependent processes and actors resembles the notion of Network Theory (2014, 308). In that, responsibility is not derived from a causal link between actors and harm, but from the fact that an actor is part of a network that causes harm.

In Network Theory, actors are connected to and influence each other; they also have an impact in their setting through their interaction with one another. At its most simplistic, a social network is a canvass of all the relevant relationships in a network, which can then be used to determine the social capital of individual actors. This idea is different than concentrating solely in the attributes of lone agents. In Network Theory, the characteristics of individuals are less important than their relationships and ties to other actors within their network. Mark Granovetter claims that strong and direct ties between actors do not necessarily determine power in networks. He concentrates on studying weak ties and clarifies that these can have tremendously important impacts in a network (1973, 1360). Hence, it might be more productive to focus on weaker ties among the actors rather than on strong relationships to learn more about that specific network.

As stated earlier, Young has presented four reasoning criteria to conceptualize the degree of responsibility: power, privilege, interest, and collective action. For Schrempf, Young's four criteria lack elaboration and she consequently asserts that insights from social Network Theory and network analysis can better help to conceptualize the organization of solutions for societal problems. According to Schrempf, Young provided an alternative concept of responsibility as well as criteria and a framework for better assessing

levels of responsibility through her Social Connection Model. Furthermore, Schrempf agrees that all those who contribute by their actions to structural processes with unjust outcomes indeed share responsibility for those injustices. Being responsible in relation to structural injustice entails, moreover, an obligation to join with others who share that responsibility to transform the outcomes into more just ones. Both authors share the view that responsibility need not be associated with guilt, blame, finger-pointing or fault. Schrempf's version of the Social Connection Model helps us understand issues related to corporate responsibility in situations in which the liability approach is challenged. She enhances Young's theories by combining them with social Network Theory perspectives. This means, addressing challenges to Young's model, presenting more concrete responsibilities, and by showing how civil actors can apply social connection logic to assigning responsibility to corporations.

Table 4. Summary of Critiques of the Social Connection Model

Author	Critiques
Jacob Schiff (2008)	• Young's model fails to recognize that most people do not acknowledge that they are complicit or contribute to social injustices. • Most people do not feel connected to social problems or injustices. • As individuals, we do not possess ability to confront our responsibility in social injustices because: 1) we do not account for background and peripheral conditions and 2) the majority of individuals do not think about conditions of social injustices; instead, they are disconnected, far-removed and unsympathetic. • One solution is to convert the problems of structural injustices into a meaningful part of an individual's consumption patterns and to connect it to everyday experiences. • Social connection is challenging to an individual due to thoughtlessness, bad faith and misrecognition.
	Solution • Use narratives to tell concrete stories about those who contribute to exploitation and human beings who suffer from injustices. Narratives can expose conditions that propagate misdeeds and wrongdoings.
Robert Jubb (2012)	• Young's model does not cover a wide scope of issues related to global justice, and it misjudges the problems that international justice poses. • There are other theorists that better address questions of global justice. However, these theorists are separated into two camps: 1) statists who claim that it is local or national governments who should handle these issues; and 2) cosmopolitans who argue that the processes of globalization can undermine a centralized state authority and call for interaction between domestic and international politics. • Young's model is not as universally reaching as she claims it to be.

	• The model does not tell us how to prioritize responsibilities or even what those responsibilities are, nor does it provide any guidance as to how to process justice.
	Solution • Create a practice when one is not available by regulating international corporations with hard laws, and creating agents capable of administering and supervising socio-economic questions of justice at a domestic and international level.
Henning Hahn (2009)	• Develops upon the debate and antagonism between the statists and the cosmopolitans. • He calls for a move beyond the state and into a worldwide dimension of responsibility to better tackle problems of social justice, even though a global arena might lack the characteristics of an ordered state and institutions at this international level might currently be weak. • Young's model fails to define basic human rights and it is not useful in tracing responsibility along the supply chain. • Hahn's biggest critique is that Young's model considers all parties involved as equals, thereby not providing a means to rank individuals and responsibilities.
	Solution • To add a basic-needs approach to Young's model; this means to define basic human rights and to assign collective responsibilities. • Add a "responsibility for justice" component to Young's model, meaning that others can legitimately make a claim on an individual or group and have legal and/or political enforcement. • Hahn's "Model of Participatory Responsibility" suggests weighing a wrong, defining who the contributors are, and establishes general responsibility for justice. • Participatory responsibility connects the national and international spheres, creating a network responsibility that establishes global accountability for justice.

Amy Allen (2009)	• Young's conception of power is incomplete. • She tends to equate power with notions of "oppression" and "domination", lacking analysis of individual and collective empowerment. • Young's analysis of power is not clearly useful in thinking about transnational justice.
	• No solution provided.
Judith Schrempf (2012, 2014)	• Corporate actors should be encouraged to consider the broader consequences of their activities since many societal ills are caused by a network of actors who contribute to harm by their actions and interactions. • Responsibility should be shared by a network of actors. • Schrempf's "social connection corporate responsibility" is based on shared responsibility, a forward-looking perspective, and a questioning of existing rules, standards, and regulations. • Like Young, Schrempf agrees that responsibility need not be associated with guilt, blame or finger pointing.
	Solutions • Network theory plays a role since responsibility is often derived from the fact that an actor is part of a network that causes harm. • Being responsible entails an obligation to join with others who share responsibility and help transform outcomes into just ones.

Sources: Summaries compiled based on the cited articles.

4.2   Justification of Additional Criteria

Judith Schrempf states that the social connection approach is an additional dimension to the liability model of responsibility, and not a replacement of it. I agree that a judicial or liability system should not be substituted, and that the core idea and purpose of Young's Model is to encourage corporate actors to consider the broader consequences of their activities, and for them to look at their complicity by linkages with actors who contribute to or enforce harm through actions and interactions. The position taken in this thesis is that Corporate Social Responsibility can address an agent's obligation and accountability towards structural social processes by ensuring just outcomes. Furthermore, that although Iris Marion Young made a remarkable contribution to the field of global (in)justice, the four proposed parameters in the Social Connection Model only partially cover the dimensions needed to more completely assess whether an agent is responsibly contributing to just structural social processes or not. Young's criteria are explained in detail below.

1. *Power*:   the ability to influence people or events. Can be legitimate or not. Power is central to the complex social structures between the MNC and the community. Capacity to exert authority or control over others. The ability of an agent to help reduce poverty and/or inequality in a locality. The degree of involvement and commitment to a community.

2. *Privilege*: the advantage that one person or group might have in relation to another. A special right or benefit enjoyed by a few and with limited permission to others. Being in a position of power by virtue of unjust structural processes. Having access to financial or material elements such as education, housing, or a job. Having a sense of entitlement or of belonging.

3. *Interest*: being particularly engaged or concerned by something. This can also be lobbying by special groups to push their specific agenda.   Self-interest or profit motivated into action through

stakeholder engagement or interest groups for or against the benefit of a community.

4. *Collective ability*: action taken by a group of people to improve their situation or achieve a common objective and to positively influence unjust processes. For example, organizing, forming a coalition or alliance to collaborating with others for the improvement of a community.

Several authors (i.e., Allen, Jubb, Hahn, and Schiff) corroborate that Young's Model is incomplete[66]. For example, Amy Allen argues that Young's first criteria, power, is lacking in at least two ways: first, that Young tends to equate the term power with narrow notions of "oppression" and "domination" and therefore is deficient in an analysis of individual and collective empowerment. Second, it is not obvious that Young's analysis of power can be useful in the context of thinking about transnational justice (Allen 2009, 165). Contrasting to Allen's view, the claim made here is that Young's explanation of power in relation to responsibility is useful since it can be applied to the context of a Multinational's duties worldwide and its involvement in the improvement of global justice through its actions. Nevertheless, I contend that the measures Young suggests are not sufficient or ample enough to accurately capture the scope and complexity to assess an international corporation's role when dealing with local stakeholders. To build upon Young's Model and to understand how an MNC is contributing or not to progressive structural conditions, new criteria need to be added to the measurements she offers. Thus, I propose four additional principles that are necessary to evaluate the impact of a CSR project in a community. Namely,

---

[66] Young's main article featured in this chapter, "Responsibility and Global Justice: A Social Connection Model" was published in January 2006. One reason why the Social Connection Model might be lacking is that Iris Marion Young died on August of that same year after a long battle with cancer, at the age of 57—which leads one to believe that she might not have had enough time to fully work out all the norms and standards of her Model.

inclusion, clear corporate strategy, commitment, and good governance. Each dimension is explained below.

5. *Inclusion*:   the idea that marginalized, impoverished or disadvantaged people can access rights, opportunities, and resources to improve their lives, and become active members of society.   Inclusion of stakeholders in political processes is necessary to enhance the legitimacy of rules (Young 2000). Stakeholder communities affected by CSR projects need to be counted in the process and developing of corporate agenda. Social inclusion entails the possibility to enter a market economy, and participation in inclusive business or job creation through Bottom of the Pyramid strategies.

6.   *Clear corporate strategy*: corporations need to have a coherent plan to attain distinct achievements with the communities. Since resources available are often limited, explicit goals should be set early, as well as detailed objectives and know-how to mobilize the corporation and the community to execute these actions. Importantly, the community should be consulted from the very beginning to help determine what the strategy will be. Precise targets, processes, measures, expected outcomes and impacts are crucial for successful impact and results.

7. *Commitment*: a declaration assuring the promise to do something. The capacity for doing good to be realized in the near and long-term future.   An agreement entered voluntarily by the corporation(s) and the communities, each intending to fulfill the obligation between each other. A pledge to work together in a long-standing project. The length of engagement is extremely important, since it seems that the longer the relationship and commitment between corporations and communities, the more positive impact there is. However, an exit date and withdrawal plan is essential to prevent dependency.

8. *Good governance:* implement good corporate governance and internal controls to secure ethics and integrity issues for good business practices. Generally, good governance also serves as a way to neutralize power relations between stakeholders. Transparency is likewise at the core of a corporation's obligations. Business should be open and provide clear disclosure of administrational and management costs, processes, actions, information, and measurement methodology to interested parties. Communication also plays a major role, since an exchange of information opens the road for better dialogue between corporation and external stakeholders as well as between corporations and society in general.

These particular four criteria were added because I wanted to select norms and standards that best capture and encapsulate which corporate activities make CSR projects excel, and what corporate practices the communities benefit the most from. Once it became clear that additional criteria from the one Young proposed was needed, I tried to zoom in on what collaborative doings between the corporation and the stakeholders resulted in the most beneficial impact for both. Already on my first field research, the four criteria that I propose slowly revealed themselves while attending corporate meetings, interviewing significant stakeholders, and speaking with different members of the community. *Inclusion* is crucial from the very beginning since it determines who partakes in projects and who is left out. It is also an important factor in the degree of impact that a project can have, as well as a determinant in positively changing conditions that might have largely been shaped by previous actors in the community such as giving a voice to under-represented groups. More importantly, questions of inclusion often determine whom the projects are created for and the design of those projects. *Commitment* is vital in the making or breaking of a project; its presence or absence is also a good test to conclude whether or not corporations implement forward orientation practices

and proactive strategies. A *clear corporate strategy* assists MNCs to consistently explore questions regarding where change can effectively be made and how projects can be improved in the future. *Good governance* is also fundamental to a project's success or failure. It takes competent corporate and community leaders to implement strategies that lead to better conditions. These specific four criteria were mainly added because Young's four principles were designed from a political approach rather than a corporate perspective in mind. The contribution that I make is to provide appropriate and necessary measures for assessing CSR projects on the ground. My four added principles along with Young's more fully capture a multidimensional depiction from both the corporation and the community's perspective.

5.   Research Design - Qualitative Comparative Case Studies

The aim of this study is to contribute to the emergence of Latin America-specific research on CSR by analyzing and evaluating the effectiveness of Swiss MNC social improvement initiatives through the theoretic lens of Iris Marion Young's Social Connection Model of Responsibility.   An explorative, qualitative, and comparative case study approach has been chosen since it is seen as being more reliable that a single case study, and results in more robust research. Three comparative case studies in two countries form the basis of the analysis.

5.1   Why Case Studies?

Case studies have been chosen because they entail an in-depth examination over a specified period of time, and since they tend to produce more generalizable knowledge about causal questions (i.e., how and why certain CSR schemes succeed or fail). Case study research[67] is broadly used in organizational studies and in the social sciences. As stated by Robert Yin, "the distinctive need for case studies arises out of the desire to understand complex social phenomena", and considering that "the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events, such as organizational and managerial processes", for instance (2009, 18). In point of fact, case studies can be very useful, particularly when "how" or "why" questions are asked, when the investigator has little control or influence over events, and when the focus of study is a phenomenon within a real-life context (*Ibid.)*. Case studies are also advantageous in situations where there are many variables, multiple sources of evidence, data collection and analysis.

---

[67] Case study research is different from teaching case studies that are often used as a pedagogical device, particularly in business and law schools.

5.2   Comparative Case Study Selection

The comparative case studies in this thesis will help answer the research question: "*How do Swiss Multinationals and local communities generate strategies and initiatives for joint impact through Corporate Social Responsibility projects in Brazil and Ecuador?*" The goal is to compare within and across contexts, and to explain how features within a context can influence an outcome for better practices. Analysis and synthesis of similarities and differences can examine causality and the extent that an intervention causes results or impacts (Goodrick 2014, 1). Finally, a description of similarities and differences can provide a holistic view between cases to generate an interpretation of the implications of those resemblances and variances. In this way, comparative case studies can provide an explanatory proposition about how and why particular CSR activities work out better in certain contexts. Avi Sion suggests that to arrive at causal propositions, one has to first define causality, then identify and classify the various forms it might take, work out the deductive properties, and decide what can be inferred from causal propositions (2014, 9). Comparative case studies can help identify and test causal propositions, while keeping in mind that causality can be very complex and often non-linear.

The three actual case studies (Nestlé's micro-distribution system in Brazil, Holcim Brasil's Ortópolis Barroso, and the Alianza Suiza por la Educación en Ecuador) were chosen because the goal was to focus on Swiss corporations with large CSR projects in Latin America. These three case studies allow for a juxtaposition of CSR developments in the largest country in South America versus those in one of the smallest ones. All three ventures claim to work with the Bottom of the Pyramid communities and incorporate inclusive business in their strategies. Another shared commonality of all three case studies is that the main firms are Multinationals with a strong global presence. Moreover, the key corporations chosen—Holcim and Nestlé—are leaders in their industries, and have strong and growing CSR divisions. Nevertheless, it is acknowledged that many disparities between departments

and CSR initiatives do exist. Consequently, one of the cases might provide a "polar type" result (cases with an opposite variable) in that one Multinational's CSR social development strategy might fall short of making any valuable contribution to the community it serves—in other words, fail to contribute to structural processes that produce just outcomes. Alternatively, the comparative case studies might unveil the causal propositions as to what makes a CSR community plan better than another or which design can achieve a more positive impact. At minimum, these comparative case studies will shed light on the variables that are most important in implementing a corporate community undertaking.

Table 5. Overview of the Three Case Studies

Multinational	Nestlé	Holcim	Holcim, Nestlé, Novartis, Roche, Sika, and ABB
Country	Brazil	Brazil	Ecuador
Main CSR Project	Door-to-door Microdistribution	Ortópolis Barroso	Alianza Suiza
Main Characteristics of the project	Nestlé trains salesladies to sell door-to-door Nestlé products in their neighborhood	Instituto Holcim creates Associations for the most marginalized population of Barroso, and provides skills training so they can start working as soon as possible	Six Multinationals form an alliance under the umbrella of the Swiss Embassy and work with local schools to improve education and infrastructure
CSR strategies	Creating Shared Value, BoP, limited skills training	Corporate Community Involvement, BoP, Inclusive Business, Grassroot engagement for empowerment	Cross-sector partnerships, private-public collaboration, Corporate Community Involvement
Main Community Stakeholders	Women who sell Nestlé products door-to-door in marginalized neighborhoods	Citizens of Barroso who partake in an Association to improve their livelihoods: trash collectors/recyclers, parents of handicapped children, women	Directors, teachers, parents, and students of the participating schools. Local university teacher trainers, representatives of civil society, and local government.

Source: Made by the author of this thesis based on observation of the projects.

5.3   Data Collection and Nuances

The principal information and source of data for all three case studies were gathered through stakeholder evidence from semi-structured interviews. Stakeholders are predominantly characterized as MNC personnel, micro-distributors, Heads of Instituto Holcim Brasil and the Fundación Holcim Ecuador, Program Coordinators, Heads of CSR departments, school personnel, parents, students, collaborating NGOs/CSOs, and local government. Essentially, stakeholders are considered the entities directly implicated or affected by the CSR and CSV projects carried out. They are all agents who contribute by their actions to processes that might produce just or unjust outcomes. The "main stakeholder community" for the first case study are the Nestlé micro-distributors, for the second case study they are defined as the members of the local Associations who participate in the Holcim CSR projects, and for the third case study they are the schools (directors, teachers, students, parents) who have geographical proximity and fall under the Alianza Suiza's member corporations' sphere of influence—which the corporations consider to be within a 5-10 kilometer radius of their plants.

Research for the qualitative case studies was conducted in a first field visit done in São Paolo and Barroso (Minas Gerais), Brazil in October 2010. Data collection was done in Quito and Guayaquil in Ecuador in October and November 2011. A second field research to Brazil was conducted in December 2011 and January 2012. Due to personal challenges, there was a break of nearly two years. Follow-up interviews were administered via telephone and Skype throughout 2014, and in June and July 2015.

Data collection has involved semi-structured, one-to-one personal interviews that allowed new ideas to be brought up by the interviewee; formal and informal conversations; and sometimes follow-up dialogue through email correspondence or telephone calls. More specifically, these are:

-    To balance a theoretic perspective with a practitioner one for the Creating Shared Value Chapter, interviewees include a Professor of Business Ethics from the Royal Holloway University of London and the

Co-Director of the Institute for Business Ethics/Professor of Business Ethics at the Universität St.Gallen, as well as a Deloitte Consultant.

-      For the Nestlé micro-distribution case study, interviewees include a Nestlé International Marketing Manager from Headquarters in Vevey, Switzerland. In Nestlé Brasil, I interviewed the Corporate Social Responsibility Manager, the Innovation Manager who created the Floating Supermarket in the Amazon, the National Sales Manager and Trade Marketing, a Communications Department Employee, members of the Bottom of the Pyramid Unit, two Micro-distributors, and five salesladies.

-      For the Holcim Barroso case study, interviewees in the Switzerland Headquarters include a Member of the Executive Committee who is also responsible for Holcim in Latin America, the Global Head of Corporate Social Responsibility, and the Latin America Head of Corporate Social Responsibility. In Brazil, I interviewed the CEO of Holcim (Brasil) S.A., the Director of Human Resources, the Head of CSR Projects for Instituto Holcim, an external Consultant who is an expert in grass-roots development, and several community members of different Associations.

-      For the Alianza Suiza por la Educación en Ecuador case study, interviewees include the Swiss Ambassador to Ecuador, the Executive Director of Fundación Holcim Ecuador, the Executive Director of Corporate Social Responsibility for Nestlé Ecuador, the Alianza Suiza Program Coordinator, Representatives to the Alianza Suiza from Holcim, Nestlé, Roche, and Sika, as well as two school Directors in Quito and Guayaquil, and the gardener of a participating school in Quito. I had informal conversations with the country CEOs of the six participating firms (Holcim, Nestlé, Novartis, Roche, Sika, and ABB) at the "Rendición de Cuentas y Firma de Adenda" Meeting held at the Swiss Embassy to Ecuador in Quito in November 2011. During my visit to the schools, I spoke with numerous school Directors, teachers, parents, local NGO and University representatives, members of a community-based organization (CBO), and Neighborhood Association (Asociación de Barrio) leaders. I

visited seven of the original eleven Alianza Suiza schools in Quito and Guayaquil. The schools visited are: Escuela Héroes del 5 de Junio, Escuela Braulio, Escuela Nueva Esperanza, Escuela El Carmen, Escuela Arturo Henderson, Centro Educativo Gena, and Escuela República Italia.

- For all case studies, interviews were sometimes supplemented by secondary data provided by Headquarters or local subsidiaries that included internal reports and correspondence of some of the MNCs, Associations, and schools involved.

- Lastly, there was text interpretation without coding. The qualitative data (interview transcripts) was first transcribed and then categorized to facilitate its examination. Then, patterns, similarities in information, important and recurrent words, and concepts were detected for analysis.

Nuances

In conjunction with the stakeholder communities, the focus of this thesis is Multinational corporations. While it is recognized that disruptive changes might also come from a small and medium-sized enterprise (SME), there is much to be studied and learned from regarding MNCs. This thesis considers the *positive* outcomes of business-community relations with respect to CSR policies and local stakeholders. It is important to keep in mind, however, that Holcim and Nestlé—though considered industry CSR leaders— still struggle with other cases of improper conduct or questionable business behavior. Furthermore, just as the case studies presented in this thesis depict constructive examples of collaboration between communities and industry, some of the corporations listed have been in the past condemned for high-profile shortcomings in other activities. This illustrates the limitations of working with qualitative single digit case studies. Nevertheless, the firms presented here embody the high-level of commitment that a corporation can devote to a community and how this engagement manifests itself.

Part III - Empirical Analysis

Part III - Empirical Analysis

6. Case Study 1: "Nestlé's Micro-distribution Franchise: Community Development or Simply Consumerism?"

6.1 Introduction

The first case study presents Nestlé's "Creating Shared Value[68]", its initiatives tied to the Base of the Pyramid[69] (BoP) and the door-to-door micro-distribution system. These strategies tap into the BoP movement that emerged over the last decade aimed at incorporating into the value chain low-income sectors of consumers, suppliers, producers, distributors and entrepreneurs[70]. More specifically, Nestlé's BoP approach in Brazil includes the creation of new products catering to the BoP's specific nutritional and economic needs, and social innovation to embrace these previously marginalized communities as consumers and distributors. These practices are analyzed to understand how Nestlé integrates social and economic value generation into business strategy and operations in their door-to-door project.

One of the main questions I ask in this case study is how has Nestlé Brasil's micro-distributor franchise scheme made a difference for the stakeholder communities? Even though this model steps away from a

---

[68] Concept created by Porter, Michael E. and Kramer, Mark R., and further developed in the 2006 "Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility", *Harvard Business Review*, December. The concept was elaborated and explained deeper in Porter, Michael E. and Kramer, Mark R. (2011) "Creating Shared Value". *Harvard Business Review,* January-February.

[69] In this thesis, the term "Base of the Pyramid" is preferred to "Bottom of the Pyramid".

[70] Concept created by Prahalad, C. K. See: (2002) *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profit.* Philadelphia: Wharton School Publishing, Prahalad, C. K. and Hammond, Allen (2002b). "Serving the World's Poor, Profitably." *Harvard Business Review*. 80; Prahalad, C. K. and Hart, Stuart L. (1999). "Strategies for the Bottom of the Pyramid: Creating Sustainable Development."

philanthropic stance by incorporating inclusive business practices to generate employment activities, the micro-distributors, however, are sellers for Nestlé; and they are not employees with set contracts or stable, permanent employment. While there is some generation of employment and income, and many women who previously did not have the opportunity to work can now earn a salary, Nestlé does not seem to address issues of formally incorporating them into the Nestlé supply chain or committing to long-term sustainable projects for the communities' development. One is forced to ask whether in this case, the business-community relation strategies are implemented mainly to the benefit of the corporation and to further the brand.

6.2   Nestlé

The Swiss food giant Nestlé was founded 140 years ago and its main focus is in the nutrition, health, and wellness industries. Its portfolio contains over 2,000 trademarks worldwide, covering a wide spectrum of food and beverage categories. Some brands are household names such as Gerber, Perrier, San Pellegrino, Nesquik, Cailler, KitKat, Smarties, Nescafé, Nespresso, Buitoni, Maggi, Carnation, Coffee-Mate, Milo, Nestea, Häagen-Dazs, Mövenpick, Cat Chow, Friskies, and Purina. According to the Nestlé Homepage, it hires around 350,000 employees worldwide and has operations in over 197 countries, with CHF 91.6 billion in sales for 2014.

Nestlé Brasil and the Fundação Nestlé Brasil

The first Nestlé factory opened in Brazil in 1921, in Araras, São Paulo, mainly for the production of condensed milk. By 1924, it was already producing powdered milk. The first Nestlé branch opened in the city of São Paulo in 1925. As the years went by, the corporation expanded to Rio de Janeiro, Porto Alegre, and Manaus. Slowly, it diversified into chocolate

products, cereals and soups. Presently, Nestlé is one of the most respected and admired known brands in Brazil.

The Fundação Nestlé Brasil was founded in 1980. It first began as a cultural entity to support rising authors and their literary ventures. In 1998 a new program named "Viagem Nestlé pela Literatura" was started, an incentive to read and to discuss literary works aimed at students in primary and public schools. The following year, "Nutrir" was launched, a program to promote nutritional education to prevent both malnutrition and obesity in children and teenagers in Brazil. Early in the 21st Century, Nestlé defined its three main themes: nutrition, water and rural development as its Corporate Social Responsibility priorities and activities, since they are tied to the corporation's major focus on nutrition, health and wellbeing.

Main Projects in Brasil: Nutrir, Cuidar, Saber

The Fundação Nestlé Brasil carries out the corporation's social engagement through three main projects: Nutrir, Cuidar, and Saber. Nutrir provides nutritional education for the whole population, concentrating on low-income families and specializing in children and young adult projects in public schools. These undertakings aim to highlight the importance of a balanced nutrition for a healthy life.

Cuidar offers environmental education with a focus on the preservation of water. In its general publications, Nestlé recognizes that the responsible administration of water is a vital necessity worldwide; and states that for the corporation, the preservation of both the quantity and quality of water is not only an environmental question, but also the healthy maintenance of environmental, economic, and social activities. Therefore, hydraulic resources and all water practices are important for the corporation. Cuidar teaches school-age children the importance of water preservation, helps communities form recycling cooperatives, and educates consumers and suppliers about sustainability and the safeguarding of water.

Saber operates mainly in low-income regions in Brazil and concentrates its activities on rural development while working very closely with the coffee, cacao, sugar, and milk producers. Nestlé is the largest buyer of fresh milk in the country. To guarantee a high quality product to consumers, the corporation supports rural development, capacitates know-how in agriculture and livestock farming.

6.3   Nestlé até Você[71]: Nestlé to Your Door[72]

The Nestlé até Você program was started in 2006, and it is the corporation's door-to-door micro-distribution system. It is currently one of its most important business ventures not only in Brazil, but also in the rest of the developing world (particularly in India and the Philippines). Approximately 7,700 vendors participate throughout the country, reaching over 250,000 households (Nestlé até Você Portal). For some of these neighborhoods, the independent micro-distributors are the only sales delivery or suppliers close by. According to Walid Rajab, National Sales Manager and Trade Marketing of Nestlé Brasil (interviewed in one of the distribution sites of the program outside of São Paolo on January 18, 2012), the program "generates employment in the communities and offers social inclusion through income generation activities". He added that:

> For the micro-distributors, the program offers an opportunity to bring money into their own households while working a flexible schedule that they chose and fits into their daily routine. For the consumers, it is an opportunity to receive at home from a selection containing over 800 products that include yogurt, biscuits, chocolates, and powdered milk. Often, they are even able to choose from products that are not available in their local supermarkets. (*Ibid.*)

---

[71] Nestlé até Você can be literally translated into English as "Nestlé goes to you".
[72] "Nestlé to Your Door" is my translation.

The micro-distributors tend to be female, individual sellers who peddle their carts in Brazilian favelas and shantytowns to consumers who would otherwise not have access to Nestlé products. Normally, the official Nestlé supplier cannot enter these areas due to logistical reasons or because they are too dangerous. Walid Rajab clarifies further:

> The women are recruited by a local micro-distributor and then are given all the training that they need by Nestlé to ensure that they sell and make a profit. Also, which is very important, we teach them about proper nutrition so that they can advise their clients on the nutritional dimensions of our products. (*Ibid.*)

The way the program works is that each independent saleslady is given an apron, a cart, and a micro-credit line. She is provided with sales and nutritional training. Then, she knocks on the doors of her neighbors, showing them the Nestlé catalog, asking about eating preferences and food consumption, and recommends specific products. The saleswoman takes the order and when delivered, makes approximately a 20% profit on each sale. I interviewed Luciana Taciano who has been a door-to-door distributor for almost a year, while she was on her morning sales run:

> I can work as little or as much as I want to work. Sometimes I even bring my 7 year-old son with me. I know the neighborhood very well and I like walking through these streets, greeting people and talking to them. Sometimes they even invite me in for a coffee. They don't always buy things, but at least they're nice. I'm a single mother so this is a good way for me to earn money. I don't have to pay for a bus or go to the other side of town to clean houses like I sometimes did in the past. I didn't have a job before. This is good. I can feed my son. People see me as the Nestlé lady. I like that. I have my uniform, my cart, and I get respect. (Interviewed on January 20, 2012 in a marginalized neighborhood outside of São Paolo)

For Luciana Taciano, working as an até Você saleslady has been a very positive experience and provides income that she would not have otherwise. Her child can accompany her sometimes, saving her from having to pay a babysitter or for looking for someone to watch him. Being one of the neighborhood's Nestlé salesladies also gives her status and a sense of belonging that she did not have before. Importantly, it also provides a social dimension in her life since when she was unemployed, she spent most of her time at home alone or only with her child. Not to mention that the work that she is doing now is much lighter than when she was employed as a cleaning lady.

The micro-distributors have proven to be very lucrative for Nestlé. Through them, the corporation could enter new markets that were previously impenetrable. Before, there were no organized Nestlé retailers in these dangerous areas, and consumers in favelas tend to buy their goods from little neighborhood shops instead of supermarkets that carry the Nestlé brands. Now, many people in these shantytowns can purchase what Brazilians in wealthier neighborhoods have been enjoying for decades.

6.3.1   Nestlé até Você a Bordo: The Nestlé Floating Supermarket

After successfully entering the previously inaccessible shantytowns of some of the major cities in Brazil, Nestlé set its sight on the distant northern regions of the country. Since July 2010, Nestlé has a floating supermarket sailing down two Amazon River streams to sell directly to the communities on the riverbank, and in this way reach BoP consumers that were formerly cut-off from purchasing processed goods. The Nestlé boat advertises through the radio a couple of days before its arrival so that the locals can know when to come to the port to meet it. The brainchild behind this idea is Renato Bartalotti Pires, Nestlé's Innovation Manager. As he explained to me in an interview on January 17, 2012 at the Nestlé Brasil Headquarters in São Paolo:

> The boat stops in 18 small cities in the Amazon, reaching approximately 800,000 potential consumers. We have adapted our

products to the region and came up with smaller and cheaper options for a low-income demographic. Of course, we have additional specific products that are made with the eating taste preferences of that region in mind. The ship will also carry traditional Nestlé chocolates, yogurt, ice cream, and juices; offering these communities nutrition, health, and wellness. The Floating Supermarket is just an extension of our door-to-door distribution system. If the customers can't come to Nestlé, Nestlé will go to them!

