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THE BUCK STOPS WHERE?

Managing the Boundaries of Business Engagement in Global Development Challenges

by Robert Davies and Jane Nelson, January 2003

Globalisation and the opening of markets for business have brought unimagined opportunities for trade and investment. But in a world where there are sharp and dangerous divisions between rich and poor, and over three billion people live on less than $2 a day, there are new challenges for domestic and international business.

Globalisation of opportunity brings globalisation of responsibility – in the form of commitment to high business standards, engagement in solutions to development problems and dialogue for the public good. Employee, consumer and public expectations of business values and leadership are growing, and questions are being raised on how business can be a more pro-active force for good. As a result, CEOs and their management teams increasingly have to address how societal engagement can be aligned with profitable business. This is a challenge for business leaders everywhere, but especially for those with interests in developing or transition economies.

So the questions of boundaries have taken a higher profile than when the IBLF was founded 13 years ago. What is legitimate and feasible for business to do in different circumstances? What are the most effective methods and in what framework? This briefing for the World Bank/IBLF 'European CEO Forum on Development' reviews the changing issues and circumstances, and suggests a road map for CEO action.

New leadership challenges

The world's developing and transition economies offer some excellent business opportunities in terms of access to resources, untapped markets and low-cost production capacity. At the same time, many of these economies suffer from weak or poor governance structures, bribery and corruption, inequality of income and opportunity, human rights abuses, and lack of basic physical and social infrastructure. This creates new business and reputation risks that include but go beyond traditional forms of political and economic risk. It also requires the private sector to take on greater responsibilities for issues such as standards, security, infrastructure, institution building and a host of other matters that would be taken for granted in most OECD countries. In an increasingly inter-connected world, few businesses are immune to the economic and political developments in emerging markets.

UN Secretary-General, Kofi Annan, has spoken of 'problems without passports' – ranging from environmental degradation and the spread of disease, to terrorism, drugs, money-laundering and illegal immigration. Increasingly, these are challenges that governments cannot hope to solve on their own. In a world where the number of multinational companies has risen from 37,000 to over 60,000 and where private capital flows to developing countries have risen about five-fold since 1991, the private sector has a crucial leadership role to play, in partnership with governments and civil society. The central question is what is that role and how does it square with the unprecedented combination of economic downturn, political uncertainty, changing societal expectations and a decline in public trust and investor confidence that most business leaders currently face?

The pressure to sustain or restore profitability and to deliver shareholder value continues unabated. This calls for a focus on increased operational efficiency, productivity, customer service, innovation and risk management, and in some cases fundamental changes in corporate strategy and even business models. At the same time, recent corporate governance scandals, environmental and human rights crises and exposés of companies deemed to be operating with low standards has shone a spotlight on company values, behaviour and impacts. A global public opinion survey released by the World Economic Forum in late 2002, which polled 34,000 people across 46 countries, shows that 48% of people express "little or no trust" in global companies, and 52% expressed the same concerns about large national companies. As the World Economic Forum observes, "*It is difficult to measure the precise economic impact of*

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trust. However, lack of trust leads to weaker business partnerships, higher risks, higher interest rates and lower profit margins."[1]

In almost every industry and country, major companies face growing demands to be more responsible, more transparent, and more accountable. These demands are coming not only from increasingly sophisticated activists and a sympathetic global media, but also from small but vocal groups of consumers, employees, regulators, investors and the general public. There is growing pressure on companies to be accountable for their social and environmental impacts, and to ensure that they 'do no harm' in the countries and communities in which they operate.

There is also growing pressure on companies to innovate and to leverage their core competencies to help find solutions to the problems of poverty such as lack of access to medicines, water and sanitation, energy, food security, digital technology, credit, and education. Companies from the pharmaceutical, information technology and consumer products sectors, to the utilities, construction, chemical and extractive industries, to tourism, finance and professional services are all being called upon to deliver solutions beyond their more wealthy consumer base. In short, business is being called upon to be a 'force for good' whilst remaining competitive and profitable.

