

NETWORK

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From Global Trader To Global Citizen

After years of globalization, there is growing interest in the role corporate citizenship plays for companies that have substantial revenues, people and operations outside the United States.

How is corporate citizenship practiced in other countries? How do you respond to local cultures, needs and opportunities, not to mention variances in tax codes and public expectations? What can be done to strengthen contributions, community involvement and citizenship around the world?

These were the key questions posed in interviews that The Consulting Network (TCN) conducted with four people deeply involved in global citizenship programs:

- ◆ Renée Acosta, president of International Service Agencies.
- ◆ Richard Mund, executive director of Mobil Foundation.
- ◆ Juan M. Sabater, a consultant on international corporate and volunteer strategies, the executive director of Reach & Teach U.S.A. and the former

director of IBM's Corporate Social Policy and Programs and the former vice president of IBM's International Foundation.

- ◆ Lori A. Vacek, a consultant on international corporate citizenship, especially in the Asian market, and a former staff member at the Council on Foundations.

"The key challenge is managing cultural differences - developing local buy-in and understanding the appropriateness of making what we call charitable contributions in all countries," said Mund. "In many places, these remain primarily the responsibility of government."

Sabater agreed that local buy-in, especially among line managers, is critical. "You've got to develop a culture in the management team that corporate citizenship adds value to the business. Then, local management will want to be involved because it will help them meet their goals. Other issues, such as resources, whether to do volunteerism or in-kind giving ... all that is

relatively easy once the line management understands the value and is committed."

Strategy also is important when a company becomes more global, said Vacek. "Once a company moves into the international market, community issues surface. Companies begin to ask, 'What can we do to develop a strong employee base? What can we do to promote economic vitality in this community? What health and safety issues do we need to be concerned with from an employee, customer and community perspective?'"

Often, just meeting employee needs also benefits the foreign community. For example, if Mobil enters an underdeveloped area, the company may need to develop roads, a water supply and health care delivery for emergencies and accidents. This provides an infrastructure that can offer long-term benefits to the community.

HONORING THE HOST CULTURE

John Coy, TCN's president, said, "While global citizenship must be responsive to culture variances, there also are certain values that transcend political borders and are part of running a successful business - an educated work force, basic health and welfare services, stable communities and respect for the environment. We suggest that clients begin by working closely with the community and its leaders to identify how to approach support of these basic needs."

Global citizenship programs with the most success are those that incorporate and respect the traditions, issues and needs of their host countries, Vacek noted.

"You must understand how the community is defined, including its cultural traditions, its demographics and social needs and the role of government," she said. "For example, in Asia, there is a strong tradition of giving within family businesses and by individuals. In Europe, many believe that it is more appropriate for the government to support social needs."

Sabater added that community support is crucial. "I know of companies that helped build community centers in disadvantaged communities using their own product, and found that during the building, a lot of bricks

were stolen. But, if the community says it's their project, the bricks can be out in the middle of a field, and no one will touch them."

In addition, Sabater said that working with local nongovernmental organizations (NGOs) to build infrastructure is key. "The more the community buys into and participates in the planning and implementation, the more sustainable the project will be. It's all part of the greater plan, which should include an exit strategy. When the company

Most companies tend to use a centralized approach to developing global policy and a decentralized approach to implementing their international giving activities.

– 1997 Study by The Consulting Network

support ends, local leadership, experience and commitment should be in place to carry on. If not, all the good work will have been for naught."

"We all fall into the trap of imposing our ideas, even in the most knowledgeable of situations," Sabater noted. "It's the easiest way, and it solves our problems. But, there is a tradition of people helping people in all

cultures. We have to encourage the methodology of volunteerism in the country where we're doing business."

CREATING A WIN-WIN ENVIRONMENT

Acosta, of International Service Agencies, which represents U.S. 501(c)(3) organizations working around the world, noted that the collaboration between businesses and communities is necessary and productive.

"Improving the quality of life and the living conditions of the citizens who work for U.S. companies in the developing world is a natural by-product of companies establishing operating units," she said.

"Satisfying business and citizenship goals requires a multiple approach, and companies have used various approaches," Vacek said. "In addition to appointing regional public affairs managers, Levi Strauss has employee committees around the world - a team approach that helps build bottom-up support. BP Oil Company has employee involvement at many levels to promote involvement and to continually articulate the rationale for community involvement. Intel has public affairs managers in foreign countries to facilitate the process."

"It is important for U.S. multinational managers to help

educate country managers, make site visits and set up employee teams depending on the interest level, time and resources available," Vacek said.

"The big change for us is that more and more is being coordinated from headquarters," Mund said. "We want to make sure that we have uniformity in the caliber and quality of programs but at the same time recognize that local cultural differences can significantly alter how we react in one country versus another."

"Sharing what works is very important," according to Sabater. "Often the best practices already exist. If you have a successful program in Argentina, and the Chinese want to do something similar, you can help leverage that and build communications."

Indeed, Mobil is developing a training tape for countries that want to replicate a highly successful program in Thailand in which school children meet with community elders to learn about and slow down the deforestation process. Mobil helped make possible the program, which brought together the Thailand government, educational system and other resources.