As it turned out, many people have gone to see the boat. Many have even gone to the port out of curiosity, even if they do not purchase anything. Nestlé has benefitted from the novelty factor of showcasing a floating supermarket. In continuum with the Nestlé policy, they adapted the selection of products to the preferences of the local Amazon eating habits and traditions. Nevertheless, this latest and particular Nestlé activity has received a lot of negative publicity[73] in local and international newspapers, seeing that the corporation has been blamed for polluting the Amazon and bringing junk food to the region. Another critique is that the presence of Nestlé processed products alone will have a negative impact in the native diet of the Amazonians: affecting traditional lifestyles and eating habits. In other words, that the popular diet of rice, beans, fruits, and vegetables might be replaced by refined foods with high levels of salt, sugar, and fat. Further criticism is that all the added trash from the packaging and wrappers will pollute a place that has no rubbish pick-up or recycling facilities. When I inquired about this, Renato Bartalotti Pires replied in response to the backlash:

> I am aware that this is a complicated and delicate question. People have to keep in mind that we did a lot of research before we started

---

[73] See: "Nestlé Stoops to New Low, Launches Barge to Peddle Junk Food on the Amazon River to Brazil's Poor" by Michele Simon, July 08, 2010. Alternet Website article. Available at:
http://www.alternet.org/story/147446/nestle_stoops_to_new_low,_launches_barge_to_peddle_junk_food_on_the_amazon_river_to_brazil%27s_poor

this project. We did surveys and the locals in that region *want* new products, new options. People should remember that in the Amazon, they have televisions, satellites, and cable TV now. They know what everyone else eats and enjoys. One young person we interviewed said that his dream was to one day eat a Big Mac. Imagine that! I guess they are curious, they want new experiences and to be a part of a bigger world. Nestlé is simply bringing what those consumers ask for. People shouldn't forget that those communities want to consume and be able to purchase the same products as everyone else. (*Ibid.)*

Bartalotti Pires also added that the boat is equipped to collect trash and recyclables that are brought to them. Moreover, that Nestlé was going to take this opportunity to not only use the boat to sell food, but to additionally work with Nutrir and Cuidar to raise awareness campaigns about nutrition, taking care of the environment, and recycling. While Nestlé might be well intentioned by bringing a variety of new products into the region, there are nevertheless general worries and critiques that the floating supermarket might have an overall negative impact on the Amazon communities, simply encourage consumerism, and contribute to the growing obesity problem in Brazil by introducing fast foods such as chocolate and soda in that region.

6.4   What CSR Means for Nestlé Brasil

In 2006, Michael Porter and Mark Kramer's concept of Creating Shared Value (CSV) was implemented in Nestlé. To recap, CSV helps a corporation establish better and more fruitful links between corporate strategy and contributing to the social conditions of the stakeholder communities it operates in. At Nestlé, CSV is almost a mantra that is said and heard several times per day by almost every single employee, regardless of rank or position both at the Global Headquarters in Vevey, Switzerland, and in São Paolo. Many employees are convinced that CSR has made their work not only more

meaningful, but that they are now, with the advent of CSV, making an important contribution to society. One Nestlé Brasil employee in the communications department who asked to remain anonymous told me:

> I always envied my friends who worked for NGOs or did government developmental work, because I thought that they were making a difference in the world while I wasted away in a desk job laboring endless hours for a major corporation. I sometimes didn't see a point to what I was doing here in the communications department. I even considered quitting and changing careers. But then things got much better! We started writing sustainability reports and Creating Shared Value reports and then we had to have close contact with the people who run these projects. It's amazing what Nestlé does with farming, with agriculture, and now with the BOP and micro-credit. I had to learn a lot of things, but I really feel that with CSV I also work for an organization that has a positive impact in the world. I'm happier in my job now; it's more meaningful because I know that I'm making a contribution too. (Interviewed at the Nestlé Brasil Headquarters in São Paolo on January 16, 2012)

Through CSV, Nestlé has successfully been able to tie the concept of making a social contribution to corporate strategy, and to create cohesion and kinship for all employees; offering a distinctive corporate culture which gives them shared goals that respect the Triple Bottom Line and makes them feel like their mission in their jobs has a higher purpose other than simply working for a major corporation. In reality, however, this is questionable since not all Nestlé employees have direct contact with the CSV/CSR projects that the corporation runs. Therefore, an average worker must have faith that some departments of the corporation are indeed carrying out sustainable, environmentally conscious, and social projects. Even in the interview above, for example, the person feels that because she reports on Sustainability and Shared Value Reports, she is actually making a contribution to the projects she writes about. When in reality, she is merely collecting information and

packaging it neatly into a report for investors and stakeholders to read. Nevertheless, she sees CVS as giving a purpose to her business role and feels that she too is contributing to society.

On the one hand, one of the tenets of CSV is to respect and value employees, consumers, and stakeholders all along the supply chain; on the other hand, it is a concept that is still heavily focused on financial aspects rather than on a social benefit approach. As discussed at length in the CSV chapter, the focus remains on "value" rather than on "values". What matters most in CSV is for the corporation to sell as many of its products as it possibly can and to continue to grow. Nestlé is perhaps making a broad contribution to local communities by fortifying its products with micronutrients such as zinc and vitamin A, thus diminishing malnutrition. It is also widely known that the corporation invests a lot on Research and Development. Nonetheless, it also spends an equally large amount of money on sales and marketing. At times, rather than creating goods for a specific market, Nestlé works the other way around: they create a product and then find a suitable market to generate demand in. As was discussed in a marketing meeting I attended in Nestlé Brasil, normally, scientists and business experts meet with Nestlé country heads and together they explore the commercial feasibility and scientific investments in particular countries. In other words, the corporation develops a new product, and then sales and marketing figure out where that product can have the best fit and sell the most.

6.4.1 Base of the Pyramid and Properly Positioned Products

When I first arrived in the Nestlé Brasil Headquarters, the Nestlé teams I interviewed (CSR, BoP, Floating Supermarket, Sales and Marketing, Communication) were all very excited and proud to talk about the Properly Positioned Products (PPP). They explained to me that Nestlé has created approximately 4,000 products designed for low-income consumers. As mentioned earlier, these products come in smaller packages and normally

contain added nutrients such as iron, zinc, iodine, or vitamin A. These are products particularly made for the BoP segment, a consumer division that did not exist in Nestlé until a little more than a decade ago. Walid Rajab explained:

> At the turn of the 21st Century, we examined the Brazilian market and were surprised to find out that there were approximately 30 million people at the Base of the Pyramid, what we call segment C and D. Segments A and B, our base clients since always, are the wealthier classes who might even have the purchasing power of someone in Europe. We realized that we had to tap and enter the BoP market due to its size and potential. First, we learned about their consumption patterns, needs and likes. Then we changed our products to provide the BoP with nutritious and affordable options. The PPP were a very good business opportunity. The only thing missing was the distribution channels. That's where our door-to-door salesladies come in. (Interviewed on January 17, 2012, in a distribution center outside of São Paolo).

Most major Multinational corporations have adopted BoP strategies[74], which are considered an example of social innovation. To recap, a social innovation is a new solution to a social problem, for which the value created benefits primarily society as a whole but also private entities. Examples of social innovation practices are Fair Trade, emissions trading, open source methods, microcredit, and microfinance. In this case, the fact that Nestlé has BoP strategies that address some of the needs of the largest but poorest socio-economic groups in Brazil is admirable. Notwithstanding, there is critique that the Properly Positioned Products do not always benefit society since some of the PPPs have been condemned for containing excessive salt, sugar, or saturated fats that contribute to the obesity problem expanding particularly within the BoP.

---

[74] For example, Procter & Gamble, Unilever, The Body Shop International, Starbucks Corporation, Hewlett-Packard, and General Electric all have BoP strategies in place.

6.5 Analysis through Political Corporate Social Responsibility Lens

In the past decade, many MNCs have taken over certain activities that traditionally belong to the local government. In this case, Nestlé is providing nutritional education and business training to the door-to-door salesladies. The state or local government does not regulated any of this teaching. All of which means that there is no way to assess the quality or content of what is being taught. Furthermore, the door-to-door salesladies go on to provide nutritional consultation to the families they visit in their sales run, without always having a proper grasp of nutritional knowledge. Admittedly, it might be noble that the largest food producer in the world wants to better educate Base of the Pyramid clients and its general consumers about nutrition through educational programs such as Nutrir or door-to-door sales. All the same, it is noteworthy to mention that all of the recipes presented by Nestlé in these programs exclusively ask to use Nestlé products. Furthermore, each recipe includes as many of this brand's goods as possible. For example, the "Sorvete Moça Morango[75]" contains six ingredients, four of which are Nestlé products: Nestlé traditional Leite Nihno, a can of strawberry Nestlé Moça stuffing and coating, Nestlé Maggi confeicrem, and Nestlé Liga Neutra mixture. One is pressed to ask the question whether Nestlé is genuinely interested in helping the nutritional basis of the BoP, or is it simply using it as an avenue to push and sell more of its products?

The topic of water has also generated a lot of discussion and resentment against the corporation. The former CEO, and current Chairman, Peter Brabeck-Letmathe said in a 2005 documentary that all water should be privatized, a statement which generated great scandal. Two years later, he went on to defend himself belatedly against the backlash by iterating that what he meant to say is that water is a human right and that everyone has the right to clean, safe, drinking, and sanitation water (Nestlé Frequently Asked

---

[75]Recipe available at:
https://www.nestleprofessional.com/brazil/pt/Recipes/Pages/SORVETE--MOCA-MORANGO.aspx

Questions[76]). The corporation received further negative publicity for a documentary titled *Bottled Life* (2012) in which the domination of Nestlé over the world's water resources is portrayed. The documentary claims that Nestlé owns over 70 brands of bottled water worldwide, owns water reservoirs, and profits greatly by selling bottled water in developing world areas where water is difficult to come by. It stands to reason that water is an indispensable need and that the future of all human activity depends on a healthy water source. As a food producer, this is particularly true for Nestlé since not only does it bottle water for sell, but also uses it in the manufacturing of all of its products. Nevertheless, the world's water sources should not be controlled by corporations and instead be made available to all. In 2010, the UN General Assembly and the UN Human Rights Council declared the right to water to satisfy basic human needs for personal and domestic use protected under international human rights law.

6.6   Analysis through Global (in)Justice Lens: Social Connection Model

To recapitulate, Iris Marion Young's "Social Connection Model of Responsibility" states, "all agents who contribute by their actions to the structural processes that produce injustice have responsibilities to work to remedy these injustices" (2006, 102). She adds that entities can reason about their relation to structural injustice along parameters of "*power, privilege, interest,* and *collective ability*" (Young, 2006, 127). In order to achieve a multi-dimensional and more complete analysis of the case studies, I proposed four new additional criteria to be applied to Young's Model, namely: *inclusion, clear strategy, commitment, and good governance*.

---

[76] "Does Nestlé Chairman Peter Brabeck-Letmathe believe that water is a human right?" Available at: http://www.nestle.com/aboutus/ask-nestle/answers/nestle-chairman-peter-brabeck-letmathe-believes-water-is-a-human-right

6.6.1   Power

The Nestlé brand is very powerful and admired not only in Brazil, but all across Latin America. Nestlé employees in the emerging markets firmly believe that it is one of the most stable, powerful, and best corporations to work for in the hemisphere. With consumers, the brand enjoys a strong market presence. Normally, a typical middle-class Brazilian has grown up with the Nestlé powdered milk, condensed milk, and numerous other cooking products. In fact, at least six Brazilians I spoke with and interviewed were surprised when I asked, "What do you think about the Swiss corporation Nestlé?" Several answered perplexed, responding as follows: "Nestlé is Brazilian. I don't know why you're saying that it's Swiss!" One of Nestlé's most robust skills is that it adapts its products so well to the local market, that it creates the illusion that it is indeed a national corporation. In its television advertisements and campaigns, it tends to focus very closely on familiar values, national traditions, and regional relationships with food; while, all along, pushing its global brands.

Regarding the door-to-door micro-distributors, the BoP, the PPP, and the floating market, there is a lot of controversy as to whether or not Nestlé is genuinely bringing healthy fortified products to a malnourished segment of Brazilian society, or simply bringing junk food into their lives and merely creating the "consumers of tomorrow". New York University professor Marion Nestle[77] opines on the issue of the floating supermarket: "You can't ignore the marketing that creates the demand for these products. We know that junk food leads to illness in rapidly developing countries but most people living in rural communities don't [know that]. So it's an unleveled playing field of information. Besides, Nestlé is not doing this out of altruism. They are doing this to make money off of poor people" (Simon 2010). While it is true that strong corporate marketing can be very impressionable and impactful, and that

---

[77] Professor Nestle is a well know author who publishes on food, yet there is no relationship between her family last name and that of the corporation.

Nestlé has been accused of unethical marketing in the past[78], the corporation claims that their marketing is ethical and responsible. Tamara Gonçalves, who works for Instituto Alana, an NGO who protects children from consumerism, comments in the same Simon 2010 article that "most people don't even have transportation to get to a real supermarket, making them easy targets for door-to-door sales and the new barge" (*Ibid.*). As one of the world's largest Multinationals, Nestlé has the power to reach most corners of the globe; with that power, however, also comes the responsibility to provide ethical marketing to its customers, particularly when it concerns a marginalized audience that might lack education.

6.6.2   Privilege

Nestlé considers that its door-to-door micro-distribution system allows entrance into opportunities for all stakeholders involved, opportunities that they would not have otherwise. The idea is that the micro-distributors are able to access new markets in the urban and rural areas of the country, the lady re-sellers benefit from the extra income from peddling the Nestlé products, and consumers can buy products that were not offered to them previously. The Nestlé brand provides a position of opportunity to both employees and customers alike. Nestlé employees in the emerging markets feel privileged to be a part of the corporation and the sellers are proud to be associated with the brand. Nestlé is a household name, which makes it a highly coveted brand and customers are willing to pay what they can afford to acquire a product that they associate with quality. Furthermore, one family I spoke with mentioned that buying the more expensive items from the saleslady and having these products delivered at home felt "privileged". Another family said that they were proud of the fact that they could now afford Nestlé products in general, because before

---

[78] Such as the case of aggressively campaigning for powdered milk products to newborn mothers among the poor in the developing world in the late 1970's.

they could not. The ability to buy these goods is a sign of upward social mobility and a higher social status. For both families, buying Nestlé products is a symbol of luxury and pride that they could brag to their friends about. The access to elite products was important, but so was being able to announce to other people that they now had the financial means to purchase these products. The brand has always been associated with quality and a certain degree of luxury. Now, that benefit is being extended also to the BoP sellers and consumers.

6.6.3   Interest

There seems to be a bigger interest by Nestlé in expanding its business to the BoP of Brazil, than that of consumers wanting their products in the marginalized parts of the country. In other words, the consumers sometimes would like to purchase the Nestlé products, but they simply do not have the funds to do so. Many take on credit to afford yogurts and desserts that were not initially part of their traditional diet before the door-to-door salesladies came knocking on their doors. Although the PPP products cater predominantly to the BOP market and are designed for them in mind, the reality is that many families still are not able to afford them—particularly because these products are still seen as a luxury, rather than a necessity. For Nestlé, its entire business growth strategy depends on expanding deeper into BoP territory worldwide. In 2012, the corporation was expected to derive 40% of revenue from the emerging markets (Lucas 2012). However, by 2013, there was a global slowdown in these same markets, and revenues were much below expectations (Roland 2014). All of this means that Nestlé's interest and priority is to push the PPPs as deep into the BoP market as they possibly can.

6.6.4   Collective Ability

Nestlé quickly learned that for it to succeed in the BoP segment, it had to be seen as a legitimate partner in the community. The corporation has always been involved in dispersing nutritional advice throughout its different localities. However, with its new target audience and outreach programs, it had to learn to collaborate and to play a role other than the corporate one they were accustomed of assuming. Helvio Kanamaru, Corporate Social Responsibility Manager for Nestlé Brasil elaborates:

> Our goal was to get a lot of employees from the factories to volunteer and help out in communities with the support of different NGOs and local government. We have a lot of volunteers now! Instituto Fernanda Keller in Rio de Janeiro helped us out a lot. (Interviewed on January 18, 2012, at the Nestlé Headquarters in São Paolo)

The volunteer programs are developed to instill trust and goodwill in the communities and to make volunteers feel like they are making a valuable contribution to society. Some of the activities that they partake in are cooking together with children in one of the Nestlé centers and then enjoying the meal together. They use this opportunity to teach the children and their mothers about nutrition. With the Instituto Fernanda Keller, the focus is on teaching underprivileged children about sports, movement, and taking care of the environment.

It is becoming clear that it is essential for the corporation to work alongside NGOs and local government to best build a strategy for volunteering. First, it is important for a corporation to find fruitful projects and programs where the employee volunteers do not feel like they are wasting their time and energy, and can instead make a contribution to the local communities. Second, the corporation should build upon an existing network supplied by NGOs and local government to gain legitimacy. It is increasingly common for corporations to work with institutes, foundations, NGOs and local government to tap into their resources and know-how. Helvio Kanamaru adds:

We work a lot with city governments, sometimes, federal government too. We often have to get approval from the local governments to implement our programs. We get their permission and they make sure we abide by the law. There's no financial contribution from the municipalities most of the time, only from us. But they sometimes provide the warehouses, for example, they put what they can contribute. For our recycling programs, we have multilateral teams collaborating with local government. We address the environment, education, we work with NGOs to collect trash; we have lots of trash collectors, like in Belen. We sometimes work with CEMPRE, a recycling organization. It makes a big difference if you join together the community, local government, private enterprise and NGOs. (*Ibid.*)

By working with CEMPRE, for example, Nestlé can benefit from the not-for-profit's experience with recycling to improve its own waste collection and separation programs. Multi-stakeholder initiatives can offer the most success in these cases. Local government provides the physical and intellectual infrastructure, NGOs have a lot of experience working with different communities, and regional, national or hemispheric organizations tend to focus on a specific problem for which they can offer solutions. Private industry can contribute very specific know-how, and the funds needed. The most impact is achieved when all sectors join in a collective action.

Through volunteering and the door-to-door micro-distribution strategy brought Nestlé employees closer to communities that the corporation did not have a lot of experience dealing with before. While devising the door-to-door sales strategy, the employees involved spent several days in BoP households observing how they cooked and consumed products. One particular group of employees included Senior Managers and Directors. Their activities proved to be very beneficial towards acquiring local knowledge. The corporation then made an effort to acquire local distributors who understood the BoP or had roots and connections to these neighborhoods. The salesladies recruited other

people from the community, creating a larger collective act with the mission of earning extra income, learning about nutrition, and having a respectable job in the neighborhood. The salesladies often give financial credit to their customers, since they also know first-hand what it is like to live from paycheck to paycheck. The success of the Nestlé BoP strategies showcase that local knowledge of social networks and a collective effort are fundamental for a successful corporate BoP strategy to work well.

Added Criteria:

6.6.5   Inclusion

In working with the BoP, inclusion is a very important issue. Generally, the most marginalized members of society do not have an entry point into a market economy. Hence, an inclusive business model should bring together in a rewarding working relationship business and low-income populations in activities that will result advantageous to both. With the door-to-door micro-distribution system, it is largely women who are the sellers and distributors. They benefit from the added earnings and from the flexibility to choose when and where they will sell. They have the freedom to work at their own pace and chose hours that accommodate child responsibilities or other duties. For many, this is an opportunity that offers financial and social inclusion.

The literature suggests that the most successful inclusive business models are based on trust between participants (Jenkins *et al* 2008, 20). Nestlé made the low-income segments C and D a part of its value chain by turning the BoP into distributors *and* consumers. The door-to-door sellers have micro-loans from Nestlé, who has provided them with an apron, a cart, and most importantly, a credit line for the initial products to jump-start their business. Concomitantly, the salesladies also give credit to their customers, who pay

once the goods have been delivered or afterwards if they need more time to pay because they do not have enough money. The sellers do not have to store anything because only the products that are ordered are delivered to them; it is the local distribution center that handles the storage. It is a custom-made arrangement for each local neighborhood seller. Recruiting normally happens by a seller recommending someone, or by word of mouth. I accompanied Fernanda Almeida on her sales run and she told me that approximately once a month, the salesladies in her neighborhood have cooking parties to recruit other women or to simply answer questions that a potential candidate might have. This entire system is based on inclusion, predominantly by providing an entry point for women sellers to have access to employment. The floating supermarket also allows for the poorer towns in the Amazon to enter the market economy, however, primarily as consumers. Once removed from the rest of Brazil, these communities can now access many of the products that the rest of the country enjoys. Above all, these BoP activities are inclusive in that the door-to-door sales personnel and the floating supermarket customers are to be treated with integrity.

6.6.6   Clear Corporate Strategy

Nestlé has found a clear corporate strategy, mainly through Creating Shared Value. As explained earlier, the corporation operates under a tight CSV concept that dictates all of its business strategy. In relation to its door-to-door micro-distribution system, Nestlé recognizes that it needs educated, financially literate distributors and sellers. Therefore, it provides corporate workshops to help them achieve a business plan, and to consistently provide the opportunity for the salesladies to learn about business, sales, and nutrition. Helvio Kanamaru, Corporate Social Responsibility Manager for Nestlé Brasil explains:

> We have several programs to help communities improve their formal education. We also help our industrial suppliers to develop because

we need educated distributors and suppliers. We do that by helping them develop a business plan. Before, they didn't even think about this, so we had to teach them how to do business plans. (Interviewed on January 19, 2012, at the Nestlé Headquarters in São Paolo)

Several of the salesladies told me that they had never worked in a "business" environment before. For them, this was the first time that they had to keep track of sales, write down orders, and fill out documents. Through Nestlé, they can accomplish more than that because they can now plan for the future and have a strategy in place. In other words, after participating in the até Você program they have become slightly more financially literate and nutritiously conscious. By providing the salesladies with training and the possibility to improve themselves, the corporation also benefits because there is a lower turn-around and the sellers are happier to engage in the Nestlé venture. Also very important, the salesladies do not feel exploited, they feel that the percentage on what they sell is fairly paid.

6.6.7 Commitment

Nestlé demonstrates its commitment to the door-to-door salesladies by furnishing them with Community Centers and integrating their husbands and children into the até Você program. These are normally the same centers where the salesladies receive their training, which helps reduce the risk to upset the family structure by granting mothers the possibility to spend more time with their children and/or partners. Helvio Kanamaru points out the following regarding the corporation's community engagement:

> Through Nutrir, we teach good habits and a healthy lifestyle. We have 31 plants all over Brazil that generate a lot of tax money and create jobs. Therefore, we inherently have a positive impact in the communities. There is a lot of wealth that has been generated by the plants. For example, 20 years ago, everyone used to come in to work

with bikes. Now everyone comes in with cars. That means that in 20 years, we have improved the lives of our employees. (*Ibid.*)

For Helvio Kanamaru, the mere presence of the plant provides employment for many people and tax revenue for the local government—that contributes to society. The plants are there to stay for the long run. Nevertheless, Helvio Kanamaru does not take into consideration the health repercussions of driving to work instead of riding the bike each day, for example.

It is difficult to assess Nestlé's financial commitment to the door-to-door distribution system and its sales force. While it is clear that the salesladies have a credit line and many have developed an extensive and valuable network of customers within their neighborhoods, the sellers are not Nestlé employees with set contracts or stable, permanent jobs. Therefore, for them, there is no transition from the informal into the formal sector. The work that they have today, along with the alleviation of their financial situation, is not guaranteed for tomorrow. As has been mentioned earlier, the relationship between corporations and local communities is based on both making a commitment to each other. It is still unclear whether the micro-distribution system merely helps expand Nestlé's access to new markets, if this business-community relation mostly benefits the MNC, or if it can be a long-term undertaking.

6.6.8 Good Governance

Nestlé is one of the most solid corporations in the world. Although it is sometimes criticized for some of its activities, its reputation mostly stands for one of good governance. With CSV, the corporation tries to add value to society. Nestlé provides the salesladies the opportunity to become the owners and leaders of their own business. They also provide courses to improve the infrastructure for the salesladies to develop and expand them. The corporation brings as much material as it possibly can for the salesladies to learn about nutrition, health, and simple business practices. Nestlé's BoP strategies, Nutrir,

Cuidar and Saber programs are vehicles for community engagement and development. In the words of Helvio Kanamaru, Corporate Social Responsibility Manager, "Our goal with CSV is to work within our industry and to make a contribution to the communities. Our mere presence in these poorer neighborhoods makes a positive change" (*Ibid.*). It goes without doubt that the simple existence of Nestlé programs in the marginalized communities of Brazil provides employment, and sets a good, professional example.

6.7   Recommendations Specific to Nestlé's BoP Projects

1.   It is notable how resourceful the corporation is in bringing to fruition important projects such as that involving the BoP. Like many other Multinationals, Nestlé has an entire BoP division devoted to learning about their needs, researching their consumption patterns and creating products particularly designed for them.   This particular Nestlé unit involves political scientists, business personnel, and nutritionists. The corporation is very good at tapping into the local know-how and workforce by hiring as many local professionals as it can. It refrains from bringing "experts" from abroad because corporate leaders believe that they can find the talent they need within the pool of experienced Brazilians or foreigners already in the country.   Nevertheless, Nestlé should hire more developmental economists, experts that can solve logistical distribution issues, former NGO or government employees to help improve the door-to-door and micro-distribution projects in Brazil. Since the corporation's main focus is nutrition, more nutritionists who are also experts on the dietary needs of the BoP in urban and rural areas are needed—nutritionists who can create healthy recipes with local, affordable, and fresh products.

2.   A priority should be to involve even more people from the local community and to contribute to their own development. Perhaps working

with schools in the favelas might prove to be yet another way to form tighter bonds with that community.

3.   Have even more of a positive impact by providing more access to employment. Currently, the salesladies have no opportunity to formally work for Nestlé. They should be given the chance to have not only upward mobility, but also a set and permanent contract. This could be achieved by further building their capacities through more rigorous skills training and leadership courses so that they can have a better chance to gain paid employment. Nestlé can maybe even help the women form an association.

4.   The corporation should make it a priority to resolve the issue of solar energy for the floating market as soon as possible. Currently, the boat runs on gasoline. For the boat to represent a sustainable and ethical business venture, it should demonstrate its commitment by running on solar power, forming partnerships and long-term collaboration with environmental NGOs, and making recycling mandatory.

6.8   Concluding Remarks

Inclusive business strategies are most successful when there is collaboration between broad spectra of actors: private industry, local government, NGOs, and the stakeholder communities. In this case study, the local government and agents of civil society are largely absent, and there is no real strength of collective organizing. It is a very traditional top-down structure where the MNC dictates the terms of engagement and the local community has no veto power. Nestlé lends the tools (apron, cart, credit) for the salesladies to generate income for themselves and for the corporation. They can decide when and how many hours to work, but no matter how much they exhaust themselves; they will never have set employment.

The three major pillars of Creating Shared Value are reconceiving products and markets, redefining productivity in the value chain, and enabling local cluster development. The first tenet is covered since through the BoP and PPP initiatives, Nestlé can provide products and services to meet societal needs while accessing new markets. Through the door-to-door micro-distribution system—including the salesladies and the floating supermarket—the corporation is redefining its value chain of sellers and consumers. However, these activities deliver short on the third tenet of CSV: enabling local cluster development. The corporation is expected to build clusters to improve productivity while improving the framework that supports the stakeholder community. Although Nestlé provides skills training and financing to the salesladies, it is not actually improving the overall physical and social infrastructure in which they operate. In other words, the corporation is helping individual people—and as much as this is valued—according to CSV, the focus should be in changing the infrastructure of a community so that they can develop themselves. There should be more of a focus in working with NGOs and in developing local schools and institutions rather than on simply selling more yogurt, chocolate, and ice cream. A corporation can have a direct effect in a community. In this case, it is notable that inclusive business is highly valued by the corporation, but for it to be truly inclusive, the sellers should have access to better contractual conditions. Additionally, to have the best impact imaginable, Nestlé should include a clear, long-term commitment to its BoP demographic.

7.   Case Study 2: "Holcim Corporate Community Investment in Brazil: Minimizing a Community's Dependency on an MNC?"

7.1   Introduction

The second case study details community engagement strategies that are implemented when an MNC is faced with a paternalistic relationship with the local community it interacts with. Barroso, a small town located in Minas Gerais, had a long history of economic dependence on the exploitation of its natural resources for the production of cement and aggregates. In previous times, the town relied heavily on the local cement plant for financial and social assistance, which was a huge obstacle to overcome when Holcim moved in. The Ortópolis Barroso Project was founded upon the Instituto Holcim's policies of fostering sustainable development by means of collectively identifying local concerns, prioritizing and designing projects that find solutions through great input from the native population, and has the ultimate goal of improving the standard of living and socioeconomic conditions of the local residents. Through collaborative work with the communities, the MNC has developed industries previously neglected and assisted in creating local associations for sustainable business models in Barroso; resulting in more autonomy for the community and less dependence on the Holcim cement plant.

This case study exemplifies the transition of a predominantly philanthropic model of CSR into one where associations take on a more active role and have a grassroots impact on the community. After several years of implementing CSR projects and of trying to develop other industries to alleviate the toll that the local community demanded from Holcim, the local community still depended heavily on the cement plant for employment, the building of infrastructure, and the delivering of services such as the improvement of schools and strengthening of local government. Here, the Multinational took on activities that further undermined the role of the local government by assuming responsibilities traditionally associated with and

pertaining to the state. Questions arise as to how CSR practices can extend beyond philanthropy and engage in models that can help the community become independent, more self-reliable, and to learn to work towards its own development.

7.2   Holcim Ltd.

Holcim is one of the biggest and leading cement, building materials, and aggregates corporations in the world, with approximately 80,000 employees and a presence in over 70 countries in all continents. According to Holcim's publication "Holcim at a Glance", the geographical distribution of its activities is as follows: 15% in North America, 16.5% in South America, 27.6 in Europe, and 35.9% in Asia Pacific (2013, 11). The corporation was founded in 1912 in Holderbank, Canton Aargau, Switzerland. Less than a decade after the corporation's creation, it was clear that the national market would not suffice, so they deepened their market presence into other parts of Europe, Egypt, Lebanon, and South Africa. In the 1950s, they expanded to the Western Hemisphere, creating a network of holdings in North and South America. In the 1970s, the corporation focused its expansion to the emerging markets of the Asia-Pacific region. The new Century brought about a new brand: the name of the Group was changed from Holderbank to Holcim Ltd. in 2001. Five years later, Holcim entered into strategic alliances in India and in 2008 they set their sight in China. The year 2009 saw the acquisition of Cemex Australia (Holcim Website). Finally, for its 100th anniversary in 2012, Holcim celebrated its humble origins in the Swiss village of Holderbank to its international presence as a global cement colossal.

Holcim – Lafarge Merger

In early April 2014, Holcim and French industrial Lafarge announced that they had reached agreement on a merger between both cement giants valued at approximately $50-60 billion. The new corporation will be named LafargeHolcim, and it will create the world's largest cement manufacturer. The deal was considered a "merger of equals" due to the size and industry presence of both sides, and if there are no regulatory obstacles, it is expected to be completed by mid-2015 (Huet and Baghdjian 2014). The new corporation is to be based in Switzerland and will be listed in both the Paris and Zürich stock exchanges.

Nearly a year after the official merger announcement, however, the companies started disagreeing on the terms of the deal. Only after much intense negotiation, did the companies finally settle that "Lafarge shareholders would receive nine Holcim shares for every 10 Lafarge shares they hold rather than the one-for-one ratio agreed when the deal was unveiled" (Guillaume and Hirt 2015). The financial aspect was re-negotiated and worked out, but the leadership structure is still not fully settled upon. Originally, Lafarge Chief Executive Officer Bruno Lafont was scheduled to become LafargeHolcim's CEO, but after the new agreement, he has been assigned the role of Co-Chairman alongside Holcim's Chairman of the Board Wolfgang Reitzle. As of the date of publication of this thesis, Eric Olsen has been appointed the future CEO of LafargeHolcim. Although the merger has gone through some rocky patches, both corporations have shared a strong commitment in the past to issues related to sustainability: reducing the industry's environmental footprint, making energy and climate related topics a key concern, and improvement of stakeholder relations. The scale of the merger will no doubt put sustainability issues at the forefront, while making stakeholder interest and leadership also a priority for LafargeHolcim (Lafarge 2014).

