

# What Form of CSR Is Best for You? How Companies Choose Their Path. Six Cases

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## Four Questions Addressed in Six Cases

- How and Why Do Companies Decide to Embrace CSR? **The Engines.**
- Who Is in Charge Inside the Company? **The Navigators.**
- What External Groups Help a Company Implement CSR? **Wheels.**
- How Fast/Far Do They Push Their CSR Program? **Speed Limits.**

# The Six Cases

## Three Companies (Their Engines, Navigators, Wheels)

- Tiffany's
- Gap Inc.
- Chiquita



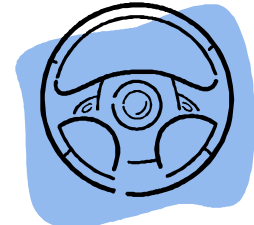
## Three Countries (Speed Limits)

- Turkey
- Italy
- Pakistan

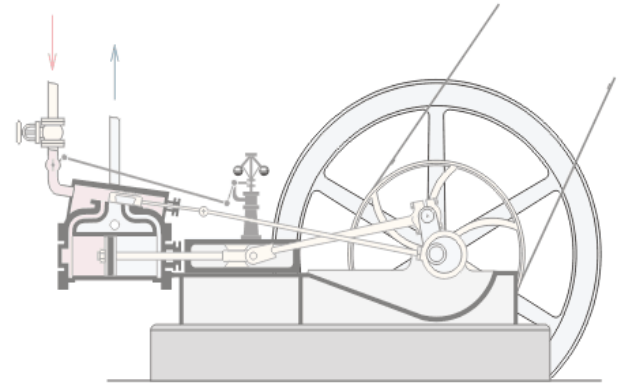


# Elements of CSR Initiatives

- **Engine** – Instigating news.
- **Navigators** – Company leaders who chart a course to a new habitat.
- **Wheels** – NGO partners.
- **Speed Limit** – Economics or politics hastening or slowing company response.



# Types of CSR Engines



- **Exogenous event** – Exxon *Valdez*.
- **Planned event** – demonstration outside Gap HQ in San Francisco.
- **Exposé** – Stories by investigative reporters – Chiquita, Body Shop.
- **Perceived Threat** – Tiffany & Co.
- **Perceived Opportunity** – Body Shop.

# Types of NGO Campaigns



- **Event-Based:** CERES from *Valdez*.
- **Single Focus:** Clean Clothes Campaign on apparel sweatshops.
- **NGO Partnership** – OxFam America and Earthworks and “No Dirty Gold”.





# Types of Navigation



- **Responders: “Bitten Brands”** – BBs react to a PR disaster by naming a CSR leader. E.g.: Gap, Chiquita, Wal-Mart.
- **Reputation Managers** – Brands move out to preempt threat. E.g.: Tiffany & Co.
- **Proactivists** – Brand sees opportunity to grow by selling CSR. E.g.: Timberland, Eileen Fisher, Otto Versand.



# Implementation: Types of Navigators



- **Responders: Bitten Brands.** When PR fails, company creates CSR unit (e.g., Gap Inc.) or supply chain manager (e.g., Chiquita). Wal-Mart creates eco-blitz.
- **Reputation Managers.** Risk/compliance manager may report to general counsel. May work closely with industry (Tiffany).
- **Proactivists.** CSR may be CEO's focus (Ben & Jerry, Body Shop).

# Wheels – Industry Assns.



- **Industry associations** can give company drivers comfortable help close by: USA, Brazil, Europe (BSCI/FTA), Pakistan.

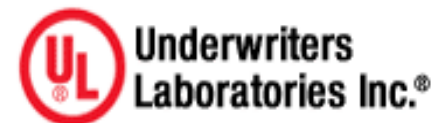


# Wheels - Certifiers



□ **NGOs** provide assurance with standards, accreditation and certification (some by for-profits). Examples:

- Standard setters: FSC | SAI | IFOAM
- Accreditors: ASI | SAAS | IOAS
- Certifiers: BVQI/BV, DNV, RINA, RA, UL...



