

# Creating shared value in the civil sector

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# Objectives

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Introduce shared value

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What does shared value mean to us, at MT

3

What could it mean for you?

4

Sharing

# What is Shared Value?

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Shared value creation focuses on **identifying and expanding the connections between societal and economic progress.**

For businesses: 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.

# Roots of Shared Value

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Professors Michael Porter and Mark Kramer

Their belief that the capitalist system is under siege

Against the narrow view of Corporate value creation - optimising short-term financial performance, while missing the most important customer needs and ignoring the broader influences that determine longer-term success

Against the presumed trade-offs between economic efficiency and social progress that have been institutionalised in decades of corporate policy

# Moving beyond trade-offs

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Providing societal benefits *does not* temper success for businesses

Businesses cannot respond to externalities, like pollution, only through taxes, regulations or penalties, or corporate responsibility programs that manage reputation

Shared value recognises that societal needs not economic needs define markets.

# Moving beyond trade-offs

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Not about redistribution, instead about expanding the total pool of economic and social value

Fair Trade - increase the revenue farmers earn from crops by ensuring they get paid higher for same crops (10 - 20% increase)

A shared value approach to that - can farmers' efficiency, yields & product quality be improved in a way that the overall pie of revenue increases? (300% increase)

# Implications of Shared Value for Civil Society

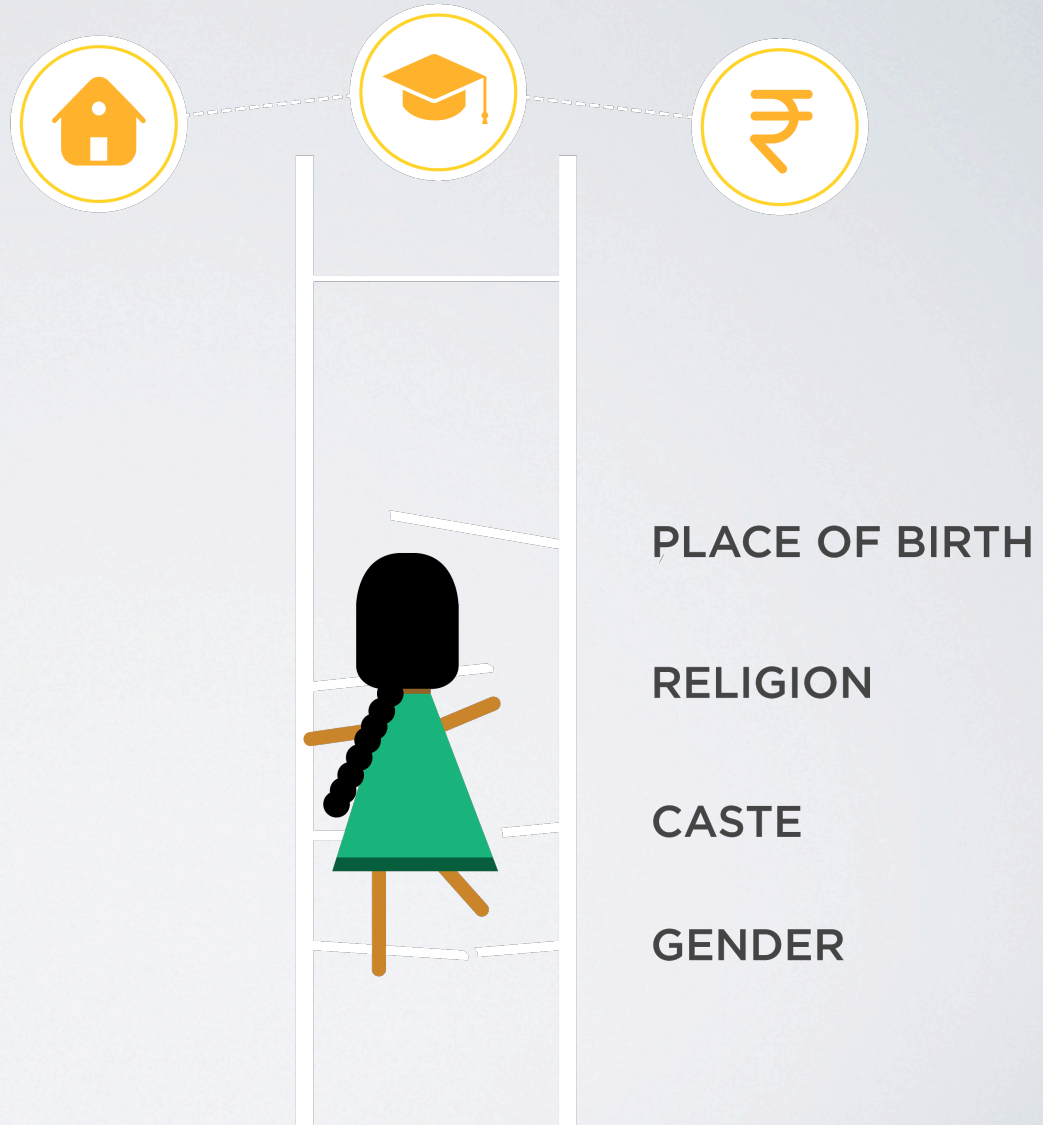
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The principle of shared value creation cuts across the traditional divide between the responsibilities of business and those of government or civil society. From society's perspective, it does not matter what types of organisations created the value. What matters is that benefits are delivered by those organisations—or combinations of organisations—that are best positioned to achieve the most impact for the least cost