Barroso, Minas Gerais, Brazil and the Arrival of Holcim Brasil

The town of Barroso is located 208 kilometers from Belo Horizonte in the Brazilian state of Minas Gerais, and came into its own administration in 1954. The town's history is directly related to the traveling explorers of the region, who traversed the area in search of gold. According to the latest population count in 2010, there are currently approximately 20,000 inhabitants in the town (Ortópolis Barroso Website). At present, the main economic activity of Barroso is mineral production, particularly stemming from the considerably large Holcim cement plant there. Besides its dominant concentration on cement production, there is some commercial activity consisting of store sales and the provision of very limited services. There is also dairy and cachaça production. The tourism industry is not very strong, although the region offers many natural resources such as waterfalls and vast plains. Nevertheless, the town has traditionally been a marginalized and impoverished place heavily dependent on whichever cement producer is there. The citizens of Barroso had long developed a paternalistic relationship with the cement plant in town, demanding and often procuring philanthropic projects for education, a new football field, or medicine for its clinics.

At the end of the 1980s, notwithstanding, the cement company Paraíso started experiencing financial difficulties and environmental degradation in Barroso, and began to lay off many of its employees. The citizens of Barroso were indignant and could not understand why there was a recession or why the subsidies suddenly stopped. Under this scenario, in 1996, Holcim bought the company. The community saw the new arrival as a fresh opportunity to claim demands, for employment offerings, and for the improvement of Barroso. However, the town was not counting upon Holcim's serious professionalism, adherence to environmental requirements, and stringent exigencies. Holcim did not tolerate a paternalistic relationship with the dependent community. Previously, while Cimento Paraíso was there, all other sectors that were not directly related to cement were neglected, and subsequently weakened. The youth only aspired to work for the cement company since it offered the highest

wages, regularly leaving their jobs as farmers behind. From the very beginning, Holcim focused on creating a healthy, balanced relationship with the Barroso community to try to wean off its long-standing dependence on the plant. Nonetheless, a vision and a permanent strategy to change the community's attitude were needed to help all stakeholders adapt to the new constellations and demands in place. To help achieve this goal, Instituto Holcim was conceived.

Instituto Holcim

Instituto Holcim was created in 2002 and its mission is to contribute to the development of the communities where Holcim Brasil has a presence, strengthening the relationship between its units and the communities, and to align strategic partnerships to further its mission. The focus of the Institute is to create partnerships that promote local development by stimulating community participation. Development in these communities is supported by projects tied to employment and income generation, environmental education, and skills training. The Institute's main partners are GIFE (Grupo de Institutos, Fundações e Empresas) and RedEAmérica (Rede Interamericana de Fundaciones y Acciones Empresariales para el desarrollo de base). GIFE is a not-for-profit organization that brings together very diverse investors from all regions of Brazil: institutes, foundations, and family-owned businesses representing the third sector (GIFE Website). RedEAmérica is a network of more than 70 business organizations that invest in social capital and in grassroots development whose focus is to diminish poverty and inequality in Latin America (RedEAmérica Website).

In Barroso, Instituto Holcim manages the corporation's social investments there and assists with the eradication of paternalistic patterns that might still be in place. The Institute's role is also to enable the community to find alternative forms of assistance besides the cement plant. According to Michaela Rueda, the Human Resource Director of Holcim Brasil, soon after

the creation of Instituto Holcim, the corporation had to search for external support and hire professionals who are experts in the field of development to assist with the task at hand:

> The Institute started working with consultancies to receive support for the community development projects. Soon after 2003, we started doing workshops with the communities regarding their perception of the plants and their opinion of the corporation. (Interviewed on January 12, 2012 at the Holcim Brasil Headquarters in São Paolo)

The first step was to get a clear panorama of the situation and to capture the community's perspective and opinion regarding the plant, Holcim, and the projects. Michaela Rueda adds:

> Then we did focus groups, more in-depth interviews, reputation studies, and surveys. We wanted and needed input. We did a lot of reputation management. We wanted to strengthen our relationship with our neighbors: our position in the communities and how we could better work with them. (*Ibid.*)

Clearly, building a strong relationship with the town is a long-term process where commitment and trust are engendered. According to Michaela Rueda, it took approximately six years to fully start seeing some results:

> In 2009, we had already reorganized and centered on our focal points, we had strategies for achieving our goals. We had managed to build a stronger relationship with the town. As a whole, though, it was particularly difficult in Barroso, because of their dependence and equal apathy towards the cement plant. (*Ibid.*)

Instituto Holcim was created to outsource the social projects from the corporation. It proved to be a good channel by which the MNC could navigate the difficult challenges and differences between both camps, ultimately building a stronger and direct relationship with the community.

7.3 A Vision for Barroso: Projeto Ortópolis Barroso

The year 2003 proved to be a period of great difficulty for Holcim and the Barroso community. There was economic decline that caused resentment due to the high unemployment rates, resulting in the town's antagonism and dissatisfaction with Holcim. Holcim Brasil's president at the time, Carlos Bühler spoke with Edgard Von Büettner, a former University of St.Gallen classmate who was a consultant. Von Büettner suggested an ambitious project whose name was to be Ortópolis[79] Barroso that proposed to transform Barroso in a period of 10 years by stimulating sustainable development, and whose goal was to improve the standard of living of the community. Equally as important, the project was to diminish the community's dependence on the Multinational, while engendering entrepreneurship.

From this first September 2003 meeting between Carlos Bühler and Edgard Von Büettner, a map of Barroso's main problems emerged, identified by the town's own people. The main concerns included unemployment, education, the environment, and a change in the town mindset. Solutions were also proposed, as well as a strategic plan to achieve them, and volunteer coordinators were chosen to oversee each of the identified topics. These coordinators soon realized that the implementation of these objectives would take a long time to achieve. Nevertheless, there was great interest as to how to improve the town. Slowly, as more people enlisted to offer their services, the group soon comprised approximately 40 people with diverse backgrounds: businesspersons, community leaders, teachers, administrators, and civil servants. The mission is to create a shift in attitude that will result in participation of all of the societal sectors in the creation of a responsible community and the vision is to raise the community's high self-esteem, good quality of life, and social justice.

---

[79] The word Ortópolis derives from the Greek words ortho (right, correct) and polis (city), implying that Barroso would become a correct and ideal city. Greek to English translation available at: http://dictionary.reference.com/browse/ortho?s=t

Shortly before the second public meeting for the envisioning of Barroso's future, the Projeto Ortópolis Barroso, as it is called, was presented and publicized extensively in the town's radio stations. This exposure contributed to a high turnout and interest at the next municipal meeting where the proposal was well accepted, and even more volunteers signed up for implementing these objectives into practice. A detailed action plan for the next steps was also written, including the names of those responsible for specific activities and deadlines for implementation.

7.3.1 Instituto Holcim and the Associação Ortópolis Barroso

The Associação Ortópolis Barroso (AOB) is a not-for-profit association that was founded in 2003 as part of the Projeto Ortópolis Barroso along with the Instituto Holcim, whose goal was to organize the town to help find alternatives and solutions for its marginalized population through sustainable development. The AOB's mission is to provide physical space for town meetings and to create linkages for partnerships to contribute to Barroso's improvement and progress. The AOB was the biggest and leading umbrella organization. However, many other associations were created under the AOB or by Instituto Holcim: e.g., association for trash and recycling collectors, association for youth, association for women, association for merchants, and association for bakers.

The AOB is highly esteemed by outside consultants who have worked with it. For example, Alessandro Araujo de Souza, Consultant for Latina Consultoria Empresarial, interviewed at the Holcim Brasil Headquarters in São Paolo, Brazil on January 17, 2012, recounts the story of how he became involved, the challenges faced, and what the purpose of forming the AOB and other associations was:

> We, along with Instituto Holcim, started the Associations to help organize the town's people. At first, the people didn't know if the associations belonged to Holcim or not. Once it was clarified that the

Associations were independent, more people joined and they started growing. Many companies do this type of project for image, to improve their reputation, but I think that Holcim did it because they really wanted to help end the paternalism in Barroso.

Instituto Holcim created the AOB, the main organization which in turn consists of many other smaller Associations formed to help the town's people unite and empower themselves so that they can act collectively and can find a common voice to set joint goals. Alessandro Araujo de Souza comments further regarding the many challenges that the AOB and other Associations faced after their inception:

At the beginning, the Associations had many problems. At first, only the town's elites worked or volunteered there. The Associations lacked inspiration; they lacked leadership and had no vision. Even with our assistance, they failed. On the second attempt, the Associations were more inclusive and different sectors of the population we included and represented: the rich and the poor. For example, it was clear that they had to do something with the young people in Barroso. (*Ibid*.)

At the beginning, the community had difficulty distinguishing between Instituto Holcim and the Associação Ortópolis Barroso. They did not know who was running each project, and they were confused about roles and responsibilities. From Holcim's perspective, the goal was to make the AOB as independent as possible. Gradually, the AOB took over most of the projects and the Instituto Holcim became more of a consultant. Currently, Instituto Holcim is a partner in some of the projects and provides financial and technical support to institutionally strengthen the Associação Ortópolis Barroso (Werneck *et al* 2013, 21).

In the first years, Instituto Holcim and the AOB realized that they had to promote the cohesion and harmony of diverse groups, and strengthen the entire process by encouraging transformational change from dependence to

self-reliance. In October 2004, when the AOB was created to take over the Projeto Ortópolis Barroso from Instituto Holcim, a clearer governing scheme was created that separated the corporation further from the management of the project. In essence, Instituto Holcim became an equal partner—albeit on the side—that offered technical support for the projects and assisted in the formation of strategic alliances such as with Sebrae-MG[80], and RedEAmérica (Werneck *et al* 2013, 20). These allegiances were a key to success since affiliations seem to be very important for the survival and success of projects in general. According to Michaela Rueda, Holcim Brasil Human Resource Director:

> We have several meaningful initiatives in place with several significant partners. We now have a common initiative with RedEAmérica, for example, that is related to youth organizations and youth associations. The whole purpose is to help the youth find employment, to make them aware of their potential and to give them options. Our project with Instituto Holcim and RedEAmérica functions almost as an NGO. (Interviewed on January 12, 2012 at the Holcim Brasil Headquarters in São Paolo)

This idea that Instituto Holcim, as well as Holcim CSR projects should be affiliated with hemispheric organizations is supported by Juliana Andrigueto who was the CSR Brasil Country Head and Director of the Instituto Holcim until 2013. She is now the new Holcim Senior CSR Latin America Regional Manager as well as the Instituto Holcim Vice-President. She explains:

> Alliances are very important to the success of our projects. We need to find the right partners with the regional foundations or associations. We just signed a new convenio with the Inter-American Foundation, for example. We care deeply about the relationship with our employees, communities, associations, other companies, and our

[80] Sebrae-MG is the Minas Gerais local chapter of the non-profit Brazilian association that promotes and supports micro and small enterprises.

overall engagement. We know that we have extensive community expertise; the question now is how to leverage this and find other external actors to maximize the potential of this knowledge. (Interviewed at Holcim Headquarters in Zürich, Switzerland on February 11, 2015)

The accord with the Inter-American Foundation[81] (IAF) is a very important one, since the IAF provides grant support for grassroots groups and NGOs to encourage partnerships among communities, business and local government, with the common goal of helping improve the lives of the poor while also strengthening democratic values and ideals (Inter-American Foundation Website). They are an independent agency of the United States Government, and the Inter-American Development Bank administers the funds. More importantly, it is clear from Juliana Andrigueto that the community relations are a priority all across the board for Holcim: on a local, regional, national and hemispheric level.

7.4   What CSR means for Holcim Brasil

For Holcim Brasil, Corporate Social Responsibility is a priority and a strategic tool that is an integral part of management strategy and of the devising of the corporation's every-day business. It is likewise a way to maintain respectful and trusting relationships with stakeholders—employees, suppliers, and communities. Instituto Holcim is the main channel through which these activities are carried out, and the projects are consistently expanding and developing. Michaela Rueda, Human Resource Director at Holcim Brasil explains:

CSR has been a tradition in this country (Brazil). We have been concerned with implementing CSR projects since a very long time ago.

---

[81] The Inter-American Foundation Website is available at: http://www.iaf.gov/

It's very important in the corporation. We have consultancies, international visibility, and access to the rest of the world. (Interviewed on January 12, 2012 at the Headquarters in São Paolo)

Holcim has a long tradition with CSR ventures. It is important at all levels of the corporation. However, sometimes it is stronger and more present in corporate strategy than at others. Michaela Rueda expands upon this subject:

CSR Switzerland is very competent, but it also has to do a lot with whether the Executive Member is interested in CSR or not. Andreas Leu helps us a lot. I really don't know if other Executive Members would take CSR up as a cause. (*Ibid.*)

It is clear that the field of CSR has changed and evolved drastically in the past decade. Before, in Brazil and in most other countries in the world, the positions of CSR Country Manager or CSR Manager normally came as token assignments for the top Communications or Human Resources employees who had been loyal to the corporation for an extended period. Long-time employee Michaela Rueda, who became very engaged in the corporation's CSR projects over a decade ago, explains:

At the beginning, I worked mostly with Human Resources. I was very lucky that I could start working with CSR projects. I could see where there was the biggest need and where we could have the most impact. I studied management, but I have also done some courses in development because the subject has always interested me a great deal. We had our first CSR boss here at Holcim Brasil in 2001, which was under the Global CSR Head in Switzerland. I would say that it wasn't until 2005 when we started to really have CSR functions fully in place. Now we have a very clear focus based on three pillars: the environment, entrepreneurship, and education. Instituto Holcim and our CSR programs help us carry out that mission. (*Ibid.*)

A titular or honorary CSR position is not very common any more since CSR is becoming a very complex, expert-focused domain. Some corporations have even created the very high ranking, top management position of Chief Sustainability Officer (CSO) to highlight their commitment to Corporate Social Responsibility, the environment and issues of sustainability in general. Currently, CSR is a field of study in many universities worldwide combining unorthodoxically subjects such as finance and sustainable development, and there are many professionals who are entering the field who have a lot of expertise in the subject because they have worked with developmental agencies throughout marginalized regions of the world. As it stands, consultants and NGO specialists are constantly being recruited to work as expert advisors or are hired full-time to work in-house. Holcim Brasil hires consultants from (among others) Latina Consultoria Empresarial. Alessandro Araujo de Souza is one of them, and he works very closely with the Holcim Brasil/Instituto Holcim community projects. He explains:

> I work for a consultancy. Many of our other clients, like Arcelor and Camargo Correa, also work with communities. It's important to work with foundations and institutes. Now with Instituto Holcim, I work with the employees in the plants to help bridge their connection with the communities. We use our own methodology to achieve this. I used to work with Sebrae[82] before, with microcredit, developing MNEs. I'm a mechanical engineer by training. I took management courses but most of my experience is from working on the ground, directly with communities. (Interviewed on January 18, 2012, in Barroso)

In Brazil and in Latin America, it is very common for corporations to create foundations or institutes to run their CSR projects. This sets up a separate entity from the corporation, but there are also financial reasons such

---

[82] Sebrae = Serviço Brasileiro de Apoio às Micro e Pequenas Empresas. A private, non-profit entity that provides support to micro and small enterprises in Brazil. Website available at: www.sebrae.com.br

as tax exemptions why firms do it. Michaela Rueda, Human Resource Director of Holcim Brasil explains:

> We have foundations because with them, we can capture a lot of external money. The foundation allows us to form strategic partnerships and to be a separate financial entity from Holcim Brasil. (Interviewed on January 12, 2012 at the Headquarters in São Paolo)

For all of the CSR projects, the focal point is the community and its relationship with the corporation. Michaela Rueda, Human Resources Director, further explains how Holcim Brasil maps out projects:

> With Holcim, it is not us who define the CSR projects, but the communities! All of our projects depart from the diagnostics, their calling, and their needs. We always give support, it's important for us NOT to decide, it must come from the people. They must organize with and tell us what the problem is so that we can collectively find a solution. For example, Vaca Gorda is a project that is what the community needed. We helped the farmers improve their milk production. We focus on their needs. (*Ibid*.)

Interestingly, Instituto Holcim took on the project of Vaca Gorda because its goal is to strengthen industries other than that of cement in Barroso. By helping the farmers produce better milk and increasing their purchasing power, families will not be discouraged to leave their farms and their cattle. In the extreme purist practices of CSR, the corporation is encouraged to only engage in project and activities related to their core business and competencies. According to that logic, Holcim should not become involved in farming. Nevertheless, the Vaca Gorda project not only helped local improvement of the quality and quantity of milk production, but also contributed to the diversification away from the cement industry, which is a major strategic goal to deal with the inherent dependence on cement and paternalism found in Barroso.

Another major part of Holcim Brasil and Instituto Holcim's CSR strategy in Barroso, is to use the Associations as a management strategy to

empower the community and make it more self-sufficient. Consultant Alejandro Araujo de Souza comments on this:

> Along with Instituto Holcim, I manage the agenda of each Association in Barroso. There are many Associations with different levels, and contrasting goals and objectives. We combine practice and theory. How do we specifically help them? The Association of Commerce, for example, we helped them redesign their shops, taught them how to better present their merchandise, and helped them plan their financial statements, look at their inventory and think about spring, summer or fall collections. We help them with very practical things. (Interviewed on January 18, 2012 in Barroso)

Every association receives tailor-made advice and every project is seen as an individual challenge with specific solutions to be found. The main projects include:

- *Educando Verde*: Created in 2001 to teach fourth grade students more about the environment (impacts, pollution, degradation, water, health). Ten years after its conception, the Ministry of Education has expanded it into the Municipal Program for Environmental Education.
- *Ortópolis Barroso*: focus on local development while considering the economic, social and environmental dimensions of the city. Help the community identify its own needs and to find solutions though grassroots associations, family businesses, and self-sustainable practices.
- *Associação de Pais e Amigos dos Excepcionais (Apae):* The Association of the Parents and Friends of Impaired People works towards improving the quality of life of families with mentally and/or handicapped children. They run the program "Empreender em Família" which gives the opportunity to mothers to mass-produce condiments and to sell them for a profit.
- *Ascab em Novos Horizontes:* The Association for Rubbish and Recycling Collectors was created to educate the town about recycling.

151

Provides employment to 14 male and female heads-of-households that previously did not have jobs.

- *Juventude Empreendedora*: Created to strengthen young people's (16 to 24 years old) entrepreneurial skills and help them transform ideas into feasible businesses.

- *Esporte na Cidade*: Created to provide access to sports on a regular basis for children and teenagers.

- *Mãos na Massa*: Created to augment women's inclusion into the workforce by cooking and selling cookies, and managing kitchens in a local hotel and cafeteria.

- *Miniempresa*: Provides a course on basic economics, management, and operation of a business. Holcim employee volunteers do the teaching.

- *Parceiros de Valor*: Provide financial support to the micro and small enterprises that are Holcim suppliers.

- *Rumo Certo*: Created to offer administrative and financial management classes, entrepreneurial culture, finance, marketing, and sales strategies.

In order to carry out these projects, Instituto Holcim has to abide by all municipal as well as corporative rules and regulations in place. They follow global standards, while working at a very fundamental local level. Gabriel Moraes was the Instituto Holcim's Project Manager up until 2013. He explains the day-to-day business protocol:

From Switzerland, we get the internal organization of CSR and our strategy. We collect a lot of information and material for the CSR & Sustainability Annual Report. Of course, we use the GRI, the UN Global Compact, the Down Jones Sustainability Index, and Human Rights indicators. On top of that, we also help develop documents for ethical business conduct, training, human rights investment, information on suppliers, stakeholder engagement and dialogue, partnerships, etc., We send a report to the Latin America CSR

Regional Manager and then to CSR Headquarters in Switzerland. A brochure is made per unit, per country, with comments from the local CEO and the CEO in Switzerland. It takes us more than two months to prepare it. We include all organizational information. Then, we get feedback from Switzerland. (Interviewed on January 17, 2015 at the Holcim Brasil Headquarters in São Paolo)

CSR strategy is very important not only to the people who run and participate in the local projects, but also to the Chief Executive Officer of Holcim Brasil, Otmar Hübscher:

CSR matters to us in top management also from a business strategy level. Instituto Holcim carries out CSR mandates very competently. In Barroso, for example, they really helped our plant manager there become very close to the community, to really get to know them, and to understand their needs. We want to help our communities, but also so that unexpected complications don't arise. We're making our projects more efficient! Our goal is to improve the quality of life of our workers, our suppliers, the communities we engage with. We also want to improve the quality of how we manage, how we run these projects. This is our vision of CSR. (Interviewed on January 20, 2012 at the Headquarters in São Paolo)

Most of Holcim's group companies have Community Engagement Plans (CEP) in place to help them better interact with the communities where they operate in. The CEP is elaborated alongside local stakeholders: representatives of government, associations, schools, and NGOs. The purpose is to discuss ideas, address conflicts and single out concerns. Holcim's CSR practices in Brasil are important at all levels of the corporation: extending from the workers in the Instituto Holcim, to the consultants who help support projects, to the CEO who is not only well versed in CSR practices and projects, but also very committed to their implementation. Instituto Holcim's CSR vision and purpose is to provide the possibility for communities that are Holcim

stakeholders to exploit their own potential and to help them become the protagonists of their own development. In turn, the community is expected to participate in all the stages of each project, to contribute to the finding of solutions, and to work towards achieving its own autonomy.

Empreender em Família

The Empreender em Família[83] project has the objective to improve the conditions of up to 130 families whose children are mentally deficient and/or physically handicapped. The goal is for the mothers to learn technical and operational know-how to produce and commercialize in an independent manner food products with the Apae seal; and in this way generate their own wages to be able to better tend to the financial, medical and therapeutic necessities of their children (Instituto Holcim/LafargeHolcim, Slide 2, 2015).

In 2010, the mothers decided that they would mainly focus on selling ready-made condiments, which they would call, "Arte da Cozinha". In market research they conducted in the streets of Barroso, they learned that 70% of those surveyed use garlic and salt for cooking or as seasoning. As a result, they came up with four different recipes containing garlic and other spices. They conducted tastings in different events throughout the city and the response from the population was very positive. Then, Holcim Barroso, Associação Ortópolis Barroso, and Apae Barroso organized basic skills training for them to learn how to mass-produce ready-made condiments. They also received courses in management and administration, as well as funds for production and the construction of an industrial kitchen (Instituto Holcim/LafargeHolcim, Slide 4, 2015).

By 2011, the Empreender em Família mothers had produced a first experimental batch of garlic and salt condiment weighing in at 75kg. They

---

[83] "Empreender em Família" can be loosely translated from the Portuguese into, "to embark on a family business venture".

enjoyed 100% of sales. That year, they produced five different batches and were able to sell them all. In 2012, there was an average of 80% participation (out of the partaking 130 families) in the project and in the group meetings. In those 12 months, 4,695 pots of condiment were sold (Instituto Holcim/LafargeHolcim, Slide 6, 2015). The program continues to this day.

When I visited the site, many mothers wanted to share their story with me. Several of them told me that partaking in this project had changed their lives in many ways: there was a "center" where they could bring their children to, they could get out of the house, spend time with other mothers who were in a similar situation, and feel productive while doing an activity which they enjoyed tremendously (cooking). They absolutely welcomed the added income they received from selling the ready-made condiments; but the real transformation came from talking, sharing, and spending time with their peers, and in doing something productive as a group. In addition, they liked being complimented in the street for their delicious products, and truly valued being a part of Apae and the project.

Table 6. Financial Information Project "Empreender em Família": Years 2011 and 2012

Empreender em Família	2011	2012
Partners	Apae Barroso, Associação Ortópolis Barroso, Holcim Barroso, and Instituto Holcim	Apae Barroso, Associação Ortópolis Barroso, Holcim Barroso, and Instituto Holcim
Resources/ Contributions	Instituto Holcim - Brazilian **R$ 15,388** (2011* Exchange rate = approximately **USD$ 9,848**) Rest of Partners - Brazilian **R$ 19,704** (2011* Exchange rate = approximately **USD$ 12,610**)	N/A
Average Monthly Income Gained per Family	**Brazilian R$ 138.00** (2011 rate* = approx. **USD$ 88**)	**Brazilian R$ 271.00** (2012 rate** = approx. **USD$ 132**)

Source: Chart made by the author of this thesis based on information provided by Instituto Holcim/LafargeHolcim PowerPoint Presentation 2015, "Empreender em Família".

*Exchange rate from average July 2011 at 1USD$ = 0.64 Brazilian Reais.
**Exchange rate from average July 2012 at 1USD$ = 0.49 Brazilian Reais.

7.5   Analysis through Political Corporate Social Responsibility Lens

MNCs engage in self-regulation when it comes to developing and implementing community projects. The corporation, individually or through the voluntary affiliation and collaboration with multi-stakeholder initiatives (involving for example, associations, NGOs, and universities) fill global regulatory gaps generally not enforced through government mechanisms. This situation confronts MNCs with the same legitimacy demands as governments. Differently, however, is that the "democratic legitimacy of private governance mechanisms is much more complex (Rise 2004); also because it connects to various publics that are geographically dispersed and do not form one institutionalized political container (Mena and Palazzo 2012, 528).

In the past 15 years, corporate social responsibility has acquired a more important role in the management of corporations, which has had a big impact on the way corporations relate to communities and the relationship that exists between them (Werneck *et al* 2013, 8). Many times, as has been presented in the Political CSR chapter, these corporations have taken on, or been called to take on, responsibilities which the governing state could not manage or handle. Although traditional philanthropy is still practiced by some corporations—predominantly in North America—corporations now tend to focus on social investment, which gives a much more active role to the community so that they can better define their needs and role in society. Otmar Hübscher, CEO of Holcim Brasil, explains how the corporation has changed in the past decade:

> There isn't necessarily more political corporate involvement, but a different type of involvement. We have to know our communities better; we have to be closer to them to help them more. We need CSR projects that involve them and help give them a better life. When we know reality better, we can better help the communities. We want to help them to improve their situation. Before, we didn't know our communities, now we do. Everything changed approximately 10 years ago. Nowadays, for example, it's written in every plant manager's contract that they have to know their communities. They have to

participate in community events and be close to them. With CSR, it's becoming more and more present in everything that we do. Before, it was a question of license to operate. At the moment, it's much more than that: it's our understanding and commitment to a community. (Interviewed on January 20, 2012 at the Headquarters in São Paolo)

In Barroso, when I visited the Holcim plant, there seemed to be a blurring of hierarchical status. For example, at the dining room cafeteria, Holcim provides a free lunch to every single employee, every day. Two options are offered: a meat or a vegetarian meal. There is a salad bar and dessert bar as well as a choice of coffee and drinks. Top management, the Plant Manager, and visiting business people all eat together alongside the machine operators and cement truck drivers. People call each other out by first name and greet each other professionally but warmly.

While I was there, some employees stared at me, but mainly because they could tell I was visiting and because I am a woman. The male/female ratio is skewed by approximately nine men to every woman. The Plant Manager at the time said to me that he was surprised when he first arrived that it was written in his contract that he had to participate in community events. Eventually, he said, he became so close to the community that he now not only participates in corporate events or meetings, but that he gets invited to children's birthday parties, baptisms, graduations, weddings and funerals. When I mentioned that it sounded as if he were the Major of Barroso, he jumped and said, "No, no. Not that. But I feel as if I'm many people's uncle".

It is clear that the role of the corporation is changing. Better communication with the communities seems to bring about more harmony, but not more clarity as to who is responsible for what. The new assimilated character, responsibilities and assignments do not have clear definitions as to where it is headed. There is perhaps more camaraderie, but no exactitude as to the function of the corporation.

7.6 Analysis through Global (in)Justice Lens: Social Connection Model

7.6.1 Power

Clearly, in this case study, the corporation was in a much stronger power position upon arrival in Barroso. Nevertheless, the corporation still had to earn its "social license to operate". In other words, the corporation's goals and projects had to be legitimized by the community. Interestingly, Barroso experienced a trajectory of going from a paternalistic relationship between the community and the corporation, to finding more autonomy; thereby balancing out the hierarchies of power to certain extent. In the first phase, Holcim was at the center of the projects, deciding and managing. However, the vision was always to move away from directing and to relinquish power and responsibility to the community. Holcim had the funds and the willingness to invest in Instituto Holcim, and that is why they also assisted in creating the AOB and other associations, and to invite partnerships with other players such as Sebrae, RedEAmérica and the Inter-American Foundation. The citizens of Barroso had good ideas, but they didn't know how to fully implement them. Therefore, Instituto Holcim and the AOB gave them the skills and the tools to manage the projects. Still after several years, to certain extent, the community was nonetheless hoping that the Projeto Ortópolis Barroso would provide philanthropic donations as Cimento Paraíso did. With time, however, they recognized their own capabilities, believed in themselves, and even started wanting to be at the helm of their own development.

One of the biggest obstacles the corporation faced was a lack of trust from the community, who did not clearly understand Holcim's initiatives and objectives when they first arrived. At times, the corporation was seen as elitist and was not favorably esteemed by the more marginalized members of the community. The scope and reach of Holcim's mission and vision was much less understood than was originally expected, better dissemination and dialogue was achieved through the creation of Instituto Holcim. Those initial years,

nevertheless, served as a transitional period when the town shifted from paternalistic, customary practices, to a new reality based on mutual support and more equal partnership with the Multinational. As Juliana Andrigueto, the new CSR Latin America Regional Head and Vice-President of Instituto Holcim asserts:

> Ortópolis was not an idea conceived on sustainable development, it was more strategic social investment. We gathered a community to plan for its own future. We helped them think out the future of their city. It was a very pioneering activity from Holcim. It was impossible to define everyone's roles. Things fell into place eventually. The organization gave the community autonomy and leverage. We helped them empower themselves through external sources. (Interviewed on February 11, 2015 at the Holcim Headquarters in Zürich Oerlikon, Switzerland)

The communities in Barroso were indeed helped to empower themselves, but this could not have been achieved without the assistance of Holcim funds, Instituto Holcim's intermediary role and know-how, expert consultant analysis and advice, partnerships with NGOs, local government, national grassroots organizations, and hemispheric alliances. Additionally, the shift in the power structures took over a decade in the making.

7.6.2 Privilege

Mr. Alessandro Araujo de Souza, Consultant for Latina Consultoria Empresarial, explains to us the demographics and social hierarchies in Barroso:

> Barroso's demographics consist of a big percentage of people who are not actively working. 30% live off retirement, they earn minimum wage, which is about 600 Brazilian Reais[84] per month. Most working

---

[84] 600 Brazilian Reais is approximately CHF 172 (exchange rate from July 30, 2015).

age people work for the Prefeitura, Holcim is the second largest employer, and some people work in commerce. For a big majority, though, no matter how much education they have, there's no employment. (Interviewed at the Holcim Headquarters in São Paolo on January 17, 2012)

Here, it is established that the town's biggest employers are the local municipality and Holcim, for those that are not employed by either one of these two entities, chances for finding employment are grim. The town is mostly made up of a poor population. During my fieldwork there, it was surprising how barren the mostly dirt streets were and the lack of options for entertainment: there is no cinema and only one fast-food restaurant in the entire town. Nevertheless, even within underprivileged communities, there are hierarchies:

> Currently, in Barroso, everyone focuses on employment and not on entrepreneurship. We need people who can influence the local culture, who can influence positively and be role models so that they can learn discipline and dedication. There's also no interaction between those that deal with commerce and those that don't. There's a monopoly of power by the elites. We need to help the average person overcome the bureaucracy. They need to mobilize, to interact with one another. (*Ibid*.)