Defining what it means in practice to be a 'force for good' and then aligning this with corporate strategies, asset allocations and management systems is likely to be one of the central leadership challenges for business in the 21st century. Being profitable and continuing to create value in tough economic conditions remains the first and most vital step in being a 'force for good'. But the manner in which profit and value is created will come under increasing scrutiny, as will the most effective and legitimate boundaries of business.

Key boundary questions

Some of the boundary issues that are of growing importance and complexity are as follows:

Setting and meeting standards:
How far should companies be expected to go in defining and promoting global standards in areas such as corporate governance, financial accounting and reporting, ethics, environmental impacts, consumer rights, labour conditions and human rights? Is legal compliance sufficient in countries where governments are administratively weak or deemed to be corrupt or illegitimate by their citizens?

Securing staff and assets:
How far should a company go in protecting its people and physical assets in zones of conflict?

Spheres of influence:
How far should 'circles of dependence and responsibility' extend in a company's work force and along its global supply chains and distribution networks?

Supporting public capacity:
Does the private sector have a necessary and legitimate role in helping to build the capacity of public institutions? Should companies play an active role in promoting good governance and tackling corruption beyond their own business activities?

Supplying "public goods":
How far should private enterprise be expected to go in providing people with access to "public goods", ranging from physical to social infrastructure in areas such as water, sanitation, energy, transport, housing, information technology, health services, and education?

Solving broader development problems:
What are the unique competencies of business and how can these be applied to delivering solutions to pressing development problems? Does business have any business in poverty alleviation? If so, how does it tackle this challenge in an innovative and profitable manner? How does it avoid situations of dependency or unrealistic expectations with host countries and communities? How does it avoid 'letting governments off the hook' or substituting the company for government in terms of meeting people's needs and aspirations?

For each of these challenges the question is not only how far *should* a company go, but also how far *can* a company realistically go? The answer to the first question depends on a complex mix of ideology, perceptions, political processes, power dynamics and circumstances. The answer to the second depends on practicalities such as available resources, competencies, skills, time and partners, as well as circumstances. In both cases, circumstances will clearly be different in different geo-political contexts, countries, industry sectors and even localities.

The boundaries change with circumstances

No matter how ideal it may sound in theory, in practice a universal 'one-size-fits-all' approach to corporate responsibility is of questionable value or feasibility. Concepts of universality that serve companies well in terms of setting and communicating core values and standards, are found to be fundamentally challenged by the daily realities of operating in certain locations and situations. The question of boundaries, as with the 'price of doing business', must be related to the circumstances. What is locally practicable and acceptable may not be what is internationally desirable and advocated, yet multinational companies must be able to respond to expectations and operational realities at both levels.

Most leading companies operating from OECD countries now recognize the case for them to adhere to high standards in ethics, financial management and reporting, managing worker and consumer safety, controlling environmental impacts, and addressing other issues such as labour conditions, human rights and community development. Most of them recognize that their responsibilities go beyond traditional philanthropy and beyond basic legal compliance.

If companies are operating in states where there is a reasonable public service infrastructure, democratic institutions, rule of law with equitable enforcement, and transparency and accountability in the public sector, these boundaries of business can be reasonably subscribed. There is still debate on the most effective balance between regulations, market mechanisms and voluntary approaches for influencing corporate behaviour, but the fundamental role of business is relatively straightforward – acting lawfully, producing safe products and services, paying taxes, providing investment, creating opportunities for wealth creation, commercialising new technologies, minimising negative social and environmental impacts, and contributing to local communities.

Whilst companies may have a commitment to meet international standards and contribute to development goals, they cannot do so in a governance vacuum and they cannot do so alone

In many developing countries or economies in transition, which do not yet have a clear framework for managing the public good, these issues get more complicated. In such countries, large numbers of citizens lack access to the most basic services needed to overcome poverty and to create sustainable livelihoods. States may be weak and lack capacity for effective and equitable administration, or they may be lacking in democratic legitimacy, corrupt, repressive, divided by conflict, or even 'failed states'. Depending on the countries in question, companies operating in such states are more likely to face daily operational and strategic challenges created by:

- Inadequate legal frameworks and governance structures to ensure fair and equitable administration of justice and regulations
- Weak, authoritarian, or failing public sector institutions
- Bribery and corruption
- Human rights violations
- High levels of poverty and inequality in the distribution of resources and livelihood opportunities
- Lack of access to basic services such as education, healthcare, energy, water and sanitation, and telecommunications
- Strict press controls
- Existing or potential civil conflict
- Antagonism towards foreign investors and western consumerism.