An ultimate "win" in the business-philanthropic collaboration may be a better world. "The global citizenship of companies is integral to prosperity," Acosta said.

"Business development is the Main Street that leads to improved lives through employment, education and health."

Evaluate programs to identify outcomes and make adjustments where needed." Mund said that as the global citizenship program

FACTORS TO CONSIDER

- ◆ The key elements of an effective program.
- ◆ The fundamental issues or problems the company should expect to encounter.
- ◆ How to define international funding priorities and focus areas.
- ◆ How to manage and administer the program.
- ◆ How to fund the program.
- ◆ How to effectively evaluate and monitor grant recipients.

CHALLENGES CORPORATE MANAGERS FACE

Sabater noted that corporate managers of global citizenship programs often are appointed to the job with little experience and understanding of the position.

"The key challenge for managers new to international citizenship and contributions, at least in the first few months, is to listen, study and build a profile of information about the subject. It is important to talk to and understand those who have a vested interest in international activities. This includes line management and personnel from marketing, human relations, government relations and communications."

Vacek agreed. "Start slow and consider piloting some activities.

emerges, corporate managers may not know what projects are worthy of undertaking in other countries.

"In addition to help within Mobil, we are turning increasingly to key international organizations that can identify critical needs and organizations in various countries that can respond. There are several out there, and some of the ones we've used include International Service Agencies; United Way International; the American Red Cross; Save the Children; ACCION International and FINCA International."

Mund added that U.S. managers must be ready for a big time, long-term, commitment - more than 40 hours per week - and the fact that getting money to the intended recipient can be difficult at times. "Using international organizations, like International Service Agencies or the Red Cross, to funnel funds can be helpful."

TAX AND REGULATORY STRATEGIES

Companies with global citizenship programs can make contributions several ways, each with U.S. tax implications:

- ◆ Through U.S. 501(c)(3) organizations operating overseas.
- ◆ Through non-U.S. entities with 501(c)(3) status.
- ◆ Through overseas government units without 501(c)(3) status.
- ◆ Through overseas organizations with the equivalent of 501(c)(3) status.
- ◆ Through other overseas organizations.

“Though in general it is easier to make grants from a foundation than directly from the corporation, corporate managers should take time to understand the laws and regulations in each country,” Vacek said. “Two organizations - The Asia Pacific Philanthropy Consortium and the International Nonprofit Law Center - currently are engaged in efforts to document and analyze the laws and regulations governing charitable giving and the nonprofit sector in countries around the world.”

“In addition, they are advocating for changes to create a more supportive ‘enabling environment’ - the factors that shape the environment within which nonprofit organizations must operate, including the laws and regulations that govern nonprofit operations, charitable giving,

resource development issues and the public’s understanding and support for the sector.”

Sabater made a simple, but serious, suggestion: “You’ve got to get the right advice. You need a good lawyer who makes sure you don’t break the law.”

FINAL THOUGHTS

According to Coy, “The question for most companies is not whether to engage in global community involvement or citizenship but rather how to become a global citizen.

“Although designing an international or global program seems complex, it does not have to be. In fact, it is important to start small and keep the program design simple at first. Most of the barriers are either technical in nature - legal and tax related - or are related to the commitment of

time and resources needed to plan and execute effectively from the start.

“In many ways, the process some Japanese companies used to learn about American contributions and community relations can serve as a useful model. They visited, conducted research and benchmarked U.S.

companies, which gave them a foundation to establish focused programs in education and community involvement.

“It does take time to address many of the internal company operating and policy issues. Once these are addressed, the next critical step is to implement a few programs that will generate success for your international operations. The education of global managers and the lessons learned with these first grants will lay the foundation for a successful program.”

Raising Dollars and Employee Satisfaction: The Workplace Giving Campaign at Sears

“Three years ago, Sears got its associates involved in re-energizing its workplace campaign. Over those three years, total giving has increased by 23 percent in Sears’ Chicago market,” said Steve Greenhalgh of The Consulting Network (TCN).

“Sears realized that the missing spark in the campaign was employee involvement, and that’s when the ‘You Can Make a Difference’ theme was born.”

In addition, the campaign volunteer satisfaction survey that TCN conducted for Sears in January yielded dramatic results.

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Raising Dollars Continued

On a scale of 1-to-10, campaign volunteers ranked their overall workplace campaign satisfaction at 9.8.

If your company is planning a workplace campaign, the following characteristics of effective programs can be helpful. These characteristics are part of a TCN model designed to evaluate and identify opportunities to strengthen your campaign so it is responsive to corporate goals and objectives, supportive of employee interests and inclusive of important issues in the communities where your company has a presence.

CHARACTERISTICS OF EFFECTIVE WORKPLACE GIVING PROGRAMS

The following characteristics represent the standards that leading corporate charitable workplace giving programs demonstrate.

Visible Executive Leadership

- ◆ Executive endorsement and corporate commitment to a strong workplace giving program with defined goals and objectives.
- ◆ Recognition of the value that a workplace giving program adds to the company, its employees and the community by supporting issues important to all stakeholders.
- ◆ Visible and active involvement of senior company officers in the campaign.