As it would be expected, Barroso is divided by those that have and those that have not. In a town this size, everyone knows everyone else. There is little space for social mobility as the few elites control the local government and commerce. For the rest of the population, access to material elements and a better life was frequently out of reach. Instituto Holcim's activities try to break these unjust social structures by providing skills training to the more marginalized communities and by creating projects that will result in income generation.

7.6.3 Interest

When Holcim first arrived in Barroso, there was not a lot of stakeholder engagement. There were certainly formal and informal interest groups set up within the town. Instituto Holcim started disseminating free information for the benefit of the community. For example, radio announcements for open town meetings, sponsoring radio shows to explain the corporation's mission, vision and projected activities, and awareness campaigns for the target groups (recycling collectors, women youth, merchants, farmers, etc.,). With time, stakeholder engagement became more extensive and present. Although each interest group still pushed for its own agenda, at least more groups were represented and could push their interests forward.

7.6.4 Collective Ability

Collective ability and action seems to have transformed the town of Barroso. Holcim and the Instituto Holcim have contributed a lot to the development of the Barroso community in this dimension. They were instrumental in encouraging and assisting the community to act as a group to improve their situation and to achieve common goals. Alessandro Araujo de Souza, Consultant for Latina Consultoria Empresarial, explains:

> The first goal was to change the culture of Barroso, to positively influence the schools, then the family, so that society as a whole will be more independent. Holcim and the AOB understand that community development takes time. I mean, we're sometimes dealing with a community's low self-esteem, a community that might have problems with drugs, and very low schooling. Our motto is that we're entering this community so we have to understand them. We have to find the tools to work with them. We want to focus on their financial development, to get the youth to be more involved in their future. We

had to teach them that they have to unite, otherwise they won't improve. (Interviewed at the Holcim Headquarters in São Paolo on January 17, 2012)

The citizens of Barroso were only somewhat united before Holcim arrived. They were organized as loose fragments by profession or occupation (teachers, plant workers), not consciously forming a unit or collaborating with each other. There were no organizations, no clubs, and no committees. They did not think of joining forces for a common goal, or even for sharing of a common hobby or interest. Education levels in Barroso are very low, so most people did not have an affiliation to a school group or sports team. Due to the high unemployment rates, there was also a lot of drug abuse. Everyone acted as an individual and not as a community. Mr. Alessandro Araujo de Souza further explains:

> Barroso can be a difficult place, because it's a typical mining region. There is much difficulty in initiating, in taking the initiative. There's no confidence. If there's no confidence, there's no advancement. It's a real "mining culture" which conflicts with the São Paulo culture. In Barroso, we have a lot of difficulty getting them to work together. There isn't too much acceptance of foreigners, even Paulistas. They don't talk about it, it's not explicit, but it's definitely felt. (Interviewed at the Holcim Headquarters in São Paolo on January 17, 2012)

Instituto Holcim and the creation of the Associations (e.g., for environmental awareness, for rubbish and recycling collectors, for the youth, for sports, for women, for micro-entrepreneurs, for suppliers) were instrumental in forming and joining clusters of people with the same background, the same problems, the same interests, and eventually the same goals. Holcim contributed the seed money and Instituto Holcim along with the AOB provided the space, the organization, and the capabilities to engender collective action in the town of Barroso.

Added Criteria:

7.6.5 Inclusion

To make a more in-depth analysis of this case study, how much inclusion is incorporated in a project needs to be considered. Here, the most important point to contemplate is if CSR enterprises foster inclusive business practices that help communities have better access to rights and a higher opportunity to find employment. Holcim and Instituto Holcim use a tool that they call "Participative and Inclusive Planning". From my time in Barroso, Participative and Inclusive Planning was one of the most important activities used to change the community's understanding and relationship with the corporation.

In the first years, the corporation, Instituto Holcim and the community sat down together to see eye-to-eye, and to try to understand each other's struggles. For example, prior to the participative planning, people in the community did not realize that the plant had its own "challenges": that the plant had to generate profit to exist and to pay tax funds to the municipality, and that they also sometimes needed to reduce costs to be competitive in the market. Some members of the community simply believed that the plant was a "cash-cow" and that it would be financially successful even without much effort put into it. Therefore, some members of the community could not understand why they had to join an association and come up with a project to access funds from Instituto Holcim. Participative and Inclusive Planning provided direct dialogue between the corporation and the community so that preconceived notions or expectations were addressed and cleared on both sides. In this case, the corporation's initial struggles and concerns were addressed. However, the main purpose of Participative and Inclusive Planning is predominantly used to provide a time and space to hear and look at the issues from the more impoverished members of the Barroso community. It is from these meetings

that the idea for an association for rubbish and recycling collectors and for mothers of handicapped children arose.

As mentioned earlier, one of the main purposes of the CSR projects Holcim has in Barroso is to provide economic inclusion to the community. Many of the associations were created either to teach a specific skill for a particular job or to open the way for self-employment. Holcim is now planning to focus and further expand its efforts in inclusive business initiatives. These initiatives are intended to complement and not replace traditional CSR programs, "as not all social needs can be addressed through market-based solutions" (Holcim Sustainable Development Ambition 2030, 6). Furthermore, the strategic social investments programs will continue to be very important to the corporation. More specifically, providing seed capital for community activities that improve the quality of life of those less fortunate and capacity building for stakeholders will still be at the center of their corporate community investment strategy. The main belief behind implementing a strategic social investment is to help build healthier societies, since if there are healthy societies; corporations have a safer and more thriving place to operate in (*Ibid.*). According to Stefanie Koch, the CSR Global Manager, inclusive business is the new approach for Holcim's CSR projects:

> We have always been involved in community focus groups, from the very beginning. Our new direction is inclusive business, projects with a social impact. From a global perspective, we focus on strategic social investment and climate, resources, and communities. We measure how many persons are reached or touched by the projects. We focus on the quality of life increase. Inclusive business is about customer outreach, but also about community outreach and strategic engagement. (Interviewed at the Holcim Headquarters, Oerlikon, Zürich on February 11, 2015)

Holcim is hoping to implement strategies in the near future that are for-profit, but that also contribute to the alleviation of poverty. Although strategic social investments are about social impacts, they must also make economic and social

sense. Private-public collaboration is also highly esteemed in the new CSR vision. Stephanie Koch continues:

> We want to collaborate more with the public sectors. We have gained a lot of professional expertise on the ground and have a very good understanding of our communities. Our question now is *how to include others?* One key is to work with community leaders, they can be very charismatic and smart, and have a lot to contribute. (*Ibid.*)

After over a decade of community involvement projects not only in Brazil or Latin America, but also in India and the rest of Asia, Holcim has a vast reservoir of case studies and lessons learned. In this sense, the corporation is able to apply its business acumen and to combine that with their expertise in social development. Inclusive business projects and practices would be a way to incorporate the two. Juliana Andrigueto, who was the CSR Brasil Country Manager and Director of the Instituto Holcim, and is now the new CSR Latin America Regional Manager, further clarifies:

> We want to increase inclusive business in all of our projects, for example, by working closer with the masons in Barroso. There's huge social impact there. We can give credit to low-income communities, but our challenge is how to have better linkages between inclusive business and providing commercial value. In Barroso, we identified small providers and helped them increase their knowledge in business management. We gave business owners and employers a course during 18 months on capacity building and business management. This all had a direct impact in their business, but also in their families. (Interviewed at the Holcim Headquarters, Oerlikon, Zürich on February 11, 2015)

In Barroso, inclusion first meant providing the ability for a community to organize itself, for the most impoverished members to raise their self-esteem through learning or employment, and for a community to envision and become involved in its own development. Currently, the meaning of inclusion is

transforming itself to entail financial development: inclusion not only into a social sphere, but also entry into an economic space. The new Instituto Holcim initiatives will focus on micro-finance, Bottom of the Pyramid strategies, and business development and management to generate income and employment for the Barroso community.

7.6.6   Clear Corporate Strategy

A clear vision and strategy is essential for the success of projects. Although it does not always come automatically, a clear vision can be defining whether a project fails or is accomplished. It means knowing the challenges, finding solutions, and defining a path how to achieve the goals. Gabriel Moraes, Program Coordinator of Instituto Holcim, talked to me about the Community Engagement Plans (CEP) Holcim applies:

> We use CEPs for plants worldwide to diagnose a relationship with a community, we get it from Switzerland. If there is no issue for a plant or for a community, then we don't do a CEP. We use a Project Management Approach software, which involves SWOT analysis. We do a review of the social investment; look at phases 1, 2, 3, 4, and 5. If there is a CEP, it's normally sent to a CEO. We do studies on how the community sees us every couple of years. We look at the economic, the environmental, and the social. We review everything regularly. This way we're effective with the communities. Plus, this is also how we can detect problems up ahead; like difficult neighbors or too much dust. We try to be very transparent. The CEP is also a knowledge management tool. BSD Consultants did all the methodology for us. The CEP is the best way to measure how we're doing with the communities. (Interviewed at the Holcim Brasil Headquarters in São Paolo on January 17, 2012)

The CEP provides Holcim a tool to implement a clear strategy with each community project: from diagnosis to inception, from implementation to management. Also, this allows for all countries to work under one guiding principle of assessing and supporting projects. Having a clear strategy does not always mean knowing where you are headed. Juliana Andrigueto, Holcim's CSR Latin America Regional Manager volunteers that "we would sometimes be overwhelmed with so much feedback. We didn't know what to do. But we would always stop and recalibrate. We would often define the 'what now?'" (Interviewed on February 11, 2015, at the Holcim Headquarters in Zürich).

As each project is defined and redefined, Holcim has a very clear vision regarding its global sustainability strategy. By 2030, the goal is to generate one third of revenue from portfolio of sustainability enhanced products and services (Holcim Sustainable Development Ambition 2030, 3). In addition to "continuing to create and sustain shared value for all stakeholders", the Sustainable Development Ambition zooms in on climate, resources, and communities: *Climate*, the main objective is to cap the carbon footprint by improving energy efficiency and substituting fossil fuels in the entire value chain; *Resources,* the objective is to be less dependent on primary materials and by replacing fossil fuels with alternative energy sources; and *Communities*, the main objective is to improve the living conditions of low-income communities while extending access to Holcim products and services. The target is to improve the quality of life of 100 million BoP through inclusive business solutions and strategic social investment (*Ibid*., 4-6).

7.6.7   Commitment

Corporate Community Investment projects are most successful when a corporation shows long-term commitment to a community: the capacity and promise for doing good to be realized in a near and long-term future. An agreement entered voluntarily by both parties, each pledging to work together and to fulfill the obligations between them. It seems that the longer the

relationship and duration of the commitment between a corporation and a community, the more positive the result of the impact. The latest Holcim Sustainable Development Ambition 2030 outlines the corporation's goals for the next 15 years. This new, long-term strategy was developed with a broad range of experts and considered the opinion of stakeholders involved (Holcim Sustainable Development Ambition 2030, 2). From the moment that the Instituto Holcim got involved with the Barroso community, their intention was to implement long-term, committed projects. Juliana Andrigueto, CSR Latin America Regional Manager, states:

> We have always had a 10-year vision and commitment for Barroso. It worked out very well because we set short-term goals so that the community could see that it was making progress and then the long-term goals could only be seen as an accumulation of those small, accomplished feats. (Interviewed on February 11, 2015 at the Holcim Global Headquarters in Zürich Oerlikon)

Commitment to a community means embarking on a project and seeing it being carried through from beginning to end, ensuring that it runs and operates smoothly. Being committed not only entails making monetary investments and contributions, but also providing the skills and training that might be needed, as well as the time and resources necessary.

7.6.8   Good Governance

Good corporate governance ensures that ethical procedures are carried out in every business practice that affects the community. The projects should be open and provide clear disclosure of information, processes and actions to all interested parties. Transparency is at the core of a corporation's positive impact in a community. Communication too plays a central role, since open dialogue provides a space to negotiate, to change the status quo, and to diminish the asymmetries in the access of information inherent in such partnerships.

Good governance and transparency also tackle issues of corruption to try to nip it at its core. Otmar Hübscher, CEO of Holcim Brasil, explains how his corporation addresses the issue:

> You might have heard that there is often a problem of corruption here in Brazil. How do they solve things? They legalize things. Legalizing is just a way to *formalize* corruption. If you legalize something then you can extort and create more corruption. At Holcim, we don't like that. We try to implement a culture of respect, responsibility and justice throughout every level of the corporation. (Interviewed at the Holcim Headquarters in São Paolo on January 20, 2012)

For most corporations in 2015, good governance also means addressing issues of Human Rights, which include topics such as discrimination, gender equality, the right to unionize, and corruption. Juliana Andrigueto, CSR Latin America Regional Manager, talked to me about the importance of Human Rights:

> Corporate leadership, good governance and leadership in the communities are our main concentration now. In my role as the new CSR Latin America Manager, I want to better train staff properly in the fundamentals of CSR and Human Rights issues; that's why we work with the UN Global Compact and the GRI. We want to improve how we conduct Human Rights assessments, the impact of these assessments, and even to be able to do self-assessments. We will focus with our entire supply chain, our employees, our suppliers, and the communities we work with. (Interviewed on February 11, 2015 at the Holcim Global Headquarters in Zürich)

Holcim generally gives great importance to Human Rights issues, it is reflected in their Corporate Sustainability Reporting, and the question of how the supply chain is affected is present throughout all levels of the corporation.

7.7 Recommendations Specific to Ortópolis Barroso

1. The Associação Ortópolis Barroso (AOB) is the ideal instrument to provide support to the communities in Barroso. Therefore, it is very important to keep strengthening it and to help it create an identity that is very separate from the Instituto Holcim and Holcim Brasil. Equally crucial, it is necessary to give the AOB and its project more exposure and a more marked and prominent presence in Barroso. As it stands, the organization could further define more concretely its individuality, objectives and goals. In this way, its message will be better communicated to the public. During my fieldwork there, several members of the community expressed the idea that they did not know what the Associação Ortópolis Barroso does. There should be no doubt in the community regarding the purpose of the AOB, as well as what Instituto Holcim does. AOB's presence, image, and role towards the community should be clarified so that there are not any misinterpretations of intention or utility regarding the association.

2. A relatively easy way to give more exposure to the diverse projects would be to make poster boards showcasing the projects visually in the common area of the AOB's building. At the time of my last visit, only Vaca Gorda was represented. The projects Papa Luxo and Ascab, Empreender em Família with the assistance of Apae, and all the others should also be exhibited using photographs, and providing written information. This way, the public will gain a better idea of the functions of the associations and the projects will be clearly represented. All of which, would provide not only more publicity and exposure, but also legitimacy of the AOB and its projects.

3. Inclusion is still an issue that needs to be better addressed. More projects that include different members for the community with whom the association had not previously worked with is needed; particularly the

youth and women. For example, with smaller children, a contest depicting their town titled, "How I Imagine Barroso to be in 50 Years", or "This is how Barroso will be in 2050". These drawings, sculptures, or sketches could be presented in a gallery-like presentation in the AOB or a public space. Nevertheless, what is essential is to open the doors to even more people, to personally invite new actors, participants and representatives of other associations.

4. Perhaps the biggest critique regarding the AOB is the projects are still conceptualized in a top-down manner. The goal is to strengthen Barroso's civil society more and more. Therefore, the town's people need to have a stronger voice, a say in decision-making, the imagining of projects, and participation in the design of their future. The local people should be involved in all the stages of creation, implementation and running of projects.

5.   During my visits to Barroso, I could tell that there is still a very individualistic behavior from many of the community members, and I was told during some of the interviews I conducted that sometimes there is much antagonism between the different groups and particular members of the town. Perhaps it would be beneficial if the AOB organized different events that include everyone, events where people from different groups have to collaborate or play together. It should be a positive and simple activity that brings people closer together. The goal is for these different groups to interact and help each other accomplish a fun task. The purpose is for persons to spend some time in a neutral setting or territory where they have to speak together and help each other for an extended period. In this way, positive attitudes and new relationships can be created.

7.8   Concluding Remarks

While it is clear that corporate-community investment can compensate for some of the shortcomings of local government, it is not a permanent substitute for state authority. It is still the duty of local government to provide for its citizens and a corporation's involvement is not meant to be forever. Instead, corporations should have an exit date and strategy and provide a sustainable plan for when they are no longer present. The success and long-term impact of corporate involvement in education, health, and infrastructure depends on a global mechanism for holding firms accountable at the national and international level. Ultimately, the best advice seems to be for the corporation to focus on where they can make the most good within their capabilities—sometimes this means going beyond the core business activities (e.g., creating a project for the needs of trash collectors, cooks, bakers, and farmers even if your comparative advantage is the cement and construction industry) as this case study exemplifies. Needless to say, how a corporation can make a better contribution needs to still make sense or have a purpose for the business.

8.   Case Study 3: "Alianza Suiza: Cross-Sector Partnership for Local School and Community Development as a CSR Solution?"

8.1   Introduction

The third case study details a collaborative cross-sector partnership model under CSR community engagement strategy which brings together six Multinationals—some even from competing industries— to collaborate with local communities, government, and NGOs/Civil Society Organizations (CSOs) for the implementation of joint CSR programs to improve education and school infrastructure. "La Alianza Suiza por la Educación en Ecuador" (Alianza Suiza) runs its programs in primary schools and focuses its activities to train teachers, further nutrition and health programs, and improve the physical condition of the schools' buildings. All of this is achieved through employee and community volunteerism, and partnering with local universities and government.

At the end of 2008, as an initiative from the Fundación Holcim Ecuador and by thrust and impetus from the then-Swiss Ambassador, Markus-Alexander Antonietti, the six Swiss Multinationals where brought together in the Alianza Suiza. This private-public partnership for community development started operating in eleven schools in Quito and Guayaquil. The allied companies are Holcim, the world's biggest cement maker by sales; Nestlé, the world's biggest food group; Novartis and Roche, global pharmaceuticals; Sika, a specialty chemical company; and ABB, an electrical engineering and automation technology firm.

The implications of this case study suggest that although CSR cross-sector alliances are often difficult to manage, they can have a very broad, dynamic, and positive impact for a community. It can equally help a corporation better define and fine-tune its community engagement strategy. Nevertheless, dependency and overall reliance on financial corporate resources on behalf of the communities is identified as a big challenge. Diversity of the

stakeholder public involved also poses complications since the assortment of needs of the participating schools are extremely varying in infrastructure and education deficits. An additional ongoing hindrance is measuring and evaluating the contributions made to educational performance in general.

8.2   Alianza Suiza por la Educación en Ecuador

The concept of the Alianza Suiza was the brainchild of Andreas Leu, Member of the Holcim Executive Committee and at the time responsible for Holcim in Latin America, and Swiss Ambassador to Ecuador, Markus-Alexander Antonietti back in 2008. The first activities of the Alianza Suiza began in April 2009. The objective of the Alliance is to improve the quality of education through teacher training, improvement of curriculum, providing school nutrition, promoting health, assisting with work brigades, and rebuilding of damaged areas. The six Swiss firms commit their effort and resources to provide continued support to also help schools reach the new national education goals and latest standards set by the Ecuadorian Ministry of Education. In addition to the member corporations, the structure of the Alianza Suiza functions under the umbrella of the Swiss Embassy, and is predominantly administered by the Fundación Holcim Ecuador and a main Coordinator.

Table 7. Organization of the Alianza Suiza

| Swiss Embassy |
| Holcim, Nestlé, Novartis, Roche, Sika, and ABB |
| Administration: Fundación Holcim Ecuador Saskia Izurieta |
| Coordination: Trinidad Ordóñez |
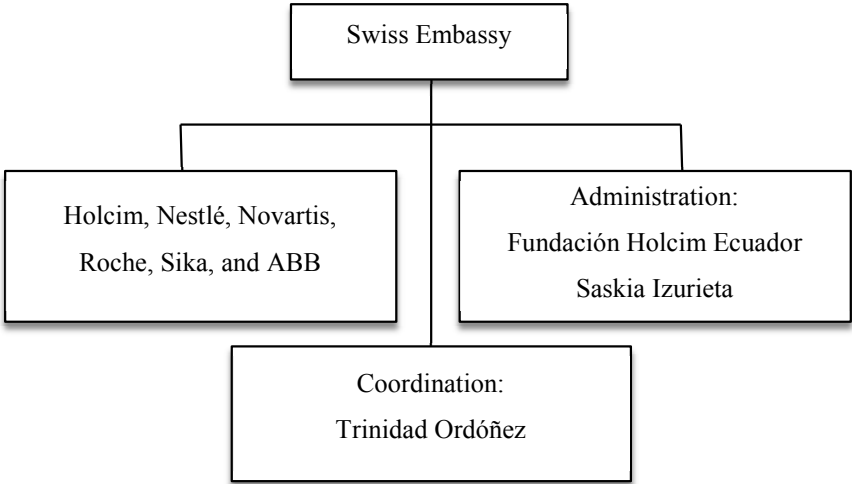
Source: Chart created based on structure of Alianza Suiza.

8.3   Administration of the Alianza Suiza

Since the Alliance begun, no corporation has exited the project. Instead, with each passing year, the six member companies collaborate more and more with one another, further participate in joint activities, as well as integrate deeper into the Alianza Suiza. Each corporation contributes its own expertise. For example, Holcim is mainly responsible for issues dealing with the physical infrastructure as well as the health and safety of the schools. Nestlé addresses educational issues dealing with nutrition through its program "Nutrir". Novartis and Roche give their support with medical, diabetes, and cholesterol screenings. Sika organizes many work brigades to teach parents how to paint and build staircases or walls. Most corporations alternate in helping with the reading caravans alongside Holcim. ABB adds to the reading and writing program by reorganizing school libraries to make them more welcoming and user-friendly (El Boletín March 2010). Though companies

provide their comparative advantage and industry know-how, all six Multinationals try to assist in all projects by volunteering employees and providing monetary funds whenever possible.

A future goal is to make the contributions made by the six participating firms more equal. The idea is that with a firm's higher financial involvement, there will be an even stronger commitment. In the past, the firms have all provided know-how and volunteers. However, financial contributions have not always been at par. In 2013, Andreas Leu, Member of the Holcim Executive Committee, and at the time responsible for Holcim in Latin America, stated that measures should be taken to improve financial commitments:

> One of the companies has been asked to increase its [financial] contributions, considering its size and presence in the Ecuadorian market in relation to the other companies in the Alliance. In the future, there might be more pressure for them all to make higher contributions, and if a company does not assume its financial quota, they might even face expulsion from the Alliance. (Interviewed on August 6, 2013, at Holcim Headquarters in Zürich Oerlikon, Switzerland).

From the start, Holcim has been the corporate force behind the Alianza Suiza, and has normally been the corporation who spearheads the projects as well as the one who makes the biggest financial contribution. Two years after Andreas Leu's statement, notwithstanding, all of the corporations have finally increased their financial commitment and raised the sum to a substantial level where the projects can be better carried out. In the six years of the Alliance's existence, the contributions have nearly quadrupled, from a total of US$ 66,500 in 2009 to US$ 240,000 in 2015. Currently, Holcim remains the biggest contributor (US$ 80,000), but the other corporations have on average raised their contribution to US$ 30,000.

Table 8. Financial Commitment Alianza Suiza: Years April 2009 to December 2015

EMPRESA	Inversión Abril 2009 Mayo 2010	Inversión Mayo 2010 Diciem 2011	Inversión 2012-2013	Inversión 2014-2015
ABB Ecuador	USD 8,500	USD 17,000	USD 17,510	USD 30,000
Holcim Ecuador	USD 40,000	USD 80,000	USD 80,000	USD 80,000
Nestlé Ecuador	USD 4,500	USD 16,000	USD 32,960	USD 40,000
Novartis Ecuador	USD 4,500	USD 19,000	USD 19,000	USD 30,000
Roche Ecuador	USD 4,500	USD 9,000	USD 9,000	USD 30,000
Sika Ecuador	USD 4,500	USD 9,000	USD 9,270	USD 30,000
TOTAL	**USD 66,500**	**USD 150,000**	**USD 167,740**	**USD240,000**
Aporte en especie valorado en USD 313,8000 (2014-2015)				

Source: Holcim Ecuador SA, Internal Document (2014).
"Aportes en especie. Periodo total: abril 2009 – diciembre 2015".

8.4   What CSR Means for the Alianza Suiza

By collaborating together, each of the six Multinationals brings in their professional know-how and expertise of the industry they belong to: construction, health, nutrition, medicine, pharmaceutical, and the electro-technical field. The corporations provide their financial capabilities, resources, and human capital.   Local universities conduct teacher training for the improvement of the curriculum, parents donate minor funds to complete

projects and volunteer their labor to improve the school grounds. The regional NGOs provide the local connection that facilitates the implementation of the programs. In general, civil society and NGOs can contribute their positive reputation or can mobilize valuable non-financial assets such as knowledge, capabilities, and relationships. The more an organization contributes its distinctive competencies, the greater the potential for value creation (Austin and Seitanidi 2011, 2). Austin and Seitanidi praise the benefits for MNCs working with local partners and governments, since it is the local partners who are normally well ingrained and embedded in the local communities: "The importance of this intermingling is that it creates an entirely new constellation of productive resources, which in turn holds potential for co-creating greater value for the partners and for society" (2011, 24). Private-public collaboration generally takes a long time to build. Nevertheless, in the case of the Alianza Suiza, the Fundación Holcim Ecuador and the Alliance Coordinator tapped into their extensive networks to make it grow solidly. Furthermore, the Alianza Suiza was able to expand and incorporate the six Multinationals because there was a lot of interest and need for CSR projects that went beyond simply being marketing tools. Ricardo Salazar, the Sika Representative to the Alianza Suiza informed me that:

> There are very few CSR networks in Ecuador. Before, they didn't even exist at all. We are one of the first. The Alliance's motto is 'we work together' instead of 'buy our products'. At the beginning, I found it very demanding, but I found the projects full of hope and really good ideas. I soon realized that we would be working at a very high level. (Interviewed at the Sika Headquarters in Quito on November 09, 2011)

At the genesis of the Alianza Suiza, the corporations had decided to keep a low profile while they learned the ropes of navigating through multi-partner cross-collaboration projects. They wanted no advertisement, nor any sort of media coverage. Six years later, however, the Alliance feels comfortable enough to share its experiences and successes openly through different media outlets, by participating in national and regional conferences,

and by partaking in industry sustainability competitions. In May 2012, the Iberoamerican Conference on "Corporate Social Responsibility in the Americas" granted the Alianza Suiza a 1st prize for best practices in CSR in Latin America. They received yet another 1st prize, a national one, that same year for inter-sector alliances or alliances with corporations. An important point of the Alianza Suiza is that exposure is not its aim. What has always been important to them is to truly focus on developing CSR projects that center on education and community. Trinidad Ordóñez, Coordinator of the Alianza Suiza, commented on this topic:

> Improving education is our main priority, but the community is also our main focus in general, as well as implementing corporate ethics internally and institutionally. So far, we've had to teach ourselves CSR or simply invent it! I took an online course at RedEAmérica and it helped me a lot. We try to institutionalize CSR more and more in our corporations and use it to better mobilize our resources. (Interviewed in Quito, Ecuador on November 15, 2011)

For the six corporations involved, the Alianza Suiza is their main driver of CSR. Trinidad Ordóñez further explains how CSR has evolved within the different corporations and how some have faced a big learning curve:

> Some of the Alianza Suiza corporations didn't have a CSR project in place here in Ecuador. This applies particularly to Sika, Roche, and ABB. They did not have a very high level of CSR understanding. Nestlé has always been very well established. The Nutrir program is highly valued even by the government. Holcim has always been very strong with communities. (Phone interview on July 02, 2015)

Holcim and Nestlé are clearly the corporations with the strongest grasp of CSR and community development proficiency, while Novartis falls somewhere in the middle. Sika, Roche, and ABB have largely benefitted from working alongside the other corporations since they could leapfrog into an existing and well-organized program developed by Holcim. Although discrepancies exist

in the levels of CSR expertise, all of the corporations have undoubtedly profited from being a part of the Alianza Suiza. Trinidad Ordóñez explains:

> ABB got a big contract with the government and Petroamazonas because they were the only contending corporation who had a CSR project! Sika's clients are starting to ask what CSR projects they have. Roche's participation with us has gotten recognition at a global corporate level. They are starting to understand the value of these projects and how necessary they are. We are seeing that the Alianza Suiza is moving slowly at the center of corporate strategy. (*Ibid.*)

As corporate strategy adapts to accommodate CSR community development projects, the Alliance's own design had to go through an overhaul. Between the years 2012 and 2014, the pedagogic activities of the Alianza Suiza changed to be aligned with the educational reform[85] set by the Ministry of Education, which focused on improving reading and writing in primary schools. Hence, the Alianza concentrated its efforts in providing ongoing technical assistance to the teachers, furnishing them with methodologies, strategies, and approaches to help them apply the new official curriculum (Alianza Suiza 2015). Saskia Izurieta, CSR Manager for Holcim Ecuador and Executive Director of the Fundación Holcim Ecuador discussed the impacts of the Education Reforms throughout the years:

> After the Government Education Reforms, we work with fewer schools and we work tightly with them to improve their reading and writing curriculum. Our focus now is on transferring all the skills[86] needed to the teachers so that they can eventually do it on their own. (Phone interview on July 01, 2015)

---

[85] Proyecto Educativo Institucional (PEI)

[86] Some activities are to: increase oral communication; encourage more reflection on language learning; improve classroom management skills to encourage respect, trust, and good behavior; and constant and ongoing teacher evaluation (Alianza Suiza 2015, 3).

The Alianza Suiza's "Teacher Training Program[87]" is the centerpiece strategy to comply with the government standards. Its primordial goal is to better prepare and to constantly monitor the teachers' instruction of reading and writing skills, so that they can provide a better education to the students (Alianza Suiza 2015b). The new goals for the students are to:

- consistently be challenged in reading and writing
- write texts using grammar correctly
- learn strategies to better understand readings
- have a high level of concentration
- use mental capacities

Table 9. Alianza Suiza Goals for the Students
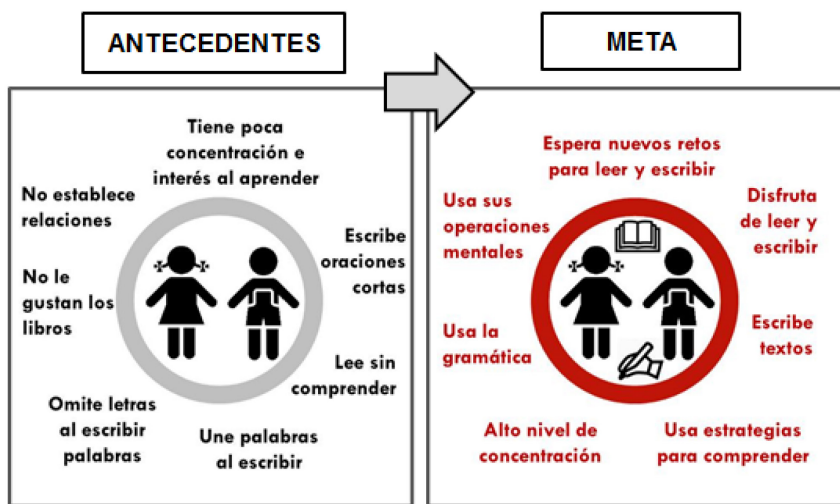
Source: Alianza Suiza (2015b) "Programa de capacitación a docentes".
PowerPoint Presentation, Slide 4. May 2015.