While companies may have a commitment to meet international standards and contribute to international development goals, such as the *Millennium Development Goals* agreed by all Member States of the United Nations, they cannot do so in a vacuum and they cannot do so alone. The governance framework within which they operate has an important impact and in many countries – arguably in most developing and transition economies - this framework is far from adequate. In such situations, if companies are to reap the potential benefits of investing in these countries, or at a minimum protect their assets, they must manage new types of risk and help to deliver innovative solutions to new types of problem. In many cases their local managers must deal with high levels of paradox and complexity on a daily basis.

New leadership challenges *continued*

Tough questions that won't go away

These are the type of 'boundary challenges' that senior executives and country managers in most major companies are grappling with on an increasingly regular and strategic basis. Business-led organisations such as the IBLF and the World Business Council for Sustainable Development, as well as national business groups such as Philippines Business for Social Progress, South Africa's National Business Initiative, and the Confederation of Indian Industry have been promoting the role of business in development for over ten years, but momentum is gathering in many other quarters.

Over the past two years, for example, every one of the boundary questions listed on page two has been the source of media coverage and activist campaigns. Few industry sectors have remained unaffected. The covers and editorial pages of Business Week, the Economist, Fortune, the Financial Times, the Wall Street Journal and the local business press around the world have all carried major headlines raising questions on the boundaries and responsibilities of business beyond the profitable and legal production of goods and services.

The World Economic Forum has initiated a series of taskforces addressing some of these questions. The European Commission has issued a communiqué and established a multi-stakeholder dialogue forum on corporate social responsibility. The United Nations, the World Bank and a number of bilateral development agencies have initiated dialogues with major companies to explore the changing role of business in development. These include the UN's Global Compact, the World Bank's Business Partners for Development, USAID's Global Development Alliance and the UK DFID's socially responsible business unit. Leading universities and business schools including Harvard, Insead and the Asian Institute of Management, have established corporate responsibility or governance initiatives.

> Many argue that business should stay out of political processes - either because it has no legitimacy to get involved or because doing so gives it undue influence

A recent report produced by the World Economic Forum and IBLF based on a survey of CEOs from 16 countries and 18 industry sectors concluded: "*business leaders around the world are under growing pressure to demonstrate outstanding performance not only in terms of competitiveness and market growth, but also in their corporate governance and corporate citizenship. The linkages between competitiveness, governance and citizenship – at the level of both the firm and the nation – are likely to grow stronger and to become more crucial to the agenda of both public and private sector leaders. Central to all three of these strategic issues is the question of trust. In today's world this includes not only trust and confidence in a company's numbers, products and services, but also in its publicly stated values, its integrity and its leadership.*"[2]

In another report produced by the IBLF in 2002 entitled *Business and Poverty: Bridging the gap*, the authors cite the following business case for companies to get more actively involved in tackling povery[3]:

- Secure business environment - Ensuring good governance, a strong economy and a competent workforce can help companies and the poor to prosper
- Bottom-line benefits - Action on poverty can contribute to profitability for individual companies
- Market development - Innovation can unlock commercial opportunities while meeting the needs of the poor

As interest and activity grows in this field, so does the need to debate and define the boundaries in terms of what business *should* do and *can* do in being an accountable 'force for good' in a complex, uncertain and economically tough global operating environment.