# Lottery of Birth

**17%** wage inequality from family background alone\*

(Singh, 2010)





# Our Problem Statement

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In a rapidly changing labour market, young people whose schools, parents and communities are ill-equipped to provide them emotional and critical thinking skills, role models and diverse opportunities, find themselves left behind.

Despite advancements in reducing poverty, India historically has fared poorly in the field of social mobility. Studies find substantial intergenerational persistence, particularly in the case of low-skilled and low-paying occupations (Motiram and Singh, 2012)

# On the other side

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80% of engineering graduates  
are unemployable

- Aspiring Minds National Employability Report, 2015

In 2012

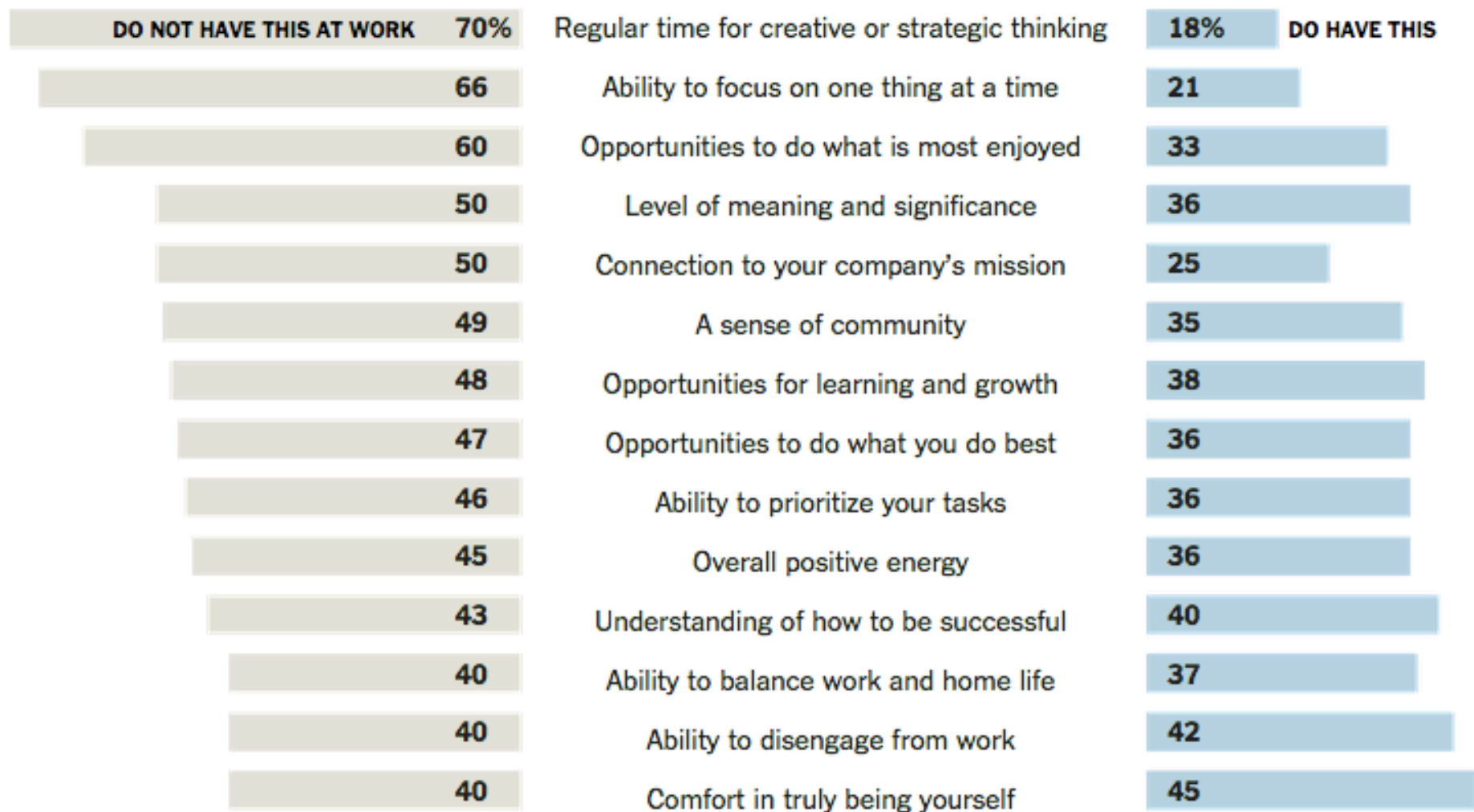
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India was the worst place  
amongst G-20 countries to be  
a women