---

[87] The document's original name in Spanish is "Programa de capacitación a docentes".

To help teachers improve their skills, the Alliance has hired education consultants and mentors, as well as revised the program to run in 3-year segments (El Boletín Alianza Suiza 2015, 1). One of the consultants hired as a teacher trainer is Carmen Caiza. In a testimonial letter[88] dating November 30, 2015, given to Trinidad Ordóñez, the Coordinator of the Alianza Suiza, she explains the trials and tribulations of applying the Teacher Training Program:

> The teachers were in part skeptic when they were informed about the reading and writing project. They had a hard time accepting that they had to change the daily habits and practices that they did automatically. They had to accept the fact that they had to unlearn in order to learn new forms of teaching reading and writing. Our main and most immediate objective was to convince them to improve the use of the methodology found in the Ministry of Education's language and literature books, which was dispersed for all basic education grades on a national level and where the process is structured in a logical, coherent way that is useful to students.

The biggest challenge for the teachers is that they sometimes have not received the proper training in their own education and they at times lack the skills necessary to be proficient instructors. In the testimonial, Carmen Caiza adds that, surprisingly, the great majority of teachers never had a person observe them teach, for example. Therefore, they were very uncomfortable when first watched, but that they slowly got used to it and then wanted to show off everything they had learned. She adds that at the end, the changes were very, very positive in all the teachers, even those that resisted at first (*Ibid.*). The teachers had to first be convinced that the methods and material would help them do a better job, and that the methodology was accessible. They had to be trained with structure and planning that took account their previous knowledge and encouraged theory, reflection, practice, and evaluation.

---

[88] The testimonial letter was written in Spanish and this is my translation into English.

The new Teacher Training Program goals for the teachers are to:

- use strategies for their own understanding
- read to the children
- implement strategies for classroom discipline
- motivate learning
- have processes in place
- develop mental activity
- carry out methodology

Table 10. Alianza Suiza Goals for the Teachers
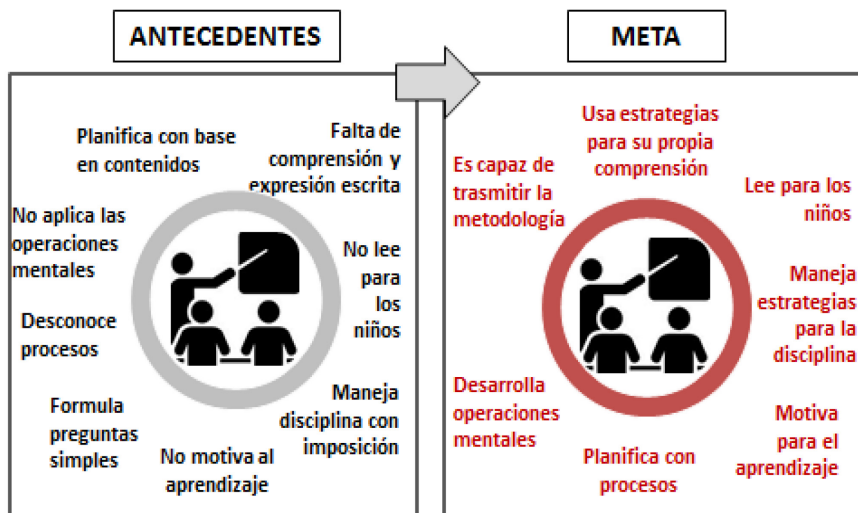
Source: Alianza Suiza (2015b) "Programa de capacitación a docentes".
PowerPoint Presentation, Slide 5. May 2015.

The Teacher Training Program is to be implemented at each school for a maximum of three years so that the teachers acquire the skills they need in that timeframe and then become mentors to others. To guarantee the sustainability and impact of the Alianza Suiza's education programs:

- Educational support is given to teachers on the 1st year.
- In the 2nd year, the Alianza Suiza facilitators continue to establish a strong relationship with the teachers.
- The 2nd year teachers become mentors to the 1st year teachers.
- The 2nd year teachers become specialists as they receive further training. They then train school teachers from the 1st to 6th grade.
- The Alianza Suiza further trains the teacher specialists who in turn work with teachers from their schools, and go on to eventually provide training to teachers in other schools.

Table 11. Sustainability and impact of the Teacher Training Program
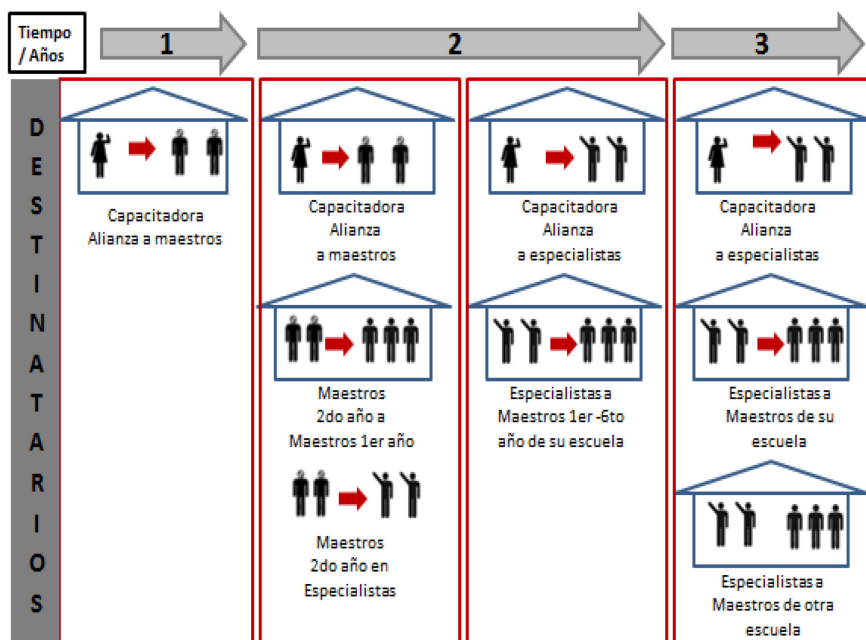
Source: Alianza Suiza (2015b) "Programa de capacitación a docentes".
PowerPoint Presentation, Slide 8. May 2015.

8.5   Analysis through Political Corporate Social Responsibility Lens

The biggest threat to the MNCs is that the communities become dependent on them for their educational and health needs. The fear is that the communities could come to heavily rely on corporate financial resources, and that the MNCs end up doing the developmental work which the local government should be doing. In an Alianza Suiza corporate representative group meeting in Quito on November 08, 2011, there was already some worry expressed by two of the MNC delegates that they were afraid that the Alianza would become like an NGO. One delegate, who preferred to remain anonymous, proclaimed, "We're doing all of the activities and projects with education that normally NGOs do!" One delegate, however, expressed pride in doing what the government has not managed to achieve. Mariana Tufiño, the Alianza Suiza Representative from Nestlé, boastfully stated, "we are doing more for these communities than NGOs and local government have ever done. I'm very proud of the fact that the type of assistance which we provide to the schools in these impoverished areas really has a positive impact in people's lives" (Interviewed at the Nestlé Headquarters in Quito on November 09, 2011). The consensus seems to be that since local government cannot provide adequate education and infrastructure to these schools, it is the Alianza Suiza's responsibility to help out, particularly because they fall under the sphere of influence of many of the corporations and since these communities have ties to some or all of the Multinationals involved. Nevertheless, helping out is not the same as taking over the responsibility of an NGO or taking on the role of the local government. All the Representatives whom I spoke with said that they feel autonomous, and that they are aware that they are acting in the name of corporations for the benefit and welfare of the communities. Saskia Izurieta, Executive Director of Fundación Holcim Ecuador, believes that now more than ever, the projects from the Alianza Suiza have had a big positive impact in the local communities:

> We are sometimes doing what the government has always dreamt of doing. We help the schools; we have improved the content of the

education as well as the physical infrastructure. We have done everything that the government could not do! (Phone interview on July 02, 2015)

Although the Alianza Suiza has accomplished a lot, the question still remains, nonetheless, that if by providing these social welfare initiatives, the six Multinationals risk acting as a surrogate for local government who sometimes cannot afford or offer economic and social programs to these communities. In four of the schools involved, MNC contributions dwarf local government funding, which emphasizes even further the corporate responsibilities of these Multinationals since their spending power is greater than the host municipality. There is also the possibility that the local government—relying on corporate taxes—could become dependent on the companies to solve the ongoing developmental problems. Furthermore, by supporting the schools, the corporations are sometimes violating local laws. For example, many of the schools are in illegally occupied lands; the Directors do not have the certifications or a legal right to run a school in those premises. Access to clean water is also a big issue because some of the schools do not have running pipes on the ground, and they cannot get a permit because they are not supposed to be there in the first place. Holcim, for example, had to get in touch with the municipalities to acquire the proper permits to set up water infrastructure. This has proven to be a constant struggle since the local government has refused to grant them permits.

Besides dealing with local government, The Alianza Suiza has had to contend with the political changes taking place in Ecuador at a national level. Trinidad Ordóñez, Coordinator of the Alianza Suiza spoke to me about adapting and moving forward in new political space:

The Alianza Suiza was inaugurated at around the same time as the Rafael Correa government. The discourse of the Swiss Alliance was not in compliance with the new national rules. We had to establish a direct relationship with the Ministry of Education and implement the government's public policies. It was difficult because at first, the

government was opposed to what we were doing. You have to keep in mind that we don't have any judicial weight; we don't have any legal measures! We're not even an NGO. The Fundación[89] Holcim administers us, but our organizational strategy was different from what the government wanted. So we have no other choice but to adapt. (Phone interview on July 02, 2015)

The Swiss Ambassadors to Ecuador have played an important role in introducing the Alianza Suiza to the Ministry of Education. In the first years, the Swiss Embassy helped to bring together all six corporations, to deal with delicate subjects when needed, and to expose the Alliance at a national level. Trinidad Ordóñez shares her point of view:

Ambassador Roland Fischer always presented us as role models. Often, he praised us and spoke about us as being the standard! He even enticed everyone that worked at the Embassy to get involved with our projects so that they could disperse information about us more intelligently. (*Ibid.*)

The Swiss Embassy and the six Multinationals act as a unit as much as possible. The involvement of both Roche and Novartis in the Alianza Suiza posits them in the paradoxical situation of being both partners and competitors. Porter and Kramer (2002) call this "strategic philanthropy" and define it as a corporation making a contribution for a social cause related to its core business, sometimes in collaboration with a competitor, and whereby this contribution and collaboration results on a positive impact on its business. These two companies who are normally rivals competing for the same market, align themselves to learn from one another, give workshops to the communities on health issues and jointly provide diabetes and cholesterol screenings to the

---

[89] Trinidad Ordóñez also added that, "Here in Ecuador, foundations are not welcome; they are not well seen in the eyes of the government. Now that is changing...because the government doesn't have as much money as it used to." (Phone interview on July 02, 2015)

communities. Overall, the Alianza Suiza exists so that the MNCs can provide each other assistance in CSR strategic planning, exchange experiences and lessons learned, hold regular meetings between corporations and communities, elaborate social indicators, and promote community participation.

Table 12. Activities of the Alianza Suiza

INFRASTRUCTURE

-building classrooms, walls, fences, roads, bathrooms, book shelves, libraries   - paving roads
-putting water tanks   -painting
-doing electrical wiring
-repairing dangerous areas
-recycling

EDUCATION

-provide reading and writing skills training for teachers and school directors; help them understand the new government education laws
-help directors apply for building, water and other licenses
-give support to teachers

ALIANZA SUIZA ACTIVITIES

HEALTH

-nutrition workshops
-diabetes and cholesterol screening for parents, students, and teachers
-Provide lunches that are made in the kitchens built (students could only eat street food before)
-create eating area with tables

COMMUNITY

-dialogue with local government to get permits for construction and water access   -hold book drives to collect books for libraries -provide scholarships to students in need
-after-school reading program for students and parents

Source: Made by the author of this thesis based on observation of the projects.

8.6   Analysis through Global (in)Justice Lens: Social Connection Model

8.6.1   Power

There are asymmetries of power between the Alianza Suiza and the communities. Although the students, parents, teachers, and Directors do have some leverage in the activities they can engage in, the MNCs have the final word on all projects. Moreover, the school communities are not organized with each other and lack skills to negotiate with MNCs. There are also asymmetries of power between the MNCs: there is a mismatch in resources and decision-making styles. For example, some of the MNCs have more elaborate and sophisticated CSR community development programs, whereas for others this is their first CSR venture in Ecuador. While the Alliance provided an entry-door into participation in CSR programs, an inter-firm transfer of knowledge and exchange of know-how could still be improved upon. The learning curve for Roche, Sika and ABB is still very steep. Nevertheless, the Alliance provides a learning platform and much progress has been made. Pilar García, the Roche Representative to the Alianza Suiza stated that "it was easier to begin with these projects because it was better to couple up with someone who is already established with CSR and the communities, than to start from scratch" (Interviewed at the Roche Headquarters in Quito on November 10, 2011). On the other hand, the corporate members of the Alliance have expressed great satisfaction with the Fundación Holcim's administration (primarily ran by Saskia Izurieta) of the Alianza Suiza, mainly because Holcim is the only corporation within the Alliance that has a formal foundation already established; the structure of the Foundation allows the channeling of resources to the Alliance and its direct management; and the Holcim Foundation has vast experience related to Corporate Social Responsibly with the best technical, human and financial resources from the group (Benítez 2015: 7). In the long run, the six corporations agree that in the future, the administrative role should

be a rotating one and that such rotation would guarantee a deeper commitment and participation from each corporation.

The coordination of the Alianza Suiza is also considered as being a key component in the success and strength of the Alliance. All participants agree that Coordinator Trinidad Ordóñez's commitment goes beyond the call of duty, particularly for the strong ties she builds with the Swiss Embassy, the communities, and the public and private sectors. It has, however, been noted that if she were to leave, it would be a great risk for the continuation and progress of the Alianza Suiza. One solution might be to hire an assistant, so that some of her heavy work-load is alleviated, but also so that a succession plan for the future is created to back-up information and the established relationships that have been built throughout the years (Benítez 2015: 7). As the corporations gain more strength, an effort should also be made to give the communities a more prominent role and to help them develop community leaders.

8.6.2   Privilege

Alejandro Muñoz, the corporate Representative from Holcim, spoke about how prestigious it is to be a part of a Swiss Alliance and to work for a Swiss corporation in Ecuador:

> We feel honored to work for a Swiss corporation. All of the corporations represent something positive. Nestlé is very famous and well respected. Sika is known for its innovative products. ABB has evolved a lot in the past years. Novartis and Roche have to somewhat overcome the stigma of being a pharmaceutical, but they're very good companies to work for. Holcim always manages to maintain a high, admirable profile. (Interviewed at the Holcim Headquarters in Quito on November 10, 2011)

At the beginning, there was fear that the public would misinterpret what the Alianza does, and think that they are doing these projects simply for marketing purposes. Alejandro Muñoz added that he believes deeply in the strategies that the Alianza implements and that all the corporate Representatives feel privileged to be a part of it.

The communities also take great pride in being a part of the Alianza Suiza. All of the schools are in marginalized neighborhoods in Quito and Guayaquil. Two of the schools in Quito are made up of indigenous populations who emigrated from the highlands and settled in the capital to work. In Guayaquil, two of the schools are made up predominantly of Afro-Ecuadorian families. Four of the schools had no potable water when the program began. The government publicly funded six of the eleven schools that originally partook in the Alianza Suiza, and four are privately run. The private schools charge a monthly tuition of between US$26 and US$50 per month and justify this charge by providing English classes, learning material, or computer classes.

Many students want to attend Alianza Suiza affiliated schools because they believe that they will get a better education there, and many teachers would also like to teach in one so that they can learn better teaching skills and strategies. Trinidad Ordóñez, Coordinator of the Alianza Suiza explains:

> The teachers don't get any certificates from us, but they gain prestige. Their peers and the families in the communities value them. We have seen that the teachers we have trained can get better jobs in the long run. They are better respected as professionals because they learn a lot in our programs. (Phone interview on July 02, 2015)

The Alianza Suiza enjoys much prestige because they are associated with "Swiss" quality projects and consummate professionalism. They are admired for their competences, reliability, dedication and rigor.

8.6.3   Interest

The new Swiss Ambassador, Pascal Décosterd, arrived in Ecuador in December 2014, and participated in the Alianza Suiza's activities soon after ratifying the Embassy's commitment to the Alliance. Trinidad Ordóñez explained that there was a lot of interest once the Alianza took off:

> Ambassador Décosterd called me after starting his mandate in Ecuador. Then he met with the Minister of Education, talked to them about the Alianza, and the Minister of Education summoned me to his office to talk about private-public cooperation. In our meeting, the Minister of Education asked me to turn our project into a national level project! It's impossible. It's a very promising model, but it's too difficult to do it nationally. For example, after the most recent Education Reforms, the Government reduced the number of schools nation-wide from 15,000 to 8,000. There is the same amount of students, but fewer schools. We, as an Alliance, used to work with 800 students, now we work with 2,000! Sometimes there are as many as 60 students per classroom. How are we expected to work and to keep on delivering a high quality product? (Phone interview on July 02, 2015)

The fact that the Minister of Education wanted to meet the Alianza Suiza Coordinator is an indication that the project is admired and considered a success. Nevertheless, it would not be easy to replicate at a national level because what makes it outstanding is specifically the one-to-one, personal attention that each school receives.

As the Alianza Suiza becomes a more powerful actor in community organization and education building, there are a growing number of schools and community-based associations that wish to be included in the partnership. Questions of scaling-up arise: how far should the Alliance extend and whom can it include? A small Swiss-Ecuadorian family-owned company named Floralp has asked to partake in the Alliance. The Alianza will have to decide

if it is only for Multinationals, open to smaller enterprises, or even family-owned businesses. If the opportunity arises, there are plans to ask for funds from the World Bank and to perhaps become involved with large-scale Inter-American Development Bank projects. Saskia Izurieta, Executive Director of Fundación Holcim commented on this topic:

> No new corporations have joined because the Alianza had to be better consolidated. Before, it wasn't ready to expand because not all of the corporations were at the same level, and not all of the projects were run as we had envisioned. (Phone interview on June 01, 2015)

8.6.4   Collective Ability

It takes much collective action for the Alianza Suiza's projects to be so successful. This can only be done through the collaboration with local government and NGOs. Elkington and Fennell suggest that NGOs/CSOs expertise can be extremely useful because they are embedded in local communities and extend across global networks (2000, 49). The Alianza depends heavily on local NGOs and community associations or groups. It also works with the Holcim Headquarters in Switzerland as well as hemispheric grassroots associations such as RedEAmérica.

As an organization, the Alianza Suiza tries to work as directly with the communities as possible. Holcim and Sika offer workshops where the parents can learn how to build or repair fences, or lay down tiles. Novartis offers a diabetes exam for the parents. There is also a lot of collaboration between the Alliance and the schools. Gena School Director details how the Alliance has assisted her in the improvement of the school:

> The Alianza Suiza taught us to be better organized. Through the mingas, we learned how to do a deep cleaning and how to build stairs. All of that also helped us with retention. We are very happy and very grateful. (Interview on November 16, 2011)

Added Criteria:

8.6.5   Inclusion

Although the Alianza Suiza tries to be as inclusive as possible, the assortment of needs of the participating schools poses many difficulties since there are extremely varying infrastructure and education deficits. The Alianza Suiza tries to diminish the disparity between the participating schools and schools in wealthier neighborhoods by providing high quality education and adequate space to learn in. For example, two of the schools had only one bathroom for the entire student population. Now, in each school, a separate set of bathrooms was built for the girls and another for the boys. In several of the schools, the Alianza Suiza has set up recreational games for the children to play in. In four of the schools, kitchens have been installed because the only option for food the children had was the street vendors. In all of the schools, vegetable gardens have been planted. The corporations donate the seeds, the teachers and students plant them, and then tend to the gardens. Lucy Gomez, the person responsible for taking care of the vegetable garden at the Arturo Henderson School in Quito told me that the garden has had a great impact because the children learn to care about what they eat and what they put in their bodies (November 15, 2011). The goal is for the children to grow their own vegetables and for them to cook them later on in class as part of a nutritional project. In the indigenous community schools, vegetables that normally grow in the highlands have been planted to reintegrate the native eating habits of some of the families who emigrated. In the future, they also hope to build a medicinal garden.

The Alianza sometimes calls a "minga" to build or improve upon a vegetable garden. A minga is a collective group formed to tackle a task or project and several of them are held throughout the year. The mingas from the Alianza Suiza tend to focus on the cleaning up of a school area by picking up rubbish, painting, and repairing broken stairs and benches (El Boletín Alianza

Suiza 2015, 8). Parents, teachers, and Alianza Suiza corporate employees volunteer. Normally, one or two of the Multinationals donate the paint, material, and tools needed.

Education-wise, some schools deliver a much higher level than others. Some offer stronger curriculums while two of the most indigent schools still partially center on a relationship based on paternalism and philanthropy. As I visited one of the schools, its Director gave me a tour, pointed to things and repeatedly said, "This is what Holcim gave to us. This is what Nestlé gave to us." Another school Director flatly said, "I want the Alianza to give us backpacks and desks for our students". Nevertheless, the Alianza and the school communities are generous when it comes to reaching out to those in need. In essence, this is their raison d'être. For example, in one case, a family at the Gena School in Guayaquil owed a year's worth of tuition to the school. Since the parents could not pay, they were asked to collaborate their time and to volunteer to the different drives instead of paying the money back. That way, the child did not have to interrupt his studies. An Afro-Ecuadorian school in Guayaquil was founded with religious ties as a place that took in children whose mothers could not take care of them. In this very poor neighborhood in Guayaquil, there are many musicians and artists who sometimes volunteer to teach. The students are exceling through the quality of the art curriculum and the reading activities. The Alianza Suiza brings the schools, the corporate employees, and the parents together to work towards the common goal of improving the community collectively.

8.6.6   Clear Corporate Strategy

The Alianza Suiza has a very clear and focused corporate strategy: the initiatives center on improving access and the quality of basic education for the children in the neighboring communities. The main activities are teacher training, improving school nutrition, promoting health, corporate and community volunteering for projects, and providing a clean and proper place

to learn. The goal is to strengthen the capacity of all organizations involved, promote dialogue and develop the ties between the private and the public sectors through CSR projects. They do what is needed to get the task accomplished. Recently, the Alianza has hired education experts to assess the existing conditions and educational levels of the schools. A plan is also made for what infrastructure could be improved in each of the schools. Trinidad Ordóñez, Coordinator of the Alianza Suiza, explains the new corporate approach:

> Our strategy is to train our teachers, bring them to high levels, and improve the school and then exit. As I said, we work with a three-year plan. After the 2nd year, teachers can be mentors. We train them to be professionals of high quality, but also to be leaders and role models. We get them to work with education experts from the Universidad Andina, instructors, and our education consultant. Whatever it takes to make them excellent teachers! (Phone interview on July 03, 2015)

Having an exit plan is an important aspect of the Alianza Suiza since the goal is to diminish dependency and to encourage autonomy and self-sufficiency. Corporations should have a clear plan as to how long projects should run for and much thought should also be given as to what will happen to the community once the corporation leaves.

In regards to organizational strategy, three phases have been identified: the first phase was establishing the Alianza Suiza; the second phase was internalizing its mission and purpose for all MNCs. The current third phase is to provide indicators to quantify progress along government lines. An ongoing challenge is measuring and evaluating the contributions made to educational performance in general.

8.6.7 Commitment

From its inception, the commitment to further education and school infrastructure in Quito and Guayaquil was established. In 2008, Ambassador Markus-Alexander Antonietti called all the CEOs of every Swiss corporation present in Ecuador and asked them to take part in the Alliance. Six years later, this commitment increases every day. Trinidad Ordóñez, Coordinator of the Alianza Suiza declares that:

> Our commitment is stronger even though we have a higher population of students; but we don't sacrifice our standards. Instead, we're more demanding. For example, we ask our 2nd and 3rd grade teachers to stay on long-term. If they receive training from us, they have to stay a minimum of two years. In the past, they would sometimes just look for a better job and leave. (Phone interview on July 03, 2015)

For the project to succeed, all participants must be committed. Doña Priscila, Director of the Braulia-Changón School in Quito, states that:

> The Alianza Suiza's commitment is admirable. For example, the children didn't have a playground, so they built us one. It sounds trifling, but now the children are happier because they can move and play. Through this project, we also learned how to host an open house and to our surprise, many parents came! Our goal is to get the whole community's commitment, not just the parents. We even noticed that the children are more eager to learn! (Interview on November 16, 2011)

The Alianza Suiza adapts to the communities' needs. Currently, it is working together with "Sociedad Creativa Ludomentis" to offer playful, artistic, sensorial workshops for personal development. The new aim is to create a space for growth, human improvement, and collective wellbeing. In February, 70 teachers participated from the República de Italia, Camilo Ponce, and the Magdalena Dávalos School, along with 50 volunteers from the

participating member corporations (El Boletín Alianza Suiza 2015, 2). One module addressed issues of self-knowledge and self-worth, and a second module focused on the different types of intelligence (with an emphasis on emotional intelligence) and motivation (*Ibid.*). Recently, a psychological dimension has been added to the Alianza. Trinidad Ordóñez explains:

> We have noticed that many teachers suffer from low self-esteem. Studies show that from all of the professions, they have the lowest self-esteem. They also feel the biggest brunt from this government. So, we began offering personal development courses that address these deficiencies. Now we cover not only the academic components, but the personal needs too. We help the teachers with their self-esteem issues and leadership skills. If our teachers are stronger, our kids' education will be improved. (Phone interview on July 02, 2015)

Mental health can sometimes be a taboo topic in the developing world, even though impoverished populations can often be the ones who are affected the most due to the challenging every-day struggles people face. By providing an outlet for teachers to deal with problems of stress, burnout, depression, and other serious conditions, the Alianza Suiza is trying to ensure the health of the community and the longevity of the projects.

8.6.8 Good Governance

The Alianza Suiza is very well governed. It focuses on catering to the communities' needs and delivers enriching activities such as starting mini-libraries in the schools, planting gardens where there were previously no green areas, volunteer guided after-school reading programs for parents and students, providing scholarships, offering art and computer classes, and starting health services initiatives such as diabetes and cholesterol screenings for parents and students. Good governance is also expressed by adapting and adjusting to unexpected changes. Whenever there is a deficiency, they try to hire an expert

that can help solve the problem. Above all, the Alianza Suiza considers all members of the community as peers, with the utmost consideration and regard. All participants are treated with dignity and respect. The Gena School Director expands upon this topic:

> We have unfortunately had experience with lack of respect in the past. Once, another school gave us a virtual blackboard, but it wasn't working. That hurt us very much. Also, the Banco Pichincha gave us two computers that we had to throw away because they were not working at all. That was mean. With the Alianza Suiza that has never happened. We've never had that problem. Everything that they give us works and is of the highest quality. They respect us and everyone there takes our problems seriously. They raise the standard. (Interview on November 15, 2011)

In the past, some of the schools have received donated goods, and sometimes these donated goods were in poor condition or not working at all. The Alianza Suiza has proven to have very good leadership skills as well as the sensitivity to gain and give respect.

One concern, nonetheless, is the sustainability of the Alianza Suiza itself. In its current state, it is very much centered on the Coordinator and the Executive Director of the Fundación Holcim Ecuador. Although they are admirable leaders, the Alianza should better distribute obligations and assignments to other members. Saskia Izurieta, Executive Director of the Fundación Holcim Ecuador, recognizes this pressing need:

> Personally, I worry about the sustainability of the project. We have a plan for staying in the schools. However, I worry about the long-term survival of the Alianza Suiza. For example, there is no succession plans if we have to replace certain key people. Let's say, if we would ever have to replace the Coordinator, there is only one person doing her job and she knows the projects inside out, she has a strong relationship with the communities; that's all very difficult to "replace". (Phone interview on June 01, 2015)

Needless to say, it is not wise to have the entire projects dependent on one or two people. As it stands, the Alianza Suiza hinges heavily on Holcim's financial and administrative support also. Besides finding more leaders that can govern it, it would be important to also find new sources of financial capital. As mentioned before, the Alianza Suiza is a great driver of CSR. Nevertheless, the corporations, too, need to be strengthened with concepts, best practices and more methodology so that the projects can continue to help communities for decades to come.

8.7 Recommendations Specific to the Alianza Suiza

1. The Alianza Suiza should further work to diminish the communities' dependency. Many times, Multinational financial contributions dwarfs government funding in parts of the developing world[90]. This raises the question of the role of corporate responsibilities of Multinational companies whose spending power is greater than the host government (Kapelus 2002). Other potential risks identified so far are misunderstandings and incompatibility of skills (MNC having access to consultants and experts), mismatches in power, resources, and decision-making styles.

2. Although the Alianza Suiza is very well governed and exercises good leadership, it still needs to have more institutional unity and to act with one voice. Anonymous sources told me that they believe that sometimes there are "too many novelties", "too many hierarchies", and "too much confusion as to who is responsible for what". One problem may be that there are several schools and many people involved in each project. At times, more clarity is needed as to who is managing what. That is also the

---

[90] Obara and Heledd (2006) expand upon the risk of dependency on behalf of communities.

reason why an assistant to the Coordinator is recommended and to transmit information better. The Administration and the Coordinator both agree that they need better communication. Saskia Izurieta commented on this topic:

> We are doing an 'Ejercicio de Evaluación' on July 15, 2015, to discuss the communication of the project. We currently don't reach inside each corporation. We have to better define our message and to be able to share it with others. Maybe we can do it with new technology, but then that means hiring new people. Now that we're good with our strategy for capacitating the teachers and strengthening the curriculum, we should be able to focus on improving communication. (Phone interview on June 01, 2015)

The issue of internal and external communication has been a concern since 2011. Although the Alianza has a newsletter, it is not enough for interaction between corporate representatives and the school communities. Technology could provide an answer in the form of a Webpage or knowledge management tool to share learned experiences or basic documents.

3. In general, the Alianza should also try to detect, develop, and involve more local leaders from the communities, from the schools, and from the corporations for better communication and understanding. They should focus on finding more know-how internally. For example, reach out to parents who are gardeners and ask them to help with the running of the gardens or train people to do so. It is important also for some of the schools to work together. Currently, they do not have much contact with one another.

8.8   Concluding Remarks

CSR initiatives in Latin America are evolving considerably into a more complex practice that includes cross-sector corporate-community partnerships. The Alianza Suiza has changed the local context in the Quito and Guayaquil communities it engages with by assisting the most marginalized schools in an MNC's sphere of influence. Here, multi-sector collaboration not only creates stronger linkages between business and society, but also results in the strengthening of institutional structures to better tackle educational challenges. Moreover, multiple MNC collaboration offers an opportunity for inter-firm transfer of knowledge and further embeds CSR practices. As it becomes clear that no one sector can respond to all the needs of a community, this case study emphasizes the benefits of a hybrid approach to CSR that includes philanthropy, training, volunteerism, implementation, and collaboration for a common goal.