Some opinion formers have argued that too much is being demanded of business and that the public has unrealistic expectations about the contribution business can really make to reduce poverty and address development challenges. Many argue that business should stay out of political processes – either because it has no legitimacy to get involved or doing so gives it undue influence. Economist Martin Wolf of the Financial Times, for example, has argued that, "*Sustainable development is a question of values, and values must be decided by a political process not by business leaders*" and "*…partnership is a new form of corporatism.*"[4]

THE FIVE STAGE CLASSIFICATION OF BUSINESS ENGAGEMENT

Stage 1: Charity, where the company's key motivation is philanthropic

Stage 2: Defensive corporate social responsibility, where the key motivation is reputation protection

Stage 3: Offensive corporate social responsibility, where the aim is to be recognised as a world-class company

Stage 4: Development agent, where the motivation is to help out where governments fail

Stage 5: Global problem-solver, joining others in moving along urgent global problem solving

Source: Jean-François Rischard, Vice President for Europe, The World Bank

Other opinion formers have argued that these are issues business cannot afford not to be actively engaged in. Jeffrey Garten, Dean of the Yale School of Management, for example, comments that, "*… the new era ahead demands a level of public engagement from our business leaders that we have not seen in half a century. It is not at all clear that there is a collective will among top executives to make the necessary changes, not clear that they will see this as their mission, not clear that they will feel they have the time, not clear that they will have the right skills and experience.*"[5]

There will be continued debate on the boundaries of business, but the challenges are unlikely to go away. It is in the interests of individual companies and business associations to be clear about their own position – both in terms of their policies and their implementation capabilities. So what does this involve in practice?

Jean-François Rischard of the World Bank has identified five stages or strategies that companies can go through in engaging in wider societal and development challenges. These are detailed in the box opposite.

Some of the world's leading companies are adopting all five of these approaches to engage in development. Many companies are still operating at Stage 1 or 2. While every stage has a contribution to make, it is Stages 4 and 5 where the potential for greatest impact on development lies, especially when aligned to business interests and competencies. And it is Stages 4 and 5 that are also the most challenging in terms of the leadership and vision needed to move beyond the traditional borders of business.

So, what is the role of the Chief Executive Officer, senior executives and country managers? Although there is clearly no 'one-size-fits-all' approach, there are some common guidelines and principles for any business leader or company that aims to play a leadership role. These are summarised in the Roadmap for CEO action outlined in Section II

II A roadmap for action

1 Communicate and live the values

Any business action to support development should involve:

- setting and implementing **standards** for the way the company's core business operations are undertaken, and
- finding innovative and creative **solutions** to development challenges, either through: the commercial development of products and services; strategic philanthropy, which mobilises business competencies; or transparent public policy dialogue.

But it all starts with **values** and with the crucial role of the CEO, board and senior management in expressing these values and setting the appropriate tone and structure for their integration throughout the company. In particular, there is a need for greater alignment between the company's governance structures and its corporate citizenship objectives. But it is not only about board and management structures. It is about building trust through daily actions and 'walking the talk'. As CEO of Hewlett Packard, Carly Fiorina, has commented, "*Trust means being counted on to do the right thing when nobody is watching.*"[6]

Business leaders can play a crucial role as champions, both in terms of promoting the role that their company and industry *can* play in development and making a clear and confident case for the things that they *cannot* do. As Shell's chairman Phil Watts has commented, "*We think that our standards are a competitive advantage rather than the opposite. But what is business actually responsible for doing? I believe there are things that we must do, things we can do and things we cannot do. We must ensure that our business is carried out responsibly, efficiently and profitably. We can marry business effectiveness with efforts to stimulate wider social benefits. We cannot take on the responsibilities of government.*"[7] There is a growing need for business leaders to engage in the debate on where the responsibilities of government and business begin and end, and where they interact, for example where joint public-private action is needed.

Business leaders can also help to create the right corporate culture and incentives for social and eco-innovation inside their companies. They can communicate areas of difficulty and proposals for solutions to key stakeholders through speeches, investor meetings, community dialogues, and so on. They can play a leadership role by chairing or participating in collective action initiatives in their own industry sector or country, or in multi-sector and stakeholder networks.

2 Define your issues and boundaries

The company will need to understand the corporate responsibility issues that are most relevant to its industry sector and circumstances. These will be determined by factors such as the company's activities, its locations of operation, its markets, its competencies, and its relationships. Even in the same industry sector there will be variables. While adopting global policies and operating procedures for addressing these issues, there needs to be sufficient flexibility and diversity for effective implementation in different circumstances. There are three broad categories of 'boundary' that companies should consider and apply to their own circumstances:

"For us the key issue is not whether we should be engaged in socially responsible business practices, but what the limits should be to our engagement....and how do we define the boundaries?"
Peter Brabeck-Letmathe, CEO, Nestle SA.