A serious juvenile offender  
can cost society upwards of  
\$500,000 during adolescent  
years

## White-Collar Salt Mine

A 2013 survey of 12,115 workers worldwide found that many lacked a fulfilling workplace.



94 percent of those surveyed were in white-collar jobs; 6 percent were in blue-collar jobs.

Source: The Energy Project

# Traditional business thinking

Expensive retraining and unlearning programs for new college graduates

Safety & well-being of employees through internal policies

Community give back through one-time activities

# Shared Value Proposition

Build leadership, community sensitivity, and empathy in your workforce,

by

Helping them mentor and train young people from social or economic disadvantage, on critical life skills and work skills

that

Will increase your employees' well-being, productivity and sense of pride in your organisation, &

Will create a more work-ready future workforce and more connected local communities

A photograph of two women sitting outdoors, smiling and talking. The woman on the left has long dark hair and is wearing a patterned top. The woman on the right has her hair pulled back and is wearing a dark top. They are sitting on a patterned cushion. The background is a blurred outdoor setting with greenery and a building.

## Frameworks of Shared Value

- 1. Re-conceive products or markets to meet societal needs**
- 2. Utilise resources, suppliers, logistics & employees more productively**
- 3. Improve the local business environment**



# **Products & Markets**

**Wells Fargo - product that helps customers pay down debt**

**GE's green line of products -  
Ecomagination**

**Thomson Reuters provides farmers in India a \$5 subscription service for crop & weather information**

# Re-looking at Value Chain

**Walmart - reduced packaging and rerouted trucks to cut 100 million miles from its delivery routes**

**Hindustan Unilever has a cadre of rural women entrepreneurs who distribute their products in rural India**

# Improve local environment

Building clusters to improve company productivity while addressing gaps or failures in the framework conditions surrounding the cluster

E.g Infosys in India building a University teacher training cluster to ensure teachers teach in industry-ready ways



**What could it mean for your  
association or the organisations  
in your association to take a  
shared value approach ?**

**What problem are you trying to solve and what greater ask do you have from stakeholders?**

**Can they see it from a shared  
value perspective - new  
products or markets; greater  
use of their value chain; or  
improving local clusters.  
Others?**