This chapter also illustrates the complexities encountered in the structuring process of these activities: mainly, dependency on behalf of the communities and local government, asymmetries of power between the MNCs, and the overwhelming needs of the schools. The Alianza Suiza has learned to navigate within the multiple changes that arise, be it from the local or national government, the schools, or the corporations. Currently, the latest challenge will be dealing with whatever transformations the Holcim-Lafarge merger will bring. It is still open whether the Alianza Suiza projects will keep focusing on education or re-center on the main core business of each corporation: e.g., construction, nutrition, pharmaceutical. Trinidad Ordóñez, Alianza Suiza Coordinator, mentioned, "we believe we have a long-term commitment, but with a merger, it is not guaranteed. Lafarge might have a very different idea of CSR than Holcim does" (Phone interview on July 02, 2015). Be that as it may, the Alianza Suiza's synergistic organizational approach is living testament that joint collaboration can act as a driver of social change and inclusion, and the enhancement of human capital.

9.   Case Studies in Comparative Perspective

9.1   What CSR Means to the Multinationals in these Case Studies

The drivers of CSR can manifest in several different ways: CSV for Nestlé Brasil, foundations and associations for Holcim Brasil, and cross-sector partnerships for the Alianza Suiza in Ecuador. How each corporation implements CSR varies, but what is clear is that CSR is important to these Multinationals, and it is growing in prominence across most industries. The corporations presented in this thesis use CSR for different aims:

- To give meaning and a higher purpose to employees' work by having them believe that they are contributing to social causes in the emerging markets and developing world.
- To improve their reputation and brand image by sending the message that the corporation cares about societal issues and that it is a good corporate citizen. Some corporations publicize their "good deeds", or use CSR projects to further their marketing and public relations; while others do not advertise or make well known the projects they implement.
- To better understand their value chains and how to improve upon the management of their stakeholder communities, as in the case of Barroso where the corporation converted the townspeople's antagonism into an opportunity to work closely with them in a healthy environment.
- To find guidelines as to how to respect employees, producers, consumers, and stakeholders; but also how to get the best benefit out of each one of them.
- To balance a financial benefit approach with a social value approach.
- To better establish private-public relations and partnerships as in the case of the Alianza Suiza.

Each corporation has its own way of running a CSR project, and proves that it is never a one-size-fits-all approach. Nestlé for the most part works in urban areas and concentrates its door-to-door distributing system in the major cities of Brazil. Due to the nature of the cement industry, Holcim's plants can be in remote locations where communities tend to be marginalized and underprivileged. In former times, the Barroso cement plant directed its financial assistance to the communities without a project in place, forming a dependent relationship with them. For the past decade, however, Holcim has used CSR to empower its stakeholder communities and to minimize paternalistic reliance as much as possible. For Holcim Brasil, CSR is used as a strategic tool in stakeholder management since the corporation created the Instituto Holcim to centralize its CSR activities and to have direct dialogue and communication with the community through its projects. Consequently, the MNC can resolve any antagonism or problems that might arise through the Instituto Holcim and the Associação Ortópolis Barroso. The Alianza Suiza is administered by the Fundación Holcim Ecuador. Holcim, by creating separate not-for-profit entities from the corporation in both countries enjoys tax breaks and assigns all CSR undertakings to these two special task forces who can concentrate fully on questions of corporate-community issues. The Instituto Holcim Brasil and the Fundación Holcim Ecuador are key drivers of CSR for the cement giant. Incorporating a foundation or an institute, at least in Latin America, seems to be a cornerstone for the success of CSR projects because these independently standing institutions can autonomously manage financial resources and allocate infrastructure and workforce with the sole purpose of carrying out CSR mandates.

Nestlé, by contrast, does have a foundation but not an institute. The Fundaçao Nestlé Brasil, however, concentrates on furthering the firm's major focus on nutrition, health, and wellbeing, rather than on CSR projects. One reason why Nestlé does not have a foundation or institute actively involved in community-related projects could be that Nestlé considers no need for either one since CSR is already expressly universally integrated through the corporation's encompassing concept of CSV. As a result, Nestlé's CSR/CSV

in the micro-distribution system project is run more as a business opportunity than a holistic approach to improving stakeholder conditions. The firm's commercial interests in this project rate higher than its social value propositions. This is already reflected on the firm's attitude towards starting a community project: at the beginning of a venture, Nestlé holds focus groups in the communities to test already designed corporate strategies. The communities need only decide which one they prefer. In other words, the corporation proposes several offers for the community to then decide the most popular plan to implement. Hence, the community has no real say in the design of a project; it merely chooses from the options that Nestlé presents to it. By contrast, Holcim Brasil and the Alianza Suiza start with diagnostics of the problems from the community's perspective by inviting as many diverse members as possible to opine, contribute ideas, or vent out concerns and complaints. The community representatives participate and underwrite in the design and creation of a project alongside the corporation from the outset. That is to say that the community influences the project and contributes alongside the corporation(s) in all steps of the process. Holcim Brasil and the Alianza Suiza frequently interact with their main stakeholders and regularly adapt plans as needed. By comparison, Nestlé's door-to-door distribution system is more rigidly set, resulting in less bottom-up influence and change.

A corporation's willingness to listen to a community and its flexibility to change course according to their needs and demands is not only good CSR practice, but crucial to the success of a project. To hold stakeholders in high esteem and to consider them as peers contributes to better exchange of ideas and dialogue between the corporation and the communities. By doing all of this, Holcim Brasil and the Alianza Suiza engage in CSR that co-creates and can consequently result in transformative projects. Furthermore, these corporations understand that by reaching out to NGO/CSOs and collaborating closely in public-private partnerships, they can all bring to fruition initiatives that help communities add skills to gain employment and activities that positively influence education. Nestlé Brasil, on the other hand, stays mostly in a position of authority vis-à-vis the salesladies and does not give them an

opportunity to influence or help (re)design CSR/CSV strategies. Moreover, those directing Nestlé's micro-distribution system only lately strengthened ties with Sebrae, a local NGO that supports small and micro-sized enterprises throughout Brazil. Up until recently, there was little association with external partners. Although there is some collaboration with local NGOs now, Nestlé does not engage in many cross-sector partnerships, as is common practice for Holcim.

One of the main tenets of traditional CSR is for corporations to stick to their competitive advantage—even Porter and Kramer recommend it in their concept of CSV. In other words, not to engage in CSR activities that are disconnected to or venture off the core of the business. In both the micro-distribution system in Brazil and its role in the Alianza Suiza in Ecuador, Nestlé stays purely within its competitive advantage: nutrition. In the corporation's work with the BoP demographic in São Paulo and its contribution of nutrition lessons and recipes to the schools in Quito and Guayaquil, the corporation does not operate away from its traditional know-how. Novartis and Roche also stay within the activities of their industries by conducting blood pressure tests and diabetes diagnostics in the Alianza Suiza communities. Holcim also contributes its expertise in construction. However, Holcim goes beyond its competitive advantage by making education the central piece of the Alianza Suiza. The main task of the Fundación Holcim Ecuador is to manage the Alianza Suiza, to adapt its activities to meet the Government's Education Reforms, and to improve upon the education program for teachers and students. To achieve these goals, the Alianza Suiza collaborates with very broad, public-private partnerships to mobilize people and funds to build a better physical and academic infrastructure for education in Ecuador. Holcim believes that by strengthening its community stakeholders and investing in the future of education in Ecuador, it guarantees a healthier environment to do business in.

9.2 Comparative Analysis through Political Corporate Social Responsibility Lens

These case studies do prove that there is a rise in corporations taking on responsibilities traditionally belonging to governments, and engaging in Political CSR activities such as community skills building, teaching nutrition courses, and providing physical and academic infrastructure. For example, Nestlé Brasil has entered favelas in São Paolo and Rio de Janeiro, and engaged in business activities in neighborhoods that are sometimes considered lawless and ungovernable by local authorities. Holcim Brasil helps the citizens of Barroso convene and mobilize to accomplish the purpose of learning a skill for gainful employment; the corporation and the Instituto Holcim act more like a government agency, an NGO, or a grassroots agent. The Alianza Suiza more directly takes on the long-established government obligation of providing basic education to children and works openly with local authorities to improve teaching, learning, and school infrastructure. The Ecuadorian Government is content that they do this work and appreciates the innovative know-how they contribute, to the point that the Ministry of Education even wanted to take the Alianza Suiza model and implement it nationwide. Paradoxically, this is a case where an alliance of corporations from different industries and with no previous experience with education, achieves a higher degree of expertise than the Ministry of Education. Through its accomplishments, the Alianza Suiza fills in a local governance gap through CSR mechanisms.

Nestlé's main contribution to the Alianza Suiza is to conduct nutrition lessons at the schools. The food giant, however, has never been audited or controlled for the content of these classes, and it is simply taken for granted that the corporation is an expert at teaching this subject to all grade levels in the twelve Alianza Suiza schools in Quito and Guayaquil. Nestlé also provides sales and nutrition classes to the door-to-door salesladies in Brazil so that they know more about healthy eating and can sell more products. This is an example of a corporation whose activities are self-regulated; there is no local government control of course content or instructor qualification.

MNCs sometimes break local laws while carrying out their CSR activities. For example, in the case of the Alianza Suiza in Ecuador, some of the most impoverished schools are situated in unlawfully occupied lands or "invaciones". The Alliance is confronted with either not helping at all or assisting the schools to gain the correct documentation for such important causes as access to water or improvement of dangerous infrastructure. The local authorities normally decline such requests because they do not want to legitimize an action (building on pilfered land) or turn a blind eye. The Alianza then negotiates with numerous governmental departments, pays fines, navigates through the tedious bureaucracy, and sometimes acquires the much-needed permits and certifications. If the permits are not obtained, the MNC must decide whether or not to engage in extra-legal activities. Certainly, this type of action can confuse the role and function of the corporation vis-à-vis the local establishment.

It is clear that the Instituto Holcim and the Alianza Suiza take on responsibilities that the governing state could not manage or handle due to absenteeism, incompetency, or lack of funds. While it is true that MNCs can have spending power greater than a host locality, the financial contribution that the global Headquarters of MNCs normally allocate to local CSR projects is still very limited. Nevertheless, all corporations run the risk of acting as a surrogate for local government and that the communities will rely heavily on them for financial resources.

In these three case studies, the corporations involved did not set out to deliberately take advantage of fragmented political authority or weak institutions in place, they simply were after a business opportunity (as in the case of Nestlé with the BoP market in favelas) or were in need to do stakeholder management through CSR projects as in the case of Holcim Brasil and the Alianza Suiza. Nevertheless, willingly or not, the corporations became political actors who could influence entire communities with their wealth, power, resources, and authority. Notwithstanding, there are also some positive sides to political CSR. For example, CSR projects can break down hierarchies in many localities. In the case of Holcim Brasil, plant Managers, Senior

Executives often interact directly with plant workers and community members in volunteer work or workshop related activities. At these events, executives become one of the crowd and there is communication and exchange of ideas amongst all social levels. Furthermore, through Political CSR undertakings, the communities learn much more about their corporate neighbor, and the MNC also acquaints itself with its non-financial, human side.

9.3 Comparative Analysis through Global (in)Justice Lens: Social Connection Model

Iris Marion Young used her Social Connection Model to analyze the specific issues of global injustice that are involved in processes of globalization—such as in sweatshop labor. She proposed four parameters by which to assess the extent of an agent's responsibility for aforesaid structural injustices: their *power* to influence or impact the relevant social processes, the *privilege* they might receive from these unfair or unjustified structures, the *interest* they may or may not have in stopping wrong arrangements, and the ability to benefit from *collective action* or to affect change. Through her Social Connection Model, Young succeeds in expanding and highlighting the concept of responsibility for examining structural injustice. Nevertheless, these four criteria do not deliver enough scope for a more complete and deeper analysis of CSR corporate-community projects. Furthermore, Young's parameters and Social Connection Model remain at a political theoretic level. My purpose for proposing four added principles is to take Young's argument beyond a political theory sphere and to adjust it so that it can be applied to practical, business dimensions. In other words, it is important to consider power hierarchies, what the privileges are and for whom, interests and concerns, and if collective action is used for just or unjust purposes. However, Young explained these parameters more in a context of International Political Theory, tying them to philosophical concepts of justice, rights, and legitimacy. Although they are very useful for framing my thesis question, it was still necessary to apply additional standards

and principles that could easily transfer to business functions. Hence, I contribute my own four added criteria. In the case studies, *inclusion* often takes the form of Inclusive Business, where for-profit activities can make a positive contribute to low-income communities. *Clear corporate strategy* can mean how to design and implement processes that not only include the BoP as producers and consumers, but giving them the tools to find productive employment as partners or owners. *Commitment* here refers to a corporation making a pledge to a community to help them develop through long-term projects. In turn, the community promises to do their best to empower themselves and to collaborate with the corporation(s). *Good governance* refers to a corporation directing its activities in the interest of all stakeholders involved, while implementing processes and practices that enforce transparent and sustainable business models. These eight criteria, which together balance the theoretic and the practical aspects of my research, play a significant role in each one of the case studies—for they not only help us to understand and compare the same phenomenon in different applications, but also assist in explaining how each corporation interprets, implements, or uses CSR to its advantage.

9.3.1   Power

Power plays an important role in any social analysis. Out of the six corporations mentioned in this thesis, Nestlé, Holcim, and Novartis have the strongest brand recognition. Particularly Nestlé and Holcim are powerful trademarks that are admired all across Latin America. They are also some of the most stable, well-respected corporations to work for and their reputation is one of professionalism, high quality and fairness towards employees. One very positive aspect of being a well-known and highly esteemed brand is that most NGOs and CSOs are willing to collaborate in joint projects. It is clear that Nestlé and Holcim want and expect their CSR projects to be as robust as their brands.

The Instituto Holcim Brasil and the Fundación Holcim Ecuador share the same common goal to empower and strengthen the stakeholder communities until they are autonomous. Although the town of Barroso is relatively small and poor, there are still degrees and levels of social standing hierarchies. Remarkably, the Instituto Holcim was able to balance and neutralize the power structure to certain extent by helping the more indigent people create solid Associations that could negotiate with the Multinational, the traditionally strong local authorities and established commercial elite. As a result, the town shifted into a new reality based on mutual trust and partnerships that are more equal. Importantly, this transformation did not happen automatically, change took approximately a decade to occur.

The communities that collaborate with the Alianza Suiza are less formally organized than the Associations in Barroso. For example, the schools do not communicate with one another, and they would have more leeway if they united and worked together towards the same objectives. Holcim is the strongest Multinational within the Alliance, but this privilege comes with added responsibilities such as contributing a larger portion of the finances and fully handling all of the administrative work. There are big discrepancies in power within the corporations in the Alianza Suiza. Nevertheless, the Alianza does its best to give equal weight in decision-making to all six participating MNCs. Overall, the corporations in these three case studies could do more to implement strategies that further empower their communities and to use their power to positively influence or impact the relevant social processes.

9.3.2   Privilege

Nestlé and Holcim enjoy a privileged position in the market because employees feel great pride at working there and for being hired by a Swiss corporation. Nestlé also offers the BoP a line of "luxury" products in its door-to-door sales catalog, which the customers are willing to pay more money for in order to brag about to their friends. The corporation had originally planned

to expand the door-to-door micro-distribution system and its BoP products throughout all of Brazil, as was mentioned to me in 2012 by Walid Rajab, the Nestlé National Sales Manager and Trade Marketing. However, on a recent interview with Rafael Biselli Ferreira, Nestlé Brasil's new Strategic Sales and New Channels Manager, Nestlé will privilege the BoP in big cities rather than those in small or medium sized towns. He explained:

> We will be focusing more on density. Before, the vision was to implement door-to-door everywhere. But that's proven to be too complicated. We needed too many sales reps. Now we want to work only in higher density cities like São Paolo, Rio de Janeiro, and Bello Horizonte. (Phone interview on August 5, 2015)

Even though Nestlé has a strong market presence and is a household brand name, they have recently suffered from the market decline and financial slowdown of the Brazilian economy.

Holcim seems to be faring better the economic instability of the largest country in Latin America. The MNC is well respected in Barroso because it is the biggest employer in the area, so most people see being hired by the corporation as a way out of poverty. All MNCs involved in these case studies are admired for their competences, rigor, and the traits that are traditionally considered Swiss: reliability, high quality, competence, and professionalism. The members of the communities in Quito and Guayaquil whom I spoke with and interviewed said that they feel honored to be cooperating with the Alianza Suiza. The participating schools are among the most marginalized in the country; yet being part of the Alliance has elevated their position and improved the level of education for both teachers and students. As the success of the Alianza Suiza becomes better known, many other schools would like to become affiliated with it. The one privilege the MNCs benefit the most from is having access to established global networks and international professionals. They can use the resources available in several continents and financial or physical infrastructure to stay afloat, and continue to service those that are less privileged than they are.

9.3.3 Interest

Nestlé tends to look after its own interests more than those of the communities' by not fully considering the salesladies as equal partners who decide a plan of action together. Instead, the corporation pushes its own agenda and uses the micro-distribution system predominantly for the purpose of expanding deeper into the Base of the Pyramid demographic. Rafael Biselli Ferreira clarified the new approach for the BoP:

> We want to make the door-to-door micro-distribution system more efficient by focusing on the best foods to sell to the BoP. We want to concentrate on selling them the foods that really speak to them, foods they already know. Foods like Garoto. We are also focusing more on dry products such as Nido (powder milk), condensed milk, and Nesquick. That's a big change for us. We're in a competition with Carrefour. We want to be more competitive with them. They have something called 'Cash & Carry' and they can sell for very cheap, they sell products at wholesale prices. Products are displayed on pallets and are sold by unit or in bulk. (*Ibid.*)

In 2012, the BoP Unit told me that the goal was to bring new products such as yogurt, ice cream, and fresh protein milkshakes to the BoP because they needed the calcium, vitamins and nutrients in them. These items, along with high-end chocolates, were what the BoP wanted and needed, since the BoP should psychologically also feel that they were reaching a higher social class, according to the BoP Unit. Presently, it seems that Nestlé is removing many of these exclusive and expensive items from the door-to-door salesladies' catalogs and is instead marketing traditional, lower-priced products such as Garoto chocolates and candies due to Brazil's economic downturn. Furthermore, they are removing fresh, short shelf life products and are instead focusing on selling dry products with a long shelf life. In other words, the corporation that once claimed it was selling "health" to the BoP now changed its rhetoric to one that it is selling "familiar" products to them. It is clear that

it is purchasing power that dictates the market, but Nestlé builds its strategies based on its own interest and no one else's. Moreover, the salesladies do not have a say as to what they should sell or not.

Before the Associations existed in Barroso, there were no formal interest groups in town. Through the Projeto Ortópolis Barroso, each interest group could assemble and organize to work towards a common goal. Clusters that were never imagined to exist before, such as the Recycling and Rubbish Collectors Association, are now able to make claims and to negotiate better employment conditions. There is a lot of interest in the Alianza Suiza, from neighboring schools, to local universities, to the Ministry of Education. They are becoming an authority in community building and in high quality education. Obviously, a corporation cannot meet all the interests of a community at all times, but stakeholders should be able to at least voice their opinion constantly; and have disgruntlements taken seriously. It becomes clear that for a project to succeed, the corporation has to look past its own interests and fully push forward the needs and demands of the communities into center stage.

9.3.4   Collective Action

Multinationals that embark on local CSR projects have to gain legitimacy in the partner communities. The best way to achieve this is to work alongside NGOs and local government to gain respect, recognition, and a convincing presence. MNCs can benefit from the extensive network that most NGOs have. Local government can provide the physical and intellectual infrastructure needed. Additionally, NGOs and local government also have extensive knowledge about the local constituents, and are normally well experienced when it comes to working with them. As these case studies have demonstrated, MNC collective ability with CSOs coupled with associations, institutes and foundations can create the most successful projects.

Holcim Brasil and the Alianza Suiza transformed their stakeholder communities by helping them organize and by bringing in all the external know-how and expertise they needed. In Barroso, there were originally no organizations, clubs or committees. Now the Associations work alongside consultants and hemispheric NGOs such as RedEAmérica to share problems, interests, solutions, and goals. Both the Ortópolis Barroso and the Alianza Suiza projects are productively embedded in local communities. Their accomplishment stems from working collectively with grassroots organizations for the common goal of improving people's lives in destitute areas. In successful projects, collective action is used for the benefit of all, not just to push the agenda of the MNC. Importantly, collective action is an entry point for traditionally weaker stakeholders to find leverage vis-à-vis a strong MNC.

Added Parameters:

9.3.5   Inclusion

Social and financial inclusion is the promise of giving rights and opportunities to those that are marginalized, impoverished or disadvantaged to help them improve their lives through Inclusive Business and access to employment. Multinational CSR projects have the power to help the most deprived stakeholder communities enter a market economy for gainful employment. Holcim Brasil in Barroso does Participative and Inclusive Planning, which means that the community is engaged from the very first stages of designing a project, and that they have an institutionalized forum in which their opinions and ideas matter. These activities are also meant to alter positively the community's understanding and relationship with the corporation, so that obstacles and confusion are addressed as early as possible. The Associations in Barroso were created in such a way that the community could organize itself, work collectively, and embark upon financial activities

to earn a living. The purpose of the Instituto Holcim and the Associations is to provide the skills training needed for rubbish collectors, store vendors, young business people, and women cooks, to put their talents and abilities to work for paid employment. The entire Barroso project is based upon the belief that every single member of society should partake in the improvement of the town, and inclusion is quintessential. Instituto Holcim and the Associations consistently ask the question, "How do we include others?"

While Holcim Brasil in Barroso tries to reach as broad of an audience as possible, the Alianza Suiza focuses specifically on the school communities encompassing hundreds of persons, including students, teachers, parents and neighbors. Nevertheless, the Associations in Barroso cover a broader range of stakeholders since they were created to include members from different segments of the community and its scope extends out to almost all citizens of Barroso. Whereas the Alianza is making an investment for the future of Ecuador through school education and infrastructure, the Associations in Barroso try to resolve immediate obstacles so that its citizens can be employed and earn money as soon as possible.

Nestlé's Micro-distribution system centers on door-to-door sales for financial entrance into a market economy, the Alianza Suiza invests heavily on social justice, inasmuch as the CSR projects in Barroso focus on both social and economic inclusion. The main purpose of Nestlé's micro-distributors is to sell the corporation's products. The Alianza Suiza's primary achievement after contributing to education is creating a sense of belonging in the community. However, the Inclusive Business aspect of this venture in Ecuador is all but missing. For a project to have the highest impact, it requires both the social and financial empowerment of the community. A corporation should be able to leave a locality and have its stakeholders not only be able to survive autonomously, but be better off than when the corporation was present.

9.3.6   Clear Corporate Strategy

All of the Multinationals in these case studies have a clear corporate strategy regarding corporate-community investment, and this is one of the reasons why these projects are well executed and administered. CSR corporate strategy tends to be a combination of guidelines from Global Headquarters and adapting to the situation on the ground in real time, which means that it is always in flux. In addition, because CSR is relatively a new field, corporations often function in uncharted territory, having to consistently revise and alter their plans and approach.

Nestlé follows the Creating Shared Value concept that dictates all of its projects and business strategy. In theory, every single activity the corporation engages in is supposed to follow CSV. For the micro-distribution system, it translates into training the salesladies so that they can be better vendors and in this way benefit themselves and the corporation. Holcim Brasil has a steady and solid corporate vision in place in Barroso through the Participative and Inclusive Planning, the Community Engagement Plan (CEP), and Inclusive Business initiatives. The CEP guides the corporation's community projects from diagnosis to inception, from application to management, while employing for-profit initiatives that focus on benefiting the low-income members of Barroso. The Alianza Suiza's steadfast business approach centers on delivering superb professionalism while remaining attentive to innovative and best practices in education and community projects.

Sometimes, even when a corporation has the better corporate strategy in place, external economic factors can bring about unwanted tribulations. Recently, Nestlé has had to change its corporate strategy regarding the micro-distributors, due to Brazil current economic downturn. Rafael Biselli Ferreira described how the weakening of Latin America's biggest economy has affected the Multinational and its projects:

> Before, Brazil's middle class and the BoP were growing very, very fast. Now, they're fighting to survive! The door-to-door salesladies are having problems because their clients are not paying them. There

is now a lot of unemployment and the BoP are the first to be impacted. The beginning of 2015 was terrible, but now things are improving a little. We have to wait until there is economic growth again. (Phone Interview on August 5, 2015)

After nearly a decade of economic boom and political stability, Brazil is poised to enter a recession and President Dilma Rousseff is fending off numerous scandals. This new scenario affects local and international firms alike. Nestlé has depended heavily on the growth and health of emerging markets to boost its revenues. Now, it has had to alter and adapt its corporate strategy. Rafael Biselli Ferreira gave me an update on the changes:

> We are now focusing on the door-to-door micro-distributors more than the Floating Supermarket. The boat is more of a CSV investment rather than business for us. Another big change here is that there is no longer a BoP Unit; we merged it with e-commerce because it needs a different approach, not just new channels. The team was also heavily reduced in headquarters, but they tried to keep the same number of people in the field. (*Ibid.*)

It was surprising that the BoP Unit no longer exists, since it was a team completely focused on the nutrition, health and consumer patterns of the Base of the Pyramid; and Nestlé Brasil was proud to have such a taskforce devoted entirely to that demographic. Nevertheless, Rafael Biselli Ferreira assured me that Nestlé is still interested in the micro-distribution system and that it is now focused on improving the retention of the salesladies. He said that, "the salesladies sometimes stop being with Nestlé because they are not good with finance and business. Normally they spend one year with us. But some are with us since 5 years" (*Ibid.*). If the corporation provided better strategies for the salesladies to earn a higher salary, perhaps they would stay as vendors for a longer period of time.

While all corporations in these case studies concentrate on better serving their more disadvantaged stakeholders, Nestlé does not seem to have a

219

time projection in place for the duration of its community engagement. Having an exit plan is very important for both the corporation and the community since the goal is to diminish community dependency and to encourage self-sufficiency. Such plans are also to assure a smooth transition for when the project ends or the corporation leaves. Holcim Brasil and the Alianza Suiza design a withdrawal proposal and blueprint as soon as they become involved with a community. Projects yield better results when corporations have a clear idea as to how long their ventures should run for and what will happen to the community once they depart.

A clear corporate strategy does not always mean that the corporation knows exactly where it is headed, but it should allow breathing space to modify and revamp plans at all stages. Saskia Andrigueto, the Director of Fundación Holcim, spoke to me about the new direction the Alianza Suiza will embark upon and the plans they have for the future:

> We are discussing what we will do in the next two years. This year's Addendum ends on December 15, so we need to make plans for 2016 and 2017. We want all the six corporations to be more proactive and more financially involved with the projects. We will ask the Swiss Embassy to also participate more, for example to help us fund-raise money in Switzerland. We feel that we have a very strong project and that the Alianza Suiza should get the respect that it merits. Another new focus is to get the six CEOs to be more interested and implicated in our project! We want the support from up high. We're coming up with new proposals so that we can sell the project better. (Phone interview on July 23, 2015)

By planning years ahead into the future, the Alianza Suiza is guaranteeing its survival, and by incorporating the six Multinational CEOs and the Swiss Ambassador, they are assuring that experienced leaders influence corporate strategy.

9.3.7 Commitment

Commitment is a declaration assuring to deliver on a promise, and the capacity to realize it in the near or long-term future. Nestlé's financial and social commitment is difficult to evaluate because there is no time projection as to how long the micro-distribution system will last. One has to keep in mind that the sellers are not considered Nestlé employees, nor are they an intricate part of the corporate value chain. Therefore, Nestlé could pull out of the project at its convenience. The salesladies could be consequently left unemployed without notice, which raises the question as to the short and long-term capacity of impact of the project. There is no promise or job security for the salesladies, nor does Nestlé express any precise obligation towards them. When asked on this subject, Roberto Passatti, General Manager for Nestlé Brasil's BoP reassured me that Nestlé is different from other Multinationals in Brazil, and that they will not stop investing in the BoP:

> Our goal now is to improve management skills for the micro-distributors by giving them training and better education. We also started a stronger affiliation with Sebrae. (Phone Interview on August 5, 2015)

When pressed for more details as to what specific training Nestlé would give the salesladies, Roberto Passatti said that he would call me in some weeks to tell me more. Notwithstanding, the corporation's tighter association and collaboration with Sebrae, a reliable NGO-like entity that provides assistance to micro and small enterprises, seems promising. Nestlé's relationship with its stakeholder door-to-door salespersons is more business-centered rather than a long-term community improvement project.

In contrast to Nestlé, Holcim's projects in Barroso are a distinct, long-term pledge to the community. Instituto Holcim and the Associations carry out projects with a lasting vision of 10 years. In other words, the Associations are guaranteed to get funding for at least a decade, and then the proper committees will assess the extension of each Association individually. Being committed

to a venture does not only entail financial investments and contributions, but also means providing the community with the proper skills training and resources necessary for the projects to flourish and succeed.

The Alianza Suiza goes beyond the call of duty to provide the essential funding, academic support, and crucial backing so that the schools are guaranteed to prosper and thrive. Although the Alianza stays only for a period of three years at each school, the pledge to improve education in Ecuador is a long-term promise of many years into the future. The CSR projects with the most positive impact are proven to be those where the corporation makes a sincere, long-term commitment for community improvement and collective wellbeing, and when the corporation dares to commit to difficult and even non-traditional issues such as mental health—as in the case of the Alianza Suiza tackling teacher burnout or depression. Hence, commitment is most effective when the corporation entrusts itself to what is important and necessary for the community.

9.3.8 Good Governance

As a whole, all the CSR projects in these three case studies demonstrate a high level of good corporate governance. Nestlé, through CSV, tries to add value to society by working with the Bottom of the Pyramid demographic. Holcim Brasil adheres to extraordinary ethical procedures and practices when it comes to the communities by guaranteeing them respect and dignity. At all levels, from the CEO to the Plant Manager in Barroso and the staff at the Instituto Holcim, they were all open, transparent, and showed genuine concern for the welfare of the citizens of Barroso. Human Rights issues are also high on the agenda, as well as tailor-made Inclusive Business activities for each Association.

The Alianza Suiza expresses good governance by adjusting to unexpected changes, such as adapting to the Ecuadorian Government's Education Reforms a couple of years after the Alianza got started. Whenever

there is a shortage or something is failing, the Alianza finds an expert or hires the proper assistance immediately to resolve the problem. Holcim Brasil and the Alianza Suiza rightly burden themselves with balancing the interests of the stakeholders and in distributing rights and civil liberties among participants. The Alianza Suiza Administrators ponder heavily upon the sustainability of their project. Saskia Andrigueto, the Director of Fundación Holcim, expressed her concerns and disclosed the developing details of the changes in governance:

> Presently, all the responsibilities of the Alianza Suiza land on the Fundación Holcim and the Coordinator, and that's very problematic. It's too much work for us! The Fundación Holcim right now handles 100% of the logistics. The Coordinator only works 60% because that's what the Alianza can afford, and it's not enough time. She's irreplaceable, she has a very good relationship with the communities; she's always on the field. We do the best we can. For the future, we want the Administration of the Alianza to rotate between all six participating corporations. (Phone interview on July 23, 2015)

In the coming years, to assure equal governance control between the six corporations and to safeguard policies so that not one corporation is overburdened, the role of Administrator will alternate between the MNCs on a yearly basis. A big obstacle, however, is that none of the corporations other than Holcim is in a position to do the job. For example, only Holcim has a foundation in Ecuador, which would make it very difficult for the other five MNCs to receive and handle funds. There cannot be money transferred from one firm to another. Therefore, it is much easier to do all the logistical work through an external entity. They have decided that perhaps a solution would be to create a foundation only for the Alianza Suiza. Another issue is that the other corporations do not have the experience or know-how to manage a foundation. Saskia Andrigueto did also say, though, that they are starting to train people so that when the time comes, they can have developed leaders within each one of the other five Multinationals who can administer and guide the Alianza Suiza for many years to come.