- The basic 'non-negotiables' – obey the law and stay in business
- The complex 'non-negotiables' – manage risk and minimise harm
- The 'negotiables' – create positive solutions beyond what is required by law, risk management and protection of short-term value.

3 Engage in dialogue with stakeholders

Engagement in dialogue with other companies, governments, non-governmental organisations and communities will be essential in defining issues, agreeing boundaries and implementing solutions. It will be needed to achieve greater understanding of the respective roles of different sectors. In particular, the nature of business contributions to development – from financial resources to technical and in-kind management support and joint

DEFINING THE BOUNDARIES OF BUSINESS ENGAGEMENT

A The basic 'non-negotiables' – obey the law and stay in business

Taking the actions necessary to remain a viable business entity and to protect legal licence to operate in order to avoid major fines, litigation, reputation damage and in serious cases even imprisonment of executives. In short, being profitable and legally compliant.

B The complex non-negotiables – manage risk and minimise harm

Protecting existing corporate value and reputation, managing risks and protecting societal licence to operate. It calls for clear standards on corporate governance, implementation of internationally accepted standards on human and environmental safety in company processes and products, and identification of new risks that may have a material effect on corporate value, such as climate change, HIV/AIDS and security risks.

C The 'negotiables' – create positive solutions beyond what is required by law, risk management and protection of short-term value

'Going beyond business as usual', creating new societal value as well as corporate value, and taking a leadership position on crucial development issues. It involves delivering creative and innovative solutions to practical problems and projects or to public policy issues. In short, taking actions that are not required by law or to stay in business, but which have beneficial impacts for host countries and communities, as well as the company. It includes:

Creating positive multipliers along the company's global supply chain: For example, sharing international standards with local corporate partners, building local business linkages and supporting small and micro-enterprises, investing in local human resource development, encouraging diversity in employment, procurement and marketing practices, sourcing locally produced inputs and services.

Social and eco-innovation: For example, developing new processes, products, services or markets that create commercial opportunities for the company, but also solve specific social and/or environmental challenges – i.e. eco-efficient operating processes; dissemination of environmental technologies; and production of commercially viable products and services that reach the poorest communities.

Strategic philanthropy and social investment: For example, discretionary efforts to leverage corporate funds and core competencies such as people, skills, networks and technologies to address societal challenges that are unlikely to offer direct commercial opportunities for the company, but are important to building stable, healthy and secure communities. Employee volunteering and community engagement activities can play a crucial role in this area.

Public policy dialogue, issues networks and institution building: For example, taking a leadership position beyond traditional trade associations and corporate lobbying activities to address public policy issues and/or scale-up existing solutions that are working at the level of an individual company or community. This area can best be tackled by industry sector initiatives, multi-stakeholder processes, creation of public policy networks, the development of new market mechanisms etc. – all of which require collective rather than individual corporate action.

'problem-solving' – will need to be more informed. Dialogue can also serve as a useful platform for calling on the public sector – both OECD and emerging market governments – to create the necessary enabling environment for attracting and retaining foreign investment, delivering public goods, and protecting private assets.

4 Take collective action for scale and sustainability

Experience suggests that if action by business is to be sustainable and scalable, and achieved in a way that reduces the exposure and shares the responsibility, then collective action by business through transparent partnerships is vital. In certain areas, such as tackling corruption, increasing transparency in public tenders, or helping to build sound governance institutions, the issues are either too politically sensitive or too complex for any one company to have the necessary legitimacy to address alone.

In the case of other challenges, such as tackling HIV/AIDS or increasing access to basic services for the poorest communities, most individual companies lack sufficient resources to achieve anything but limited results on their own. This is particularly the case if short-term results are unlikely to be profitable. In such cases, collective corporate action, preferably in partnership with government bodies and with community participation, is the only viable option for achieving scale and making a meaningful impact.