- ◆ Middle management support that allows company time for campaign volunteer training, employee meetings and educational activities.
- ◆ Company sponsored or supported leadership giving program for employees at all levels.

Employee Involvement and Ownership

- ◆ An employee committee to evaluate and recommend the workplace campaign design.
- ◆ A process to measure and evaluate employee perceptions and interests regarding charitable giving and the workplace giving program.
- ◆ Sponsorship of workplace giving program activities and events that encourage employee involvement.
- ◆ Promotion of employee and executive volunteer involvement in the community.

Focus on Communication and Education

- ◆ Year-round employee communication regarding services provided and agencies participating in the workplace giving program.
- ◆ Using company communication channels (i.e., newsletters, e-mail, voice mail, payroll stuffers, etc.) to promote employee involvement and participation.

- ◆ Promotional activities, such as agency tours, fairs, and speakers, which offer a chance to learn about how nonprofit agencies address community problems.
- ◆ Retention of personal peer employee solicitation.
- ◆ An employee thank-you and recognition program.

Campaign that Promotes Choice

- ◆ A program that offers employees the opportunity to support a wide range of organizations and issues important to them.
- ◆ Active involvement and participation of a variety of nonprofit organizations.

Use of Technology

- ◆ Communication technology used to inform and educate employees about services provided through the workplace giving program and participating nonprofit organizations.
- ◆ Technology applications that make it easy for employees to contribute.
- ◆ A cost-effective means to process pledges and distribute payment to recipient nonprofit organizations.
- ◆ Technology to monitor campaign progress and provide feedback to campaign volunteers throughout the process.

International Connections

Hundreds of U.S.-based nonprofit organizations operate programs overseas. The Consulting Network has identified the following eight prominent national philanthropic organizations, which engage in international collaborative grant making, providing programs in the areas of community development, disaster and emergency relief, education, health, human services and the environment.

- American Red Cross • CARE • AmeriCares
- Catholic Relief Service -USCC • Goodwill Industries • International Service Agencies
- Institute of International Education
- Salvation Army World Service Office

The following four organizations have the capacity and legal authority to accept donations and manage grants

on behalf of U.S. companies for programs or institutions located outside of the United States.

- CAF America • International. Service Agencies
- Institute of International Education • United Way International.

The Institute of International Education provides collaborative grant making to educational institutions including gifts to higher education. CAF America will accommodate grants to any organization serving a charitable purpose, while International Service Agencies and United Way International focus on health, human services, development and relief.

AMERICAN RED CROSS

Department of International Services
2025 E Street, NW
Third Floor
Washington, DC 20006
(202) 728-6600 - Telephone
(202) 728-6404 - Fax
www.redcross.org/intl/index/html

Mr. Gerald Jones
Director, International Relief and Development

AMERICARES

161 Cherry Street
New Canaan, CT 06840
(203) 972-5500 - Telephone
(203) 966-6028 - Fax
www.americares.org

Ms. Diana Locke
Director, Program Development

CAF AMERICA

1800 Diagonal Road, Suite 150
Alexandria, VA 22314-2840
(703) 549-8931 - Telephone
(703) 549-8934 - Fax

Mr. Tom Walker
President and CEO

CARE

151 Ellis Street, NE
Atlanta, GA 30303-2439
(404) 681-2552 - Telephone
(404) 577-5977 - Fax
www.care.org

Mr. Peter Bell
President and CEO

CATHOLIC RELIEF SERVICES-USCC

209 West Fayette Street
Baltimore, MD 21201-3443
(410) 625-2220 - Telephone
(410) 685-1635 - Fax
www.catholicrelief.crs.org

Mr. Kenneth Hackett
Executive Director

GOODWILL INDUSTRIES INTERNATIONAL

9200 Wisconsin Avenue
Bethesda, MD 20814-3896
(301) 530-6500 - Telephone
(301) 530-1516 - Fax
www.goodwill.org

Ms. Elizabeth Scott
Director, International Programs

INSTITUTE OF INTERNATIONAL EDUCATION

809 United Nations Plaza
New York, NY 10017-3580

(212) 984-5331 - Telephone
(212) 984-5574 - Fax
www.iie.org

Ms. Peggy Blumenthal

INTERNATIONAL SERVICE AGENCIES

66 Canal Center Plaza
Suite 310
Alexandria, VA 22314
(703) 548-2200 - Telephone
(703) 548-0786 - Fax
www.charity.org

Ms. Renée Acosta
President

SALVATION ARMY WORLD SERVICE OFFICE

615 Slaters Lane
P.O. Box 269
Alexandria, VA 22313-6404
(703) 684-5528 - Telephone
(703) 684-5536 - Fax

Mr. Harden White
Executive Director

UNITED WAY INTERNATIONAL

701 North Fairfax Street
Alexandria, VA 22314-2045
(703) 519-0092 - Telephone
(703) 519-0097 - Fax

Mr. Robert Beggan
President