Conclusion

10. Conclusion

Within the field of Corporate Social Responsibility, we have seen a growing shift in worldwide governance structures, in which international corporations sometimes gain more power vis-à-vis local authorities. The focus of this thesis is Multinationals and how they may exert a *positive* effect on their stakeholder communities with this increased global leverage. It is becoming more and more common for MNCs to engage in CSR initiatives that address inclusive business, education, health, and low-income community issues in their sphere of influence. This localized practice of CSR management predominantly begins as an ad hoc initiative that can become a more structured, coordinated and elaborate community engagement strategy over time. In recent years, the remarkable potential of multi-stakeholder alliances has surfaced through.

This thesis asks the following research question: *How do Swiss Multinationals and local communities generate strategies and initiatives for joint impact through Corporate Social Responsibility projects in Brazil and Ecuador?* To find an answer, I have taken a close look at the community stakeholders or interest groups most affected, while highlighting the benefits resulting from corporate good practices. The argument presented here has been that Iris Marion Young's Social Connection Model provides a framework to philosophically and constructively analyze firm CSR projects that embrace the Base of the Pyramid in Brazil and Ecuador. This research has identified four corporate management and strategy practices that result in more successful private-public CSR ventures: *inclusive business*, *a clear corporate vision*, a *genuine commitment* to stakeholders, and *good governance*.

Inclusion is primordial when dealing with the BoP because the poorer members of society in the developing world tend to be acutely marginalized, and many times do not have an entry point into a market economy. According to Jenkins *et al*, "inclusive business models involve the poor in corporate value chains—whether as employees, entrepreneurs, suppliers, distributors, franchisees, retailers, customers, or sources of innovation—and are or have the

potential to become financially viable" (2008, 6). In other words, an inclusive business model brings together in a fruitful working relationship business and low-income populations in activities that will result in a beneficial outcome for both. The BoP demographic profits the most from CSR projects when there is collaboration between cross-sectors of the private and public spheres, including NGOs, local government, and stakeholder communities. In the Nestlé door-to-door micro-distribution project, for example, the salesladies could profit more if the corporation had partnerships with local government, NGOs, or agents of civil society because they could then be exposed to multiple opportunities and practical skills training. Holcim's Ortópolis Barroso project is a good example of an effective inclusive practice, since Instituto Holcim and the associations struggled with inclusion at the beginning, but they were able to incorporate the most marginalized segment of society and help find paid labor for trash collectors, cooks, and other destitute persons. The Barroso Associations now aim to have an even bigger impact by including more youth and women of all ages in business schemes. The Alianza Suiza has also changed the local landscape by giving financial, know-how, and infrastructure support to some of the poorer schools in Quito and Guayaquil. In these cases, inclusion acts as a driver of social change and the enhancement of human capital.

A *clear corporate strategy* can benefit both the corporation and the communities they serve. Nestlé's Creating Shared Value is the driving strategic force behind each of the BoP unit's projects; and involved a team of political scientists, business personnel, and nutritionists, and used to receive a lot of internal support. An important mainstay of Nestlé Brasil's approach is finding local know-how and talent to hire, rather than bringing foreign experts. However, as much as Nestlé adheres to the tenets of CSV, the third pillar that calls for enabling local cluster development is not met when it comes to Nestlé's micro-distribution system. The corporation does not work with clusters or improve the framework that supports the door-to-door salesladies. This project could have more of a positive impact by allowing the vendors to form an association and by providing access to more permanent employment conditions. The Associations in Barroso struggled at the beginning with what

their strategy, role, and function towards the community should be. After including as many fellow citizens from all educational and economic backgrounds as possible, Instituto Holcim was able to define what the main intention and utility of their CSR project is: to devise and implement a corporate strategy that helps generate employment for the most marginalized members of Barroso. Clear corporate strategy can also mean collaborating with other Multinationals to form partnerships. The Alianza Suiza offered detailed plans and methods from the beginning and they delivered a transparent and unambiguous message to the stakeholders. There was no doubt in the community regarding the purpose of the cross-sector CSR education project being implemented. Nestlé does not have the type of cross reaching that the Alianza has, at least not with the door-to-door salesladies project. Furthermore, Nestlé's micro-distribution system stays on a corporate-stakeholder level, while the Barroso and the Alianza Suiza cases genuinely expand and form ties with various groups, local and national government, universities, CSOs, and NGOs. Multiple MNC collaboration offers an opportunity for inter-firm knowledge transfer and further embeds CSR practices.

Effective CSR projects are those that show *long-term commitment* with a community. Nestlé's commitment to the salesladies, however, is somewhat precarious. Although the corporation provides the conditions for the door-to-door vendors to generate income for themselves and for the corporation, there is no promise of securing a livelihood for them. By comparison, Holcim Brasil and Instituto Holcim are fully committed to the citizens of Barroso. They created the different Associations with the purpose of empowering the community and pulling them out of poverty. The Associations provide skills building, direct employment opportunities such as cooking, baking, collecting trash, and starting micro business enterprises. The Alianza Suiza also has long-term plans to continue improving the education and lives of their stakeholder communities in Ecuador. The six member Multinationals have pledged to the communities, the Swiss Ambassador and the Ecuadorian Government's Ministry of Education its continuous and highest support to the participating schools.

In respect to *good governance*, Nestlé's micro-distribution system is a very traditional top-down project where the Multinational dictates the terms of engagement and the local salesladies have no veto power. By contrast, the citizens of Barroso have benefitted extensively from the Associations that the Instituto Holcim helped organize and set up; they proved to be an ideal instrument to provide support to the various disadvantaged groups in the community. The Alianza Suiza not only creates stronger linkages between business and society, but also results in the strengthening of institutional structures to better tackle educational challenges. While it is evident that corporate-community investment can compensate for some of the limitations of local government, it is not a permanent substitute for local authority. With the added responsibility of taking on some of the duties of local political actors, corporations have the extra obligation to exercise good governance practices in the developing world. It is still the duty of local government to provide for its citizens, and a corporation's involvement and provision to stakeholder communities is not meant to be eternal. That is the reason why corporations should have an exit date and strategy plan that better guarantees the community's survival upon the corporation's departure. An exit strategy for each of the projects would for example be for the Nestlé salesladies to be given more workshops on financial planning and selling, and the possibility to apply for internal, permanent jobs at Nestlé. The Associations in Barroso need to become more self-sustainable by selling their own products and continue to promote marketable skills training that results in starting an own business venture. The Alianza has already embarked in strategies for third year teachers to educate second year teachers, who will ultimately educate the first year teachers. The three case studies highlight how important it is for a corporation to have an exit strategy. It diminishes dependency and helps the community become more autonomous. All the Swiss corporations studied in this thesis demonstrated characteristics of good governance by exercising accountability, a certain level of transparency, and by acting ethically and honorable towards the stakeholder communities. Nevertheless, they could offer a higher degree of consultation and apply more participatory actions.

An important point, while CSR activities can provide a clearer relationship between business agendas and the needs of communities, this study also details the shortcomings and obstacles encountered while furthering such goals. In all three case studies, dependency is seen as the biggest risk for a Multinational. It also emerges from the research that the community-component of the private-public partnership still has limited decision-making power. Further research should explore how to diminish dependency and how to expand community capacities to help them organize and negotiate with the MNCs more successfully. In addition, which practices result in more community participation is an area for future exploration. Moreover, knowledge management could play an important role for the future of Ortópolis Barroso and the Alianza Suiza since both the corporation and the community could benefit from better internal and external exchange of information. Additional avenues of inquiry can also be to investigate which new technologies or tools could help, as well as the scalability and transferability of good practices.

To conclude, a key to more successful CSR projects seems to be knowledge transfer, the sharing of good practices for co-creation between public and private stakeholders. Partnerships and coalitions that share not only best practices, but also obstacles and challenges, result in more effective CSR ventures. Even if we move beyond the terms "CSR" or "CSV", regardless of what we call it, what is quintessential is that the legacies of private-public ventures survive and improve, and that incorporating a conscientious social and environmental dimension into business practices is what matters the most. This thesis highlights CSR's potential to foster constructive outcomes and the value-creation which business-society cooperation can potentially furnish to local communities in Latin America. Above all, it features how CSR undertakings can strengthen civil society and give local citizens a voice in decision-making, the designing of projects, and the building of their future. A corporation *can* have a positive impact through CSR; and if the corporate-community project is inclusive, works out a clear strategy, commits long-term, and exercises good governance and good practices, it can have the *best* impact imaginable.

Interviews

- Almeida, Fernanda. Nestlé door-to-door Saleslady. January 17, 2012 while on her sales run in a marginalized neighborhood outside of São Paolo, Brazil. Interview conducted in Portuguese and translated into English by the author of this thesis.

- Anonymous. Communications Department Employee, Nestlé Brasil. January 16, 2012. Nestlé Headquarters in São Paolo, Brazil. Interview conducted in Portuguese and translated into English by the author of this thesis.

- Anonymous. Deloitte Consultant. May 1, 2014. TADA Conference in Montréal, Canada during the week of April 28-May 3, 2014.

- Andrigueto, Juliana. Latin America Head Corporate Social Responsibility, Holcim. January 17, 2012. Holcim Global Headquarters, Zürich Oerlikon, Switzerland. Interview conducted in English.

- Araujo de Souza, Alessandro. Latina Consultoria Empresarial. Consultant hired by Holcim (Brasil) S.A. Interviewed on January 17 and 18, 2012. Holcim (Brasil) Headquarters, São Paulo, Brazil. Interviews conducted in Portuguese and translated into English by the author of this thesis.

- Bartalotti Pires, Renato. Innovation Manager, Nestlé Brasil. January 18, 2012. Nestlé Headquarters in São Paolo, Brazil. Interview conducted in English.

- Beschorner, Thomas. Co-Director of the Institute for Business Ethics and Professor of Business Ethics at the Universität St.Gallen. May 1, 2014. TADA Conference in Montréal, Canada during the week of April 28-May 3, 2014.

- Crettenand, Nicolas. International Marketing Manager, Nestlé. October 25, 2011. Nestlé Headquarters in Vevey, Switzerland. Interview conducted in French and translated into English by the author of this thesis.

- Fischer, Roland. Swiss Ambassador to Ecuador. November 7, 2011. Swiss Embassy to Ecuador in Quito, Ecuador. Interview conducted in English.

- García, Pilar. Roche Representative to the Alianza Suiza. November 10, 2011. Roche Headquarters in Quito, Ecuador. Interview conducted in Spanish and translated into English by the author of this thesis.

- Gomez, Lucy. Gardner. November 15, 2011. Arturo Henderson School in Quito, Ecuador. Interview conducted in Spanish and translated into English by the author of this thesis.

- Hübscher, Otmar. Holcim (Brasil) S.A. CEO. January 20, 2012. Holcim (Brasil) Headquarters, São Paulo, Brazil. Interview conducted in English.

- Izurieta, Saskia. Executive Director of Fundación Holcim Ecuador and Holcim Representative to the Alianza Suiza. Throughout the month of November 2011 at the Holcim Headquarters in Quito, Ecuador. Phone interview on June 01, 2015. Interviews conducted in Spanish and translated into English by the author of this thesis.

- Kanamaru, Helvio. Corporate Social Responsibility Manager, Nestlé Brasil. January 18 and 19, 2012. Nestlé Headquarters in São Paolo, Brazil. Interview conducted in English.

- Koch, Stefanie. Global Head Corporate Social Responsibility. January 17, 2012. Holcim Global Headquarters, Zürich Oerlikon, Switzerland. Interview conducted in English.

- Leu, Andreas. Member of the Executive Committee, responsible for Holcim in Latin America. August 6, 2013. Holcim Headquarters in Zürich Oerlikon, Switzerland. Interview conducted in Spanish and translated into English by the author of this thesis.

- Munõz, Alejandro. Holcim Representative to the Alianza Suiza. November 10, 2011. Holcim Headquarters in Quito, Ecuador. Interview conducted in Spanish and translated into English by the author of this thesis.

- Moraes, Gabriel. Head of Corporate Social Responsibility Projects. Instituto Holcim. January 17, 2012. Holcim (Brasil) Headquarters, São Paulo, Brazil. Interview conducted in Spanish and Portuguese, and then translated into English by the author of this thesis.

- Ordóñez, Trinidad. Coordinator of the Alianza Suiza. Interviewed on several occasions in the throughout the month of November 2011 at the school project grounds in Quito, Ecuador. Phone interview on June 02 and 03, 2015. Interviews conducted in Spanish and translated into English by the author of this thesis.

- Rajab, Walid. National Sales Manager and Trade Marketing, Nestlé Brasil. January 17, 2012, in a marginalized neighborhood outside of São Paolo, and at the Nestlé Headquarters in São Paolo, Brazil. Interview conducted in English.

- Rueda, Michaela. Holcim (Brasil) S.A. Director Human Resources. January 12, 2012. Holcim (Brasil) Headquarters, São Paulo, Brazil. Interview conducted in English.

- Salazar, Ricardo. Sika Representative to the Alianza Suiza. November 09, 2011. Sika Headquarters in Quito, Ecuador. Interview conducted in Spanish and translated into English by the author of this thesis.

- Spence, Laura J. Professor of Business Ethics at the Royal Holloway University of London. October 8, 2014. 6th International Conference on Corporate Sustainability and Responsibility held at Humboldt Universität zu Berlin on October 8-9, 2014. Interview conducted in English.

- Taciano, Luciana. Nestlé door-to-door Saleslady. January 20, 2012 while on her sales run in a marginalized neighborhood outside of São Paolo, Brazil. Interview conducted in Portuguese and translated into English by the author of this thesis.

- Tufiño, Mariana. Executive Director of Corporate Social Responsibility for Nestlé Ecuador and Nestlé Representative to the Alianza Suiza. November 09, 2011. Nestlé Headquarters in Quito, Ecuador. Interview conducted in Spanish and translated into English by the author of this thesis.

Bibliography

Alianza Suiza Internal Document (2015a). "Síntesis del proyecto – Asistencia técnica a los maestros y maestras de escuelas fiscales de las ciudades de Quito y Durán en la aplicación del currículo de lengua y literatura". May 2015.

Alianza Suiza Internal Document (2015b). "Programa de capacitación a docentes". PowerPoint Presentation. May 2015.

Allen, Amy (2009). "Power and the Politics of Difference: Oppression, Empowerment, and Transnational Justice". *Hypatia*. Special Issue: In Honor of Iris Marion Young: Theorist and Practitioner of Justice, vol. 23, pp. 156-172.

Ari Communications LLC (2011). "Holcim to invest nearly US$ 400 million in Ecuador". December 12, 2011. Available at: http://www.aggregateresearch.com/article.aspx?id=24002

Austin, James E., Reficco, Ezequiel, and Berger, Gabriel (2004). *Social Partnering in Latin America: Lessons Drawn from Collaborations of Businesses and Civil Society Organizations.* Cambridge, MA: Harvard University Press.

Austin, James E. and Seitanidi, M. May (2011). "Value Creation in Business-Nonprofit Collaborations". Social Enterprise Series No. 32, Working Paper 12-019, September 26, 2011. Harvard Business School.

Banai, Ayelet, Ronzoni, Miriam, and Schemmel, Christian (2011). *Social Justice, Global Dynamics*. Oxford: Routledge Critical Review of International Social and Political Philosophy, vol. 16, no. 5, pp. 698-713.

Banerjee, Abhiji, Duflo, Esther, Glennerster, Rachel, and Kinnan, Cynthia (2013). "The Miracle of Microfinance? Evidence from Randomized Evaluation". MIT Department of Economics Working Paper No. 13-09.

Bedicks, Heloisa B., and Arruda, M. Cecilia (2005). "Business Ethics and Corporate Governance in Latin America". *Business & Society*, vol. 44, pp. 218-228.

Benítez, María Caridad (2012). "Planificación Estratégica Alianza Suiza". Alianza Suiza Internal Document. November 2012.

Benítez, María Caridad (2015). "Responsabilidad Social Corporativa Planificación Estratégica Alianza Suiza". PowerPoint Presentation.

Beschorner, Thomas (2013). "Creating Shared Value: The One-Trick Pony Approach". *Business Ethics Journal Review*, vol. 1, no. 17, pp. 106-112.

Bichta, Constantina (2003). "Corporate Social Responsibility—A Role in Government Policy and Regulation?" Centre for the Study of Regulated Industries. Research Report 16. University of Bath School of Management.

Binda, Joel (2013). "Creating Shared Value". *AntiCSR*. October 28, 2013. Available at:
http://anticsr.com/creating-shared-value/

Bonsu, Samuel K. and Polsa, Pia (2011). "Governmentality at the Bottom of the Pyramid". *Journal of Macromarketing*. September 2011, vol. 31, no. 3, pp. 236-244.

Bottled Life (2012). The Official Website of the Swiss Documentary. Available at: http://www.bottledlifefilm.com/index.php/the-film.html

Bowen, Frances, Newenham-Kahindi, Aloysius, and Herremans, Irene (2010). "When Suits Meet Roots: The Antecedents and Consequences of Community Engagement Strategy". *Journal of Business Ethics,* vol. 95, no. 2, pp. 297-318.

Burke, Edmund M. (1999). *Corporate Community Relations: The Principle of the Neighbor of Choice.* Quorum Books, Greenwood Publishing Group, Inc. Westport, Connecticut.

Caiza, Carmen (2015). Testimonial Letter written to the Coordinator of the Alianza Suiza, Trinidad Ordóñez, dating November 30, 2015. Quito, Ecuador.

Calix Website. Available at:
http://www.calix.com.au/index.php

Carroll, Archie B. (1979). "A Three Dimensional Model of Corporate Social Performance". *Academy of Management Review*, vol. 4, pp. 497-505.

Carroll, Archie B. (1991). "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders". *Business Horizons.* July-August 1991.

Carroll, Archie B. (1999). "Corporate Social Responsibility: Evolution of a Definitional Construct". *Business & Society,* vol. 38, no. 3, pp. 268-295.

Carroll, Archie B. (2008). "A History of Corporate Social Responsibility: Concepts and Practices". *The Oxford Handbook of Corporate Social Responsibility*, pp. 19-46.

Casanova, Lourdes (2009). *Global Latinas: Latin America's Emerging Multinationals.* Insead Business Press and Palgrave Macmillan. London, United Kingdom.

Casanova, Lourdes and Dumas, Anne (2010). "Corporate Social Responsibility and Latin American Multinationals: Is Poverty a Business Issue?" *Universia Business Review.* Special Issue Multilatinas, no. 25, First Quarter 2010.

Casanova, Lourdes and Dumas, Anne (2012). "Should Poverty Alleviation be Part of Multinationals' Corporate Responsibility?" *Global Compact International Yearbook 2012.* United Nations Publication. Germany.

CeraTech Inc., Website. Available at:
http://www.ceratechinc.com/

Consorcio Ecuatoriano para la Responsabilidad Social (CERES) (2012). "Felicitamos a Holcim por hacerse acreedor del Reconocimiento a Mejores Prácticas de RSE". November 7, 2012. Available at:
http://www.redceres.org/2012/11/felicitaciones-a-holcim-por-hacerse-acreedor-del-reconocimiento-a-mejores-practicas-de-rse/

Corbin, Juliet, and Strauss, Anselm (2008). *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory.* Third Edition. London: Sage Publications.

Crane, Andrew, Matten, Dirk, and Moon, Jeremy (2008a). *Corporations and Citizenship*. Cambridge: Cambridge University Press.

Crane, Andrew, Matten, Dirk, and Spence, Laura (2008b). *Corporate Social Responsibility: Readings and Cases in Global Context.* London: Routledge, Chapter 1, pp. 3-20.

Crane, Andrew, Palazzo, Guido, Spence, Laura J., and Matten, Dirk (2014). "Contesting the Value of Creating Shared Value". *California Management Review,* vol. 56, no. 2, Winter 2014.

Crane and Matten Blog by Andrew Crane and Dirk Matten. March 4, 2014. Available at: http://craneandmatten.blogspot.ch/2014/03/four-big-problems-with-creating-shared.html

Crouch, Colin (2006). "Modeling the Firm in its Market and Organizational Environment: Methodologies for Studying Corporate Social Responsibility". *Organization Studies*, vol. 27, no. 10, pp. 1533-1551.

CSRAméricas Website. Available at: http://www.csramericas.org/

DESUR (2014). "Corporate Social Responsibility: Good Practices & Recommendations". Developing Sustainable Regions through Responsible SMEs – Project Co-financed by the European Regional Development Fund.

Diamond, Larry (1996). *Toward Democratic Consolidation*. Baltimore: Johns Hopkins University Press,

Dunham, Laura, Freeman, R. Edward, and Liedtka, Jeanne (2006). "Enhancing Stakeholder Practice: A Particularized Exploration of Community". *Business Ethics Quarterly*, vol. 16, no. 1, pp. 23-42.

Edward, Peter and Willmott, Hugh (2011). "Political Social Responsibility: Between Deliberation and Radicalism". Newcastle University Business School, pp. 1-30.

El Boletín Alianza suiza por la educación en Ecuador (2009). Edition no. 1, July 2009. Available at: http://www.holcim.com.ec/comunicandonos/nuestras-publicaciones/el-boletin-alianza-suiza-por-la-educacion-en-ecuador.html

El Boletín Alianza suiza por la educación en Ecuador (2010). Edition no. 4, March 2010. Available at:
http://www.holcim.com.ec/comunicandonos/nuestras-publicaciones/el-boletin-alianza-suiza-por-la-educacion-en-ecuador.html

El Boletín Alianza suiza por la educación en Ecuador (2015). Edition no. 17, June 2015. Not Available online yet.

Elkington, John (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business.* Oxford: Capstone Publishing.

Elkington, John and Fennell, Shelly (2000). "Partners for Sustainability". In J. Bendell (eds), *Terms for Endearment: Business, NGOs and Sustainable Development*. Sheffield, United Kingdom, Greenleaf Publishing, pp. 150-162.

Ethos Institute Website. Available at:
http://www.ethos.org.br/DesktopDefault.aspx?Alias=ethosEnglish&Lang=pt-BR&TabID=3889

European Commission (2001). Green Paper "Promoting a European Framework for Corporate Social Responsibility". July 18, 2001.

Eweje, Gabriel (2006). "The Role of MNEs in Community Development Initiatives in Developing Countries: Corporate Social Responsibility at Work in Nigeria and South Africa". *Business & Society*, vol. 45, pp. 93-129.

Feige, Stephan, Fischer, Peter M., von Matt, Dominique and Reinecke Sven (2013). "Swissness Worldwide 2013 – Image und internationaler Mehrwert der Marke Schweiz". University of St. Gallen.

Fichtenbauer, Claudia (2015). *Creating Shared Value: Eine Strategieinnovation auf Basis der Theorie U.* Springer Gabler. Weisbaden: Germany.

Freeman, R. Edward (1984). *Strategic Management: A Stakeholder Approach.* Pitman Publishing.

Freeman, R. Edward and McVea, John (2001). "A Stakeholder Approach to Strategic Management". Darden Business School Working Paper No. 01-02.

Freeman, R. Edward and Werhane, Patricia H. (2002). "Business Ethics: The State of the Art". *International Journal of Management Reviews*, vol. 1, Issue 1, pp. 1-16.

Frynas, Jedrzej George (2005). "The False Development Promise of Corporate Social Responsibility: Evidence from Multinational Oil Companies". *International Affairs, vol.* 81, no. 3, pp. 581-98.

Fundación Holcim Ecuador Website. Available at:
http://www.holcim.com.ec/es/desarrollo-sostenible/fundacion-holcim-ecuador.html

FutureBrand Country Brand Index
http://www.futurebrand.com/news/futurebrand-launches-the-country-brand-index-2014-15

Grupo de Institutos, Fundações e Empresas (GIFE) Website. Available at
http://www.gife.org.br/default.asp

Goodrick, Delwyn (2014). "Comparative Case Studies". Methodological Briefs, Impact Evaluation No. 9, United Nations Children's Fund (UNICEF). September 2014.

Gorodnichenko, Yuriy, Svejnar, Jan, and Terrell, Katherine (2008). "Globalization and Innovation in Emerging Markets". Discussion Paper No. 3299, IZA—Institute for the Study of Labor. Bonn, Germany.

Government of India, Ministry of Foreign Affairs (2013). "Companies Act, 2013". Section 135, p. 80. Available at http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf

Granovetter, Mark (1973). "The Strength of Weak Ties", *American Journal of Sociology*, vol. 78, no. 6, pp. 1360-1380.

Guillaume, Gilles and Hirt, Oliver (2015). "Holcim wins better terms to get Lafarge tie-up back on track". *Reuters*, March 20, 2015. Available at: http://www.reuters.com/article/2015/03/20/us-lafarge-m-a-holcim-idUSKBN0MG03F20150320

Guthrie, Doug and McQuarrie, Michael (2008a). "Providing for the Public Good: Corporate-Community Relations in the Era of the Receding Welfare State". *City & Community*, June 2008, vol. 7, no. 2, pp. 113-139.

Guthrie, Doug, Richard Arum, Josipa Roksa, and Sarah Damaske (2008b). "Giving to Local Schools: Corporate Philanthropy and the Receding Welfare State," *Social Science Research,* vol. 37, pp. 856-873.

Gutiérrez, Roberto and Jones, Audra (2004). "Corporate Social Responsibility in Latin America: An Overview of Its Characteristics and Effects on Local Communities". In Contreras, Manuel E. *Corporate Social Responsibility in the Promotion of Social Development – Experiences from Asia and Latin America.* Inter-American Development Bank, pp. 151-187.

Hahn, Henning (2009). "The Global Consequence of Participatory Responsibility". *Journal of Global Ethics*, vol. 5, no. 1, pp. 43-56.

Hamann, Ralph, Kapelus, Paul, Sonnenberg, Dan, MacKenzie, Andrew, and Hollesen, Paul (2005). "Local Governance as a Complex System: Lessons from Mining in South Africa, Mali, and Zambia". *Journal of Corporate Citizenship*, vol. 18, pp. 61-73.

Hammer, Alex (2008). "Sustainability Reporting in Latin America and the Caribbean—Where is it Going?" Inter-American Bank Publication.

Hanleybrown, Fay, Kkania, John, and Kramer, Mark (2012). "Channeling Change: Making Collective Impact Work. *Stanford Social Innovation Review*. Blog. Available at: http://www.ssireview.org/blog/entry/channeling_change_making_collective_impact_work

Hart, Stuart L. (2007). *Capitalism at the Crossroads: Aligning Business, Earth, and Humanity.* 2nd Edition. New Jersey: Wharton School Publishing.

Haslam, Paul Alexander (2012). "An Evolving CSR System in Latin America". *Global Compact International Yearbook 2012.* United Nations Publication. Germany.

Heath, Joseph, Moriarty, Jeffrey, and Norman, Wayne (2010). "Business Ethics and (or as) Political Philosophy". *Business Ethics Quarterly*, vol. 20, no. 3, pp. 427-452.

Hess, David, Rogovsky, Nikolai, and Dunfee, Thomas W. (2002). "The Next Wave of Corporate Community Involvement: Corporate Social Initiatives". *California Management Review*, vol. 44, no. 2, pp. 110-125.

Hicks, Jennifer (2014). "Green Cement to Help Reduce Carbon Emissions". *Forbes*. June 23, 2014. Available at http://www.forbes.com/sites/jenniferhicks/2014/06/23/green-cement-to-help-reduce-carbon-emissions/

Hillery, George A. (1955). "Definitions of Community: Areas of Agreement". *Rural Sociology*, vol. 20, pp. 194-204.

Hill, Greg, Russell, Patty, Borgonovi, Veronica, Doty, Alex, and Lyer, Lakshmi (2012). "Shared Value in Emerging Markets: How Multinational Corporations Are Redefining Business Strategies to Reach Poor or Vulnerable Populations". FSG Report. September 2012.

Hockerts, Kai (2008). "Managerial Perceptions of the Business Case for Corporate Social Responsibility". Working Paper No. 03-2007. Copenhagen Business School Center for Corporate Social Responsibility.

Hockerts, Kai and Morsing, Mette [n. d.]. "A Literature Review on Corporate Social Responsibility in the Innovation Process". Working Paper. Copenhagen Business School Center for Corporate Social Responsibility.

Holcim Group (2014). "Holcim at a Glance". Communications Publication. Available at: http://www.holcim.com/fileadmin/templates/CORP/doc/About_us/Holcim_at_a_Glance.pdf

Holcim Sustainable Development Ambition 2030. Available at: http://www.holcim.com/fileadmin/templates/CORP/doc/Sustainable_Dev/Holcim_SDAmbition.pdf

Huet, Natalie and Baghdjian, Alice (2014). "Cement groups Lafarge, Holcim in $50 billion-plus merger talks". *Reuters*, April 4, 2014. Available at: http://www.reuters.com/article/2014/04/04/us-lafarge-holcim-idUSBREA3314L20140404

Husted, Bryan W. and Allen, David B. (2006). "Corporate Social Responsibility in the Multinational Enterprise: Strategic and Institutional Approaches". *Journal of International Business Studies*, vol. 3, no. 6, pp. 838-849.

IMD World Competitiveness Index. Available at http://www.imd.org/news/2014-World-Competitiveness.cfm

Instituto Holcim Website. Available at: http://www.institutoholcim.org/

Instituto Holcim/LafargeHolcim Internal Document (2015). PowerPoint Presentation 2015, "Empreender em Família".

Inter-American Development Bank Website. Available at http://www.iadb.org/en/inter-american-development-bank,2837.html

Jenkins, Beth, Ishikawa Eriko, Barthes, Emma, and Giacomelli, Marisol (2008). "Supporting Entrepreneurship at the Base of the Pyramid through Business Linkages". Report of a Roundtable Dialogue on June 10 - 12, 2008, Rio de Janeiro, Brazil. Washington, DC: International Finance Corporation, International Business Leaders Forum (IBLF) and the CSR Initiative at the Harvard Kennedy School.

Jenkins, Heledd and Obara, Louise (2006). "Corporate Social Responsibility in the Mining Industry - the Risk of Community Dependency". ESRC Centre for Business Relationships, Accountability, Sustainability, and Society (BRASS), Cardiff University, pp. 1-23.

Jenkins, Rhys (2005). "Globalization, Corporate Social Responsibility and Poverty". *International Affairs*, vol. 81, no. 3, pp. 525-40.

Johnson, Chris (2013). "Insight: meeting our commitments in Latin America". April 24, 2013. Available at:
http://www.nestle.com/media/newsandfeatures/insight-chris-johnson

Jonker, Jan, O'Riordan, Linda, and Marsh, Nina (2013). "Organising as the Art of Balancing Values—Enabling the Realization of Multiple and Shared Values Through a Generation of New Business Models". Paper for the Corporate Responsibility Research Conference, University of Graz (Austria) from September 11-13, 2013.

Jubb, Robert (2012). "Social Connection and Practice Dependence: Some Recent Developments in the Global Justice Literature: Iris Marion Young". *Responsibility for Justice*. Oxford: Oxford University Press. [n. pag.]

Kanter, Rosabeth Moss (1999). "From Spare Change to Real Change: The Social Sector as a Beta Site for Business Innovation". *Harvard Business Review*, no. 77, pp. 123-132.

Kapelus, Paul (2002). "Mining, Corporate Social Responsibility and the 'Community': The Case of Rio Tinto Richards Bay Minerals and the Mbonambi". *Journal of Business Ethics*, vol. 39, pp. 275-296.