Collective action can also be a valuable mechanism for sharing lessons and good practices, and spreading these beyond the immediate location or partnership.

5 Create a culture of accountability

New management and measurement systems are needed to ensure that country managers and business partners are implementing the company's global policies and procedures. Once key issues are defined and have been tested with relevant stakeholders in different circumstances, operational targets can be set and key performance indicators identified to help achieve the desired results. Companies can create executive management committees or board committees - at either the corporate, country or business unit level - to ensure internal accountability for meeting these targets and addressing problem areas. This framework can then form the backbone for external reporting on the company's social and environmental, as well as its financial performance.

At the same time, accountability is not only an issue for the private sector. Business can take a more pro-active role in collectively calling for greater accountability on the part of governments and campaigning groups, and encouraging the use of new guidelines such as the Global Reporting Initiative by non-business entities.

6 Build capacity

Each of these areas of action requires new skills, competencies and capacity not only within companies, but also within the public sector, non-governmental organisations, trade unions and communities. Business leaders can play a key role in ensuring that these factors are built into recruitment and induction processes for new employees and into executive development programmes for senior management. They can encourage their managers to engage more actively with business schools, universities and students groups to help build the next generation of business leaders with a better understanding of shifting business boundaries and responsibilities, and with better skills for stakeholder dialogue and partnership-building. They can support 'seeing is believing' or insight visits to developing country operations and community projects to provide experiential learning opportunities for the company's board members, its key investors, its senior managers, its business partners, and other stakeholders, including critics if they are willing to participate.

7 Keep it manageable

The issues associated with business boundaries, especially in developing countries, are highly complex and varied. This is all the more reason for companies to define a manageable set of key challenges and opportunities most relevant to their industry sector and locations of operation and focus on addressing these. As Sir Charles Nicholson, Group Senior Adviser at BP has commented, "*What works for business? Well our experience is that it is the practical, the local and the sustainable. …keep everything as simple as possible. The scope for misunderstanding in this area is vast. Communities vary hugely in their attitudes to international companies. Knowledge of the issues and what can be done about them also varies a lot – inside and outside companies.*"[8]

EXAMPLES OF COLLECTIVE ACTION

The Global Compact

The Global Compact was proposed by UN Secretary General, Kofi Annan, at Davos in January 1999. He called on business leaders to embrace and enact within their own corporate activities nine core principles derived from universally accepted agreements on human rights, labour and the environment. Today the Global Compact brings together several hundred companies, with some of the world's leading trade union bodies, human rights and environmental organizations in a global learning forum, policy dialogues and variety of development projects. Companies engage in the initiative through the written support of their CEOs. *http://www.unglobalcompact.org*

Business Partners for Development (BPD)

BPD is a recently completed project-based initiative set up by the World Bank to study, support and promote strategic examples of partnerships involving business, civil society and government working together for the development of communities around the world. It was created, believing that tri-sector partnerships could provide long-term benefits to the business sector and at the same time meet the social objectives of civil society and the state by helping to create stable social and financial environments. BPD worked in four areas; Natural resources, water & sanitation, youth development, and road safety *http://www.bpdweb.org*

Voluntary Principles on Human Rights

The Governments of the United States and the United Kingdom, companies in the extractive and energy sectors, and non-governmental organizations, have developed a set of voluntary principles to guide companies in maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms. These principles are designed to provide practical guidance that will strengthen human rights safeguards in company security arrangements in the extractive sector. They are the basis of a global standard for the extractive sector. *http://www.iblf.org/csr/csrwebassist.nsf/content/a1a2a3d4a5.html*

Global Business Coalition on HIV/AIDS

The Global Business Coalition on HIV/AIDS (GBC) is a rapidly expanding alliance of international businesses dedicated to combating the AIDS epidemic through the business sector's unique skills and expertise. The GBC works from the principle that HIV/AIDS should be a core business issue for every company, particularly those with interests in heavily affected countries. With the support of global leaders in government, business and civil society, the GBC promotes greater partnerships in the global response to HIV/AIDS, identifying new, innovative opportunities for the business sector to join the growing global movement against this terrible disease. *http://www.gbcaids.com*