# Tiffany & Co. Case

- **Iconic Brand Sells Calm.** “Nothing very bad could happen to you there.”
- **Engine 1:** Conflict Diamonds (led to Kimberley Process).
- **Engine 2:** “No Dirty Gold” campaign.



TIFFANY & CO.

# Tiffany & Co. Case



- ❑ **Navigators:** CEO Michael J. Kowalski and VP Rob Headley
- ❑ **Wheel 1:** Council for Responsible Jewellery Practices
- ❑ **Wheel 2:** Initiative for Responsible Mining Assurance



# Gap Inc. Case

- **Engine:** Anti-Sweatshop Demo.
- **Drivers:** Don Fisher, Dan Henkle.
- **Wheels:** Search Ended with ETI/SAI.
- **2006:** 46% More SA8000 Suppliers.



A worker in the inspection department of a Gap Inc.-approved garment factory in southern China.



Gap Inc.

Gap  
Banana Republic  
Old Navy

# Chiquita's Eco-Certificate



- **Engine:** *Cincinnati Enquirer.*
- **Navigators:** CEOs and Dave McLaughlin.
- **Wheels:** Rainforest Alliance (co-branded in Europe), SAI.



# Limits of CSR: Turkey



- **Engine:** Labor issues slow EU entry.
- **Navigation:** Cos. obtain certification (Yesim, Topkapi).
- **Speed Limit 1:** High Living Wage.



# Limits of CSR: Turkish Government Policies



- **Speed Limit 2:** High payroll tax, 45-50%
- **Speed Limit 3:** Nearby wages 1/5 as high: Egypt, Moldova...
- **Solution?** Shift some of payroll tax burden to property taxes.



# Italy: Pro-CSR National and Regional Govts.



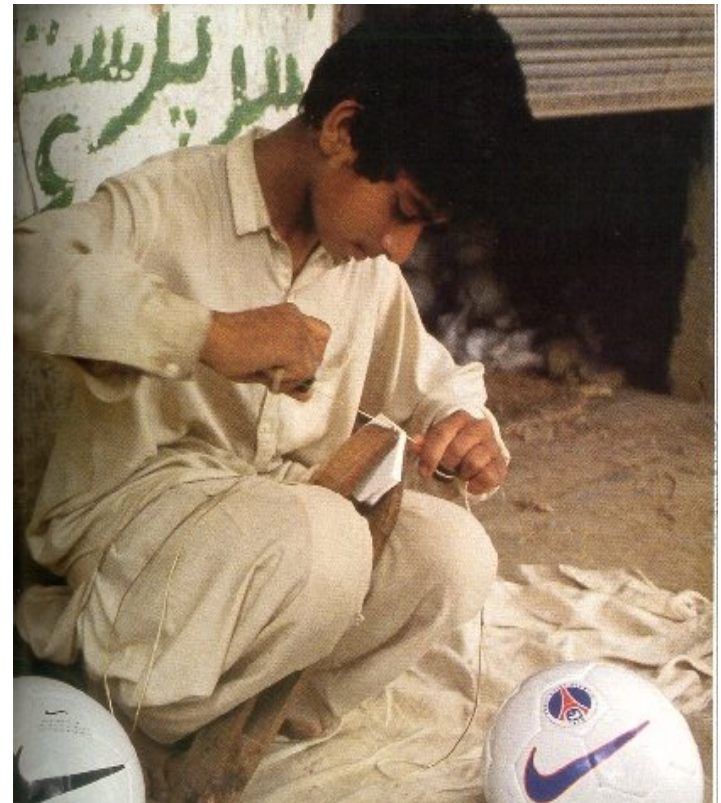
- **Nation and Regional Govts.** (e.g., Tuscany, Umbria) support CSR.
- **Regional Govts.** subsidize CSR training and SA8000 certification.
- **Result: Italy Leads** in SA8000 certificates.



# Pakistan: New Government Initiative



- **Engine:** Bad PR – child labor making soccer balls. Laws hard to enforce.
- **Solution: Soft Regulation.** In March 2007, Ministry of Commerce supports SA8000 certification for 250 companies.





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# Thank you. Questions?

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