Karamchandani, Ashish, Kubzansky, Michael, and Frandano, Paul (2009). "Emerging Markets, Emerging Models—Market Based Solutions to the Challenges of Global Poverty". Monitor Company Group, March 2009.

Karnani, Aneel (2007). "The Mirage of Marketing to the Bottom of the Pyramid: How the Private Sector Can Help Alleviate Poverty". *California Management Review*, Summer, vol. 49, no. 4, pp. 90-111.

Klick, Matthew T. (2009). "The Political Economy of Corporate Social Responsibility and Community Development: A Case Study of Norway's Snøhvit Natural Gas Complex". Fridtjof Nansen Institute, FNI Report 1/2009, Norway, pp. 1-75.

Kostova, Tatiana and Roth, Kendall (2002). "Adoption of Organizational Practice by Subsidiaries of Multinational Corporations: Institutional and Relational Effects". *Academy of Management Journal*, vol. 45, no. 1, pp. 215-233.

KPMG (2014). "Sustainable Insight – Unlocking the Value of Social Investment". KPMG International, The Netherlands.

Kröger, Arne and Weber, Christiana (2014). "Developing a Conceptual Framework for Comparing Social Value Creation", *Academy of Management Review*, 39, no. 4, pp. 513-540.

Lafarge (2014). "Sustainability Report 2014". Lafarge Website. Available at: http://www.lafarge.com/sites/default/files/atoms/files/04302015-publication_sustainable_development-sustainable_report_2014-uk.pdf

Loza, Jehan (2004). "Business-Community Partnerships: The Case for Community Organization Capacity Building". *Journal of Business Ethics*, vol. 53, no. 3, pp. 297-311.

Lucas, Louise (2012). "Nestlé in Emerging Markets Sales Push". *Financial Times*, September 26, 2012. Available at: http://www.ft.com/cms/s/0/aae4cf8e-07f4-11e2-9df2-00144feabdc0.html#axzz3Y2J2wEpz

Luetge, Christoph and Von Liel, Benedikt (2014). "Why CSV Makes Sense for Business Schools". *Financial Times,* June 10, 2014. Available at: http://www.ft.com/intl/cms/s/2/f47575be-e280-11e3-a829-00144feabdc0.html#axzz3MBFiGFmG

Luetkenhorst, Wilfried (2004). "Corporate Social Responsibility and the Development Agenda". *Intereconomics*, vol. 39, no. 3, pp. 157-168.

Margolis, Joshua D. and Walsh, James P. (2001). "Misery Loves Companies: Rethinking Social Initiatives by Business". *Administrative Science Quarterly*, vol. 48, no. 2, pp. 268-305.

Margolis, Joshua D., Elfenbein, Hillary Anger, and Walsh, James P. (2007). "Does It Pay to Be Good? A Meta-Analysis and Redirection of Research on the Relationship between Corporate Social and Financial Performance". Harvard University, University of California, University of Michigan, June 26, 2007, pp. 1-79.

Matten, Dirk, and Crane, Andrew (2005). "Corporate Citizenship: Toward an Extended Theoretical Conceptualization". *Academy Management Review*, vol. 30, no.1, pp. 166-179.

Matten, Dirk and Moon, Jeremy (2008). "Implicit and Explicit CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility". *Academy of Management Review*, vol. 33, no. 2, pp. 404-424.

May, Peter (1999). "Corporate Roles and Rewards in Promoting Sustainable Development: Lessons Learned from Camisea". Energy and Resources Group, University of California – Berkeley, pp. 1-43.

Mena, Sébastien and Palazzo, Guido (2012). "Input and Output Legitimacy of Multi-Stakeholder Initiatives. *Business Ethics Quarterly*, July, vol. 22, no. 3, [n. pag.]

Mohan, Anapama (2006). "Global Corporate Social Responsibilities Management in MNCs". *Journal of Business Strategies*, vol. 23, no. 1, pp. 2-26.

Moon, Jeremy, Crane, Andrew, and Matten, Dirk (2005). "Can Corporations Be Citizens? Corporate Citizenship as a Metaphor for Business Participation in Society". *Business Ethics Quarterly*, vol. 15, pp. 429-453.

Moon, Jeremy and Muthuri, Judy (2008a). "Corporate Community Investment: Trends, Developments and Attitudes". Research Paper Series—International Centre for Corporate Social Responsibility. Nottingham University Business School, pp. 1-75.

Moon, Jeremy and Vogel, D. (2008b). "Corporate Social Responsibility, Government and Civil Society". In Crane, A. McWilliams, D. Matten, J. Moon and D. Siegel, (eds), *The Oxford Handbook of Corporate Social Responsibility.* Oxford: Oxford University Press, Chapter 13, pp. 303-323.

Moon, Jeremy, Kang, Nahee and Gond, Jean-Pascal (2010). "Corporate Social Responsibility and Government". In D. Coen, W. Grant and G. Wilson, (eds), *The Oxford Handbook of Business and Government*, Oxford: Oxford University Press.

Muller, Allen (2006). "Global Versus Local CSR Strategies". *European Management Journal*, vol. 24, no. 2/3, pp. 189-198.

Muthuri, Judy (2005). "What Obligations do Firms Have to be 'Socially Responsible'?" *Opinión Sur*, August, vol. 28, [n. pag.]

Muthuri, Judy (2007). "Corporate Citizenship and Sustainable Community Development: Fostering Multi–Sector Collaboration in Magadi Division in Kenya", *Journal of Corporate Citizenship*, December, vol. 28, pp. 73-84.

Muthuri, Judy (2008). "Participation and Accountability in Corporate Community Involvement Programmes: a Research Agenda", *Community Development Journal*, vol. 43, no. 2, pp. 177-193.

Muthuri, Judy, Chapple, Wendy, and Moon, Jeremy (2009). "An Integrated Approach to Implementing 'Community Participation' in Corporate Community Involvement: Lessons From Magadi Soda Company in Kenya", *Journal of Business Ethics*, vol. 85, no. 2, pp. 431-444.

Muthuri, Judy, Moon, Jeremy, and Idemudia, Uwafiokun (2012). "Corporate Innovation and Sustainable Community Development in Developing Countries", *Business and Society*, vol. 51, no. 3, pp. 355-381.

Nelson, Jane (1996). *Business as Partners in Development; Creating Wealth for Countries, Companies and Communities*. The Russell Press, London, The Prince of Wales International Business Leaders Forum, in Collaboration With The World Bank and The United Nations Development Program, March 31, 1996.

Nelson, Jane (2006). "Levering the Development Impact of Business in the Fight against Global Poverty". Corporate Social Responsibility Initiative Working Paper No. 22. Cambridge, MA: John F. Kennedy School of Government, Harvard University, pp. 1-14.

Néron, Pierre-Yves (2010). "Business and the Polis: What Does it Mean to See Corporations as Political Actors?" *Journal of Business Ethics*, vol. 94, no. 3, pp. 333-352.

Néron, Pierre-Yves (2013). "Toward a Political Theory of the Business Firm? A Comment on 'Political CSR'". *Business Ethics Journal Review*, vol. 1, no. 13, pp. 14-21.

Nestlé até Você Portal. Available at: https://www.nestle.com.br/portalnestle/nestleatevoce/Default.aspx

Nestlé Frequently Asked Questions. "Does Nestlé Chairman Peter Brabeck-Letmathe believe that water is a human right?" Available at: http://www.nestle.com/aboutus/ask-nestle/answers/nestle-chairman-peter-brabeck-letmathe-believes-water-is-a-human-right

Nijhof, André and Jeurissen, Ronald (2006). "A Sensemaking Perspective on Corporate Social Responsibility: Introduction to the Special Issue", *Business Ethics*, vol. 15, no. 4, pp. 316-322.

Obara, Louise and Jenkins, Heledd (2006). "Land use disputes in Ghana's mining communities: Developing sustainable strategies". The Centre for Business Relationships, Accountability, Sustainability, and Society (BRASS). Cardiff University, United Kingdom.

Orr, Stuart and Sarni, William (2015). "Does the concept of 'creating shared value' hold water?" *Journal of Business Strategy*, vol. 36, no. 3, pp. 18-29.

Ortópolis Barroso Website. Available at:
 http://www.ortopolis.org.br/#

Palazzo, Guido and Scherer, Andreas Georg (2006). "Corporate Legitimacy as Deliberation: A Communicative Framework". *Journal of Business Ethics*, vol. 66, pp. 71-88.

Peinado-Vara, Estrella (2012). "CSR in Latin America: A General View". *Global Compact International Yearbook 2012.* United Nations Publication. Germany.

Porter, Michael E. and Kramer, Mark R. (2002). "The Competitive Advantage of Corporate Philanthropy". *Harvard Business Review*, December, pp. 56-68.

Porter, Michael E. and Kramer, Mark R. (2006). "Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility". *Harvard Business Review*, December, pp. 78-92.

Porter, Michael and Kramer, Mark (2011). "The Big Idea: Creating Shared Value: How to Reinvent Capitalism—and Unleash a Wave of Innovation and Growth". *Harvard Business Review,* January - February 2011, pp. 62-77.

Porter, Michael and Stern, Scott (2015). "Social Progress Index 2015—Executive Summary". Social Progress Imperative: Washington, D.C. Available at:
http://www.socialprogressimperative.org/system/resources/W1siZiIsIjIwMT UvMDUvMDcvMTcvMzAvMDkvMzA1L1NQSV8yMDE1X0VYRUNfU1 VNTUFSWS5wZGYiXV0/SPI%202015%20EXEC%20SUMMARY.pdf

Prahalad, C. K. (2002). *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profit.* Philadelphia: Wharton School Publishing.

Prahalad, C. K. and Hammond, Allen (2002b). "Serving the World's Poor, Profitably." *Harvard Business Review*, vol. 80, pp. 1-11.

Prahalad, C. K. and Hart, Stuart L. (2001). "Strategies for the Bottom of the Pyramid: Creating Sustainable Development." PowerPoint Presentation. Available at: http://pdf.wri.org/2001summit_hart.pdf

Prahalad, C.K. and Liberthal, K. (2003). *The End of Corporate Imperialism (HBR Classic).* Harvard Business Reviews. August 2003.

Prieto-Carrón, Marina, Lund-Thomsen, Peter, Chan, Anita, Muro, Ana, and Bhushan, Chandra (2006). "Critical Perspectives on CSR and Development: What We Know, What We Don't Know, and What We Need to Know". *International Affairs (Royal Institute of International Affairs),* vol. 82, no. 5, September 1, 2006, pp. 977-987.

Quintero Marín, Rodrigo A. (2004). *Desarrollo Integral Local una Propuesta Para Superar la Exclusión*. Editorial Fundación Social. Bogotá: Colombia.

Rasche, Andreas, Palazzo, Guido, Scherer, Andreas Georg, and Spicer, André (2013). "Managing for Political Corporate Social Responsibility", *Journal of Management Studies.* Call for Papers.

RedEAmérica Website. Available at:
http://www.redeamerica.org/

Ring, Peter, S. and Rands, Gordon (1989). "Sensemaking, understanding, and Committing: Emergent Interpersonal Transaction Process in the Evolution of 3M's Microgravity Research Program". In A. H. Van de Ven, H. L. Angle & M. S. Poole (eds). *Research on the Management of Innovation: The Minnesota Studies*, New York: Ballinger, pp. 337-366.

Ring, Peter, S., and Van de Ven, Andrew H. (1989). "Formal and Informal Dimensions of Transactions". In H. L. Angle and M. S. Poole (eds). *Research on the Management of Innovation: The Minnesota Studies*, New York: Ballinger, pp. 171-192.

Robertson, Roland (1995). "Glocalization: Time-Space and Homogeneity-Heterogeneity". In Featherstone, Mike, Scott, Lash, and Roland, Robertson (eds). *Global Modernities.* London: Sage Publications, pp. 25-44.

Roland, Denise (2014). "Emerging Market Weakness hits Nestlé". *The Telegraph*, February 13, 2014. Available at:
http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/106367 32/Emerging-market-weakness-hits-Nestle.html

Rubenstein, Madeleine (2012). "Emissions from the Cement Industry". Columbia Climate Center, The Earth Institute, Columbia University. Article written on September 5, 2012. Available at:
http://blogs.ei.columbia.edu/2012/05/09/emissions-from-the-cement-industry/

Scherer, Andreas Georg and Smid, Marc (2000). "The Downwards Spiral and the U.S. Model Business Principles. Why MNEs Should Take Responsibility for the Improvement of World-Wide Social and Environmental Conditions?" *Management International Review*, vol. 40, pp. 351-371.

Scherer, Andreas Georg, Palazzo, Guido, and Baumann, Dorothée (2006). "Global Rules and Private Actors: Towards a New Role of the Transnational Corporation in Global Governance". *Business Ethics Quarterly*, vol. 16, no. 4, pp. 505-532.

Scherer, Andreas Georg and Palazzo, Guido (2007a). "Toward a Political Conception of Corporate Responsibility – Business and Society Seen From a Habermasian Perspective". *Academy of Management Review*, vol. 32, no. 4, pp. 1096-1120.

Scherer, Andreas Georg and Palazzo, Guido (2007b). "The New Political Role of Business in a Globalized World – A Review and Research Agenda", PowerPoint Presentation at the Department of Management, Technology, and Economics (MTEC), ETH Zürich, on December 19, 2007.

Scherer, Andreas Georg and Palazzo, Guido (2008a). "Globalization and Corporate Social Responsibility". *The Oxford Handbook of Corporate Social Responsibility.* Crane, A., McWilliams, A., Matten, D., Moon, J., Siegel, D. (eds). Oxford: Oxford University Press, pp. 413-431.

Scherer, Andreas Georg and Palazzo, Guido (eds) (2008b). *Handbook of Research on Corporate Citizenship.* Edward Elgar Publishing Limited.

Scherer, Andreas Georg and Palazzo, Guido (2011). "The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and Its Implications for the Firm, Governance, and Democracy". *Journal of Management Studies*, vol. 48, no. 4, pp. 899-931.

Schiff, Jacob (2008). "Confronting Political Responsibility: The Problem of Acknowledgment". *Hypatia,* Special Issue: In Honor of Iris Marion Young: Theorist and Practitioner of Justice, vol. 23, pp. 99-117.

Schmidheiny, Stephan (2006). "A View of Corporate Citizenship in Latin America". *Journal of Corporate Citizenship*, vol. 21, pp. 21-24.

Schrempf, Judith (2012). "The Delimitation of Corporate Social Responsibility: Upstream, Downstream, and Historic CSR". *Business and Society*, vol. 51, no. 4, pp. 690-707.

Schrempf, Judith (2014). "A Social Connection Approach to Corporate Responsibility: The Case of the Fast-Food Industry and Obesity". *Business and Society*, vol. 53, no. 2, pp. 300-332.

Schumpeter, Joseph, Alois (1989). *Essays on Entrepreneurship, Innovations, Business Cycles, and the Evolution of Capitalism*. Edited by Richard V. Clemence. Transaction Publishers, New Brunswick, New Jersey.

Shared Value Initiative Website. Available at:
https://www.sharedvalue.org

Simanis, Erik and Hart, Stuart L. (2008). "The Base of the Pyramid Protocol: Toward Next Generation BoP Strategy". *Center for Sustainable Global Enterprise Publication*, Johnson School of Management, Cornell University, pp. 1-51.

Simon, Michele (2010). "Nestlé Stoops to New Low, Launches Barge to Peddle Junk Food on the Amazon River to Brazil's Poor". Alternet Website article, July 08, 2010. Available at:
http://www.alternet.org/story/147446/nestle_stoops_to_new_low,_launches_barge_to_peddle_junk_food_on_the_amazon_river_to_brazil%27s_poor

Sion, Avi (2014). *The Logic of Causation: Definition, Induction and Deduction of Deterministic Causality*. CreateSpace Independent Publishing Platform. Chapter available at:
http://www.thelogician.net/4_logic_of_causation/4_chapter_01.htm

Swiss Federal Institute of Intellectual Property Website. Available at
https://www.ige.ch/en/indications-of-source/swissness.html

TADA Conference (2014). The Transatlantic Doctoral Academy on Corporate
Responsibility (TADA) Conference took place in Montréal, Canada the week
of April 28-May 3, 2014. TADA Website available at:
http://www.doctoral-academy.net/

The Economic Commission for Latin America and the Caribbean (ECLAC)
Website. Available at: http://www.eclac.org/

The Economic Commission for Latin America and the Caribbean ECLAC
(2010). "Millennium Development Goals – Advances in Environmentally
Sustainable Development in Latin America and the Caribbean". United
Nations Publication, Santiago, Chile, pp. 1-218. Available at:
http://www.eclac.cl/publicaciones/xml/2/38502/2009-697-ODM-7-WEB.pdf

The Economic Commission for Latin America and the Caribbean ECLAC
(2012). "Poverty Continues to Fall in Latin America, But Still Affects 167
Million People". Press Release, November 27, 2012. Available at:
http://www.eclac.cl/cgibin/getProd.asp?xml=/prensa/noticias/comunicados/9/
48459/P48459.xml&xsl=/prensa/tpl-i/p6f.xsl&base=/washington/tpl-i/top-
bottom.xsl

The Economic Commission for Latin America and the Caribbean ECLAC
(2014). "Social Panorama of Latin America". United Nations Publication,
Santiago, Chile, pp. 1-285. Available at:
http://repositorio.cepal.org/bitstream/handle/11362/37627/S1420728_en.pdf?
sequence=4

The Economist (2011). "Schumpeter: Oh, Mr. Porter". March 10, 2011. Available at:
http://www.economist.com/node/18330445?zid=316&ah=2f6fb672faf113fdd3b11cd1b1bf8a77

The Good Country Index. Available at:
http://www.goodcountry.org/overall

Tracey, Paul, Phillips, Nelson, and Haugh, Helen (2005). "Beyond Philanthropy: Community Enterprise as a Basis for Corporate Citizenship". *Journal of Business Ethics*, vol. 58, pp. 327-344.

United Nations Publication (2011). "The Millennium Development Goals Report 2011". United Nations. Available at:
http://www.un.org/millenniumgoals/pdf/(2011_E)%20MDG%20Report%202011_Book%20LR.pdf

United Nations Global Compact Website. Available at
http://www.unglobalcompact.org/AboutTheGC/index.html

United Parcel Service of America (UPS) Corporate Responsibility Website. Available at: http://www.responsibility.ups.com

Villar, Rodrigo (2007). "Vinculando el Desarrollo de Base con el Desarrollo Local: Estrategias de Intervención de los Miembros de RedAmérica". Fundación para el Desarrollo Institucional de Organizaciones Sociales (Fundación DIS). Available at
http://www.cca.org.mx/ps/lideres/cursos/db001_3/conte/m5/pdfs/vinculando_eldesarrollo_debase_conel_desarrollo_local.pdf

Villar, Rodrigo (2009). "El Fortalecimiento de Capacidades y el Apoyo al Desarrollo Desde las Bases: la Experiencia de Rede América". CEU Ediciones. No. 6, 2009. Available at: http://www.fondosalavista.mx/docs/biblioteca-falv/cecod---fortalecimiento-de-capacidades-experiencia-de-redeam%C3%A9rica---2009.pdf?sfvrsn=2

Visser, Wayne (2008). "Corporate Social Responsibility in Developing Countries". In Andrew Crane, Abagail McWilliams, Jeremy Moon, Dirk Matten, and Donald Siegel (eds), *The Oxford Handbook of Corporate Social Responsibility*. Oxford University Press, pp. 473-479.

Visser, Wayne (2011). *The Age of Responsibility, CSR 2.0 and the New DNA of Business*. Wiley Publishers.

Vogel, David (2010). "The Private Regulation of Global Corporate Conduct". *Business & Society*, vol. 49, no. 1, pp. 68-87.

Warner, Michael and Sullivan Rory (2004). *Putting Partnerships to Work—Strategic Alliances for Development between Government, the Private Sector and Civil Society*. Greenleaf Publishing Limited: Sheffield, United Kingdom.

Werneck, Nisia, Travassos, Juliana, and Nascimento, Paulo S. (2013). "Ortópolis 10 Anos: Lições Aprendidas, Dilemas e Desafios". NOW Consultoria e Projetos. Internal Document written for Instituto Holcim Brasil.

Whelan, Glen (2012). "The Political Perspective of Corporate Social Responsibility: A Critical Research Agenda". *Business Ethics Quarterly*, vol. 22, no. 4, pp. 709-737.

Whelan, Glen (2013). "Political Corporate Social Responsibility: Some Clarifications". *Business Ethics Journal Review*, vol. 1, no. 10, pp. 63-68.

World Business Council for Sustainable Development Website. Available at: http://www.wbcsd.org/home.aspx

Yakovleva, Natalia and Vazquez-Brust, Diego (2012). "Stakeholder Perspectives on CSR of Mining MNCs in Argentina". *Journal of Business Ethics*, vol. 106, no. 2, pp. 191-211.

Yin, Robert K. (2009). *Case Study Research, Design and Methods* (4th). Thousand Oaks: Sage.

Young, Iris Marion (2000). *Inclusion and Democracy.* Oxford: Oxford University Press.

Young, Iris Marion (2004). "Responsibility and Global Labor Justice". *Journal of Political Philosophy,* vol. 12, no. 4, pp. 365-388.

Young, Iris Marion (2006). "Responsibility and Global Justice: A Social Connection Model". *Social Philosophy and Policy*, vol. 23, no. 1, pp. 102-130.

Young, Iris Marion and Nussbaum, Martha (2011). *Responsibility for Justice.* Oxford: Oxford University Press.

Zimmerman, Alexander, Gomez, Peter, Probst, Gilbert, and Raisch, Sebastian (2014). "Creating Societal Benefits and Corporate Profits". *MIT Sloan Management Review.* Spring 2014.

6th International Conference on Corporate Sustainability and Responsibility held at Humboldt Universität zu Berlin on October 8-9, 2014. Available at: http://www.csr-hu-berlin.org/

Annex 1: International Entities, Documents, and Standards Promoting Corporate Social Responsibility

United Nations Universal Declaration of Human Rights (approved in 1948)
http://www.un.org/en/universal-declaration-human-rights/

Geneva Conventions (1949) and *Their Additional Protocols* (International Humanitarian Law)
https://www.icrc.org/eng/war-and-law/treaties-customary-law/geneva-conventions/overview-geneva-conventions.htm

International Covenant on Civil and Political Rights (ICCPR) (1966)
http://www.ohchr.org/Documents/ProfessionalInterest/ccpr.pdf

International Covenant on Economic, Social and Cultural Rights (ICESCR) (1966)
http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx

Bruntdland Report (1987) by the World Commission on Environment and Development
http://www.un-documents.net/our-common-future.pdf

ILO Declaration on Fundamental Principles and Rights at Work (1998)
http://www.ilo.org/declaration/lang--en/index.htm

United Nations Global Compact's Ten Principles (2000)
https://www.unglobalcompact.org/what-is-gc/mission/principles

Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (2003), United Nations Commission on Human Rights
http://www1.umn.edu/humanrts/business/norms-Aug2003.html

ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (2006)
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf

Protect, Respect and Remedy: a Framework for Business and Human Rights (2008)
http://www.reports-and-materials.org/sites/default/files/reports-and-materials/Ruggie-report-7-Apr-2008.pdf

OECD Guidelines for Multinational Enterprises (2011 Edition)
http://www.oecd.org/daf/inv/mne/48004323.pdf

United Nations Guiding Principles on Business and Human Rights (2011)
http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

The Corporate Responsibility to Protect Human Rights (2012), United Nations Humans Rights Office of the High Commissioner
http://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf

United Nations Forum on Business and Human Rights (2012, 2013, 2014, 2015)
http://www.ohchr.org/EN/Issues/Business/Forum/Pages/2015ForumBHR.aspx

Annex 2: Companies, Institutions, and Organizations Websites

- **Abdul Latif Jameel – Poverty Action Lab**: a network of 51 affiliated professors around the world who use Randomized Evaluations (Res) to answer questions critical to poverty alleviation. Massachusetts Institute of Technology, Massachusetts, USA.
  http://www.povertyactionlab.org/sites/default/files/publications/

- **Acción RSE** – Empresas por un Desarrollo Sustentable in Chile. Organization to promote and assist companies with Corporate Social Responsibility in Chile. Based in Santiago de Chile. http://www.accionrse.cl/app01/home/mision.html

- **AccountAbility:** Provides the widely used AA1000 standards to help organizations become more accountable, responsible, and sustainable. http://www.accountability.org/

- **Base of the Pyramid Protocol**: Business incubation process that enables Multinational corporations to generate new business opportunity at the Base of the Pyramid. http://www.bop-protocol.org/

- **CSR News:** The Corporate Social Responsibility Network for news, reporting, and literature. http://www.csr-news.net/

- **CSRwire.com**: The leading source of corporate social responsibility and sustainability news, reports, events and information. http://www.csrwire.com/

- **Dow Jones Sustainability Indexes**: the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide http://www.sustainability-index.com/

- **Ethos Institute – Business and Social Responsibility**: Non-governmental organization created with the mission of mobilizing and helping companies to manage their businesses in a socially responsible manner, and helping them become partners in the construction of a fair and sustainable society. Based in São Paulo, Brazil http://www.ethos.org.br/DesktopDefault.aspx?Alias=ethosEnglish&Lang=pt-BR&TabID=3889

- **Global Reporting Initiative (GRI):** Develops and disseminates globally applicable "Sustainability Reporting Guidelines" for voluntary use by organizations reporting on economic, environmental, and social performance. Secretariat in Amsterdam, The Netherlands. http://www.globalreporting.org/Home

- **Globescan**: Global public opinion and stakeholder research for successful strategies. Offices in London, San Francisco, Toronto, and Washington, D.C. http://www.globescan.com/

- **International Organization for Standardization (ISO):** International-standard setting body composed of representatives from various national organizations. Based in Geneva. http://www.iso.org/iso/home.htm

- **Monitor Group – Monitor Inclusive Markets:** Created to understand and catalyze activity in low-income markets, and to provide solutions. Understanding the business models currently operating in India's BoP. http://www.mim.monitor.com/about.html

- **MyC4**: Online marketplace that connects investors (with as little as 5 Euros) directly with African entrepreneurs who lack capital to develop their businesses. http://www.myc4.com/

- **Peru 2021**: Non-profit association for the expansion of Corporate Social Responsibility in Peru. Based in Lima, Peru.   http://www.peru2021.org/

- **Social Accountability International (SAI):** Promoting the human rights of workers around the world. Based in New York City, NY, USA. Created the SA8000, which is the global social accountability standard for decent working conditions. http://www.sa-intl.org/

- **SustainAbility**: Independent think tank and strategy consultancy. Offices in New York City, San Francisco, Washington, D.C., London, and New Delhi. http://www.sustainability.com/

- **The Fair Trade Foundation:** An independent non-profit organization that licenses use of the Fair Trade mark on products in accordance with internationally agreed Fair trade standards. http://www.fairtrade.org.uk/

- **Transparency International:** The global civil society organization and coalition to fight against corruption. http://www.transparency.org/

- **UNCTAD – United Nations Conference on Trade and Development:** Promotes the development-friendly integration of developing countries into the world economy. Based in Geneva, Switzerland. http://www.unctad.org/Templates/Startpage.asp?intItemID=2068&lang= 1

- **United Nations Global Compact:** United Nations founded strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. http://www.unglobalcompact.org/

- **United Nations Millennium Development Goals (MDGs):** Eight international development goals that all 192 United Nations member states and approximately 23 international organizations have agreed to achieve by the year 2015. The goals include eradicating poverty, reducing child mortality rates, providing universal primary education, fighting disease epidemics such as AIDS, and developing a global partnership for development. http://www.un.org/millenniumgoals/

- **World Business Council for Sustainable Development (WBCSD):** is a CEO-led, global association of approximately 200 companies dealing exclusively with business and sustainable development. Offices in Geneva, Switzerland and Washington, D.C., USA. http://www.wbcsd.org/templates/TemplateWBCSD5/layout.asp?MenuID=1

Annex 3: The United Nations Global Compact's Ten Principles

http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

Human Rights
- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Annex 4: Aarhus School of Business – Successful Criteria for Social Innovation Chart

Krull, Per (2009) "CSR Sustainability and Social Innovation Presentation". Aarhus School of Business, University of Aarhus, Denmark. Available: http://www.perkrull.dk/wp-content/uploads/prc3a6steam15jan09krullkey.pdf

---

Aarhus School of Business - University of Aarhus, Denmark

Success Criteria for Social Innovation

To succeed with social innovations the following criteria could be one way of measure the
strength and ability to grow and create value in a long-term perspective:

The project should:

1. be an innovative solution to some urgent social needs or challenges
2. have a human and a commercial purpose
3. be a part of processes for a business-strategy for companies
4. have a win – win – win ambition, creating value for all stakeholders
5. contain binding partnerships
6. produce possibilities for new innovative projects
7. cross borders between organizations, sectors and disciplines
8. contain new combinations or hybrids of existing elements
9. have a huge impact on society and on a large number of people
10. be realized with strong ethically influence
11. improve people's lives
12. create new social relationships

Source: University of Aarhus, Denmark: http://www.asb.dk/

CURRICULUM VITAE

ROCIO ROBINSON

PERSONAL PROFILE

Highly motivated individual with strong communication skills. Good humoured/confident under pressure. Proven leadership in implementing and managing projects. Works well independently and in teams. Global mindset. Broad experience with sustainability and CSR. Strong analytical and conceptual skills. Nationality: U.S.A. and Honduras

KEY SKILLS

| **Languages**: | English: Native Speaker | French: Fluent (5/5 LSE Cert.) |
| | Spanish: Native Speaker | German: Very High/Level C1 |

| **Computer**: | Microsoft Word, Excel, PowerPoint |
| **UBS:** | CAWB, Abacus, Subitop, Cosima |

EDUCATION

2009 – 2016   **Universität St.Gallen (HSG)**, St. Gallen, Switzerland
Doctoral Degree in Organization Studies & Cultural Theory (Ph.D. DOK)
Centro Latinoamericano-Suizo de la Universidad de St.Gallen (CLS-HSG)
Transatlantic Doctoral Academy on Corporate Responsibility (TADA)

2007 – 2008   **London School of Economics and Political Science**
London, United Kingdom
Master's in Comparative Politics – focus Emerging Markets

EDUCATION cont.

1995 – 1998   **Smith College**, Northampton, Massachusetts, USA
Bachelor's in Political Science
Minor in Comparative French and Spanish

1996 – 1997   **Institut universitaire de hautes études internationales et du développement (IHEID)**, Geneva, Switzerland
Smith College Junior Year Abroad (coursework in French)

PROFESSIONAL EXPERIENCE: CSR, Banking, NGO, Teaching

2011 – 2014   **Fondation Guilé, CSR/ Sustainability Analyst**
(part-time), Zürich, Switzerland, Reporting on the UN Global Compact, emerging markets

2007 – 2009   **UBS – Know Your Client Researcher**
Wealth Management International, Zürich, Switzerland
Compliance/legal, anti-money laundering in South America

2006 – 2007   **FORUT (Norwegian NGO) – Assistant Project Coord.**
(Volunteer), Freetown, Sierra Leone (West Africa)
Projects with education, nutrition, water sensitization

2003 – 2006   **Teaneck High School - French and Spanish Teacher**
New Jersey, USA, Taught all levels of French and Spanish

1999 – 2003   **Bear Stearns - Administrative Support and Research**
New York City, USA, Projects with M&A in emerging markets

ADDITIONAL

2015 – 2016   **PuntoLatino.ch / Member of the Board and Journalist**