Digital Partnership

The Digital Partnership is an international partnership comprising of IT users and suppliers, educators and community leaders aimed at facilitating affordable access to technology, training and the Internet for learning, enterprise and development in developing and emerging market economies. The practical aim is to enable Information Communication Technology (ICT) skills training in disadvantaged communities to support socio-economic development. An initial pilot was launched in South Africa in June 2002. *http://www.digitalpartnership.org*

Extractive Industries Transparency Initiative

The Extractive Industries Transparency Initiative was announced by UK Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg, September 2002. Bringing international NGO's, national governments and international mining and mineral companies together this initiative aims to increase transparency over payments by companies to governments and government-linked entities, as well as transparency over revenues by those host country governments.
http://www.dfid.gov.uk/Pubs/files/extractive_industries_transparen.htm

Marine Stewardship Council

The Marine Stewardship Council (MSC) is an independent, global, non-profit organisation working to reverse the continued decline in the world's fisheries. The MSC is seeking to harness consumer purchasing power to generate change and promote environmentally responsible stewardship of the world's most important renewable food source. First established by Unilever and WWF in 1997 the MSC programme works through a multi-stakeholder partnership approach, taking into account the views of all those seeking to secure a sustainable future. *http://www.msc.org*

Conclusion

In summary, there are no easy answers to defining the boundaries of business, especially in emerging economies. Companies, their critics and others with an interest or stake in corporate responsibility, will need to realise that they simply cannot generalise about what are or are not the boundaries for business. They will need to be both principled and pragmatic. They will need to aim for international standards at the level of corporate policy, but accept the need for local flexibility based on consultation with stakeholders at the operational level. Above all, they will need to value-driven and values-driven.

Where are some of the best opportunities for increased dialogue and practical, solutions-oriented partnerships between multinational companies, the World Bank and other development agencies? The IBLF considers the following as areas that have great potential. In every case there are a growing number of demonstration or pilot projects in different parts of the world. The challenge now is to achieve greater scale and sustainability by engaging more companies and more development partners, and by encouraging more collective action. It is hoped that the World Bank/IBLF "CEO Forum on Development" will provide a network to support such dialogue and action.

KEY AREAS FOR ENGAGEMENT IN JOINT SOLUTIONS

- Supporting enterprise development along global and local supply chains
- Improving access to markets
- Improving access to water and sanitation
- Delivering decentralised energy solutions
- Supporting health reform and access to treatment
- Addressing food security, nutrition and rural development
- Supporting education (teacher support, digital inclusion, informal and supplementary education)
- Supporting youth development initiatives, including youth enterprise
- Building public sector management capacity
- Participating in transparency and anti-corruption initiatives
- Spreading good corporate governance standards

Footnotes

1. World Economic Forum, Annual Meeting 2003: *The Davos Agenda - Building Trust*

2. Nelson, J. & Bergrem, C. (2003) *Responding to the Leadership Challenge: Findings of a CEO Survey on Global Corporate Citizenship* World Economic Forum and The Prince of Wales International Business Leaders Forum *www,weforum.org*

3. Forstater, M., MacDonald, J., and Raynard, P. (2002) *Business and Poverty: Bridging the Gap* The Prince of Wales International Business Leaders Forum

4. Comments made by Martin Wolf at a debate in London in December 2002 for the launch of *Walking the Talk: The Business Case for Sustainable Development* by Charles O. Holliday, Stephan Schmidheiny and Phil Watts. World Business Council for Sustainable Development *www.wbcsd.org*

5. Jeffrey, G (2002) *The Politics of Fortune: A new Agenda for Business Leaders*,

6. Carly Fiorina, CEO of Hewlett Packard, in a speech to the MIT Sloan School of Management, October 12, 2002.

7. Philip Watts, Chairman of the Committee of Managing Directors, Royal Dutch Shell Group, in his speach at the Royal Institute of International Affairs, July 5, 2002

8. Charles Nicholson, Senior Advisor, BP, in a speech to CSR Europe on the boundaries of Corporate Social Responsibility. December 10, 2002

Further reading

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