

The paper, “Engaging Business in Youth Employment and Livelihood: Bridging the Divides”, was written on behalf of the International Youth Foundation for Youth Employment Summit 2002.

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Engaging Business in Youth Employment and Livelihood: Bridging the Divides

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Executive Summary

New and creative ways for business to become engaged in youth employment and livelihood (YEL) issues are continually emerging. Over the past decade the pace of experimentation and development of new approaches has grown quickly in response to globalization, growth in the importance of the business sector, and the reframing of many youth employment and livelihood “problems” as “opportunities.”

Business engagement arises from four principle motivations. These are:

1. a philanthropic perspective based in gift-giving;
2. a social responsibility perspective based in cultural norms of obligations and expectations;
3. a corporate citizenship perspective where business adopts a broader understanding at the strategic level how its actions can influence social structures to create a more positive business environment;
4. a mutual gain perspective that is more operational and helps address human resource, market development, product development and other core business concerns.

Successful business engagement is predicated upon understanding that only one or some of these perspectives fits well with particular business leaders and particular businesses.

YEL initiatives that prioritize business engagement must ensure business plays a key leadership role. And business can take the role of an initiator, rather than waiting for an outsider to make a proposal. However, business cannot do all the work by itself. In almost all circumstances government and civil society play at least an important, and very often critical, role in the success of such an initiative. The government role is one of creating the enabling environment—making creative actions possible and encouraging them. Sometimes this involves modest provision of funding; sometimes creating new policies that enable youth and business to work together in new ways; and sometimes ensuring infrastructure support through roads and education systems. Civil society’s role often is developed through business member non-profit organizations, and also through non-governmental organizations working with youth and development. These organizations play a key intermediary function with youth and communities, where the necessary trusting relationships and developmental expertise are housed.

The role of business includes the traditional one of providing jobs and work opportunities. However, its role also includes the provision of expertise to develop new entrepreneurs, the modification of production processes and retailing strategies, advocating for new approaches, and financing.

Creativity is the hallmark of success. Business-government-civil society interactions can be particularly powerful ways to generate creativity when their diverse points of view are mutually appreciated and integrated into innovative strategies.

Most of these innovative strategies are still in an early stage of development, and the results still fall far short of what is needed and what is possible. Successful strategies must be developed further and scaled up through expansion, adaptation, and replication. Linkages need to be made between those with successful strategies and those who are in positions to apply them elsewhere. Emerging strategies often need modest expert and financial support to become successful. However, support should be based upon a demand-driven approach where local activity has produced a group of organizations and individuals committed to working together around a core concept.

The potential for business engagement and impact on youth employment and livelihood issues is substantial. Business provides key networks to both disseminate and apply youth employment and livelihood strategies through business associations, and regional and global corporate networks. Growth in new organizations such as The Prince of Wales Business Leaders Forum, Ethos in Brazil, the Philippine Business for Social Progress, and Business for Social Responsibility in the United States, all indicate that businesses are increasingly interested in their role in broader social issues. This presents an optimistic picture for the future of business engagement in youth employment and livelihood.

Engaging Business in Youth Employment and Livelihood: Bridging the Divides

1 Overview

Shifting ideologies represented by the fall of the Berlin Wall, increasing economic liberalization, new technologies, and growing international interdependence and globalization are all key factors in the global growth of business and the market sector over the past decade. This growth has been driven by the belief of many that the market can more readily provide solutions to seemingly intractable problems, such as poverty and unemployment, than can government. With this global growth in business has come an increasingly strong and widespread belief that business has a responsibility for helping to address seemingly intractable social problems.

However, predictions of critics that business-led development would lead to increasing gaps between a few winners and many losers are coming true. Income gaps between rich and poor nations are increasing, as they are between the wealthy and poor within countries. Youth¹ is facing the brunt of this shift, with unemployment growing disproportionately among youth and income levels declining; this situation is exacerbated as youth become an increasing portion of the population in many countries.

The solution, however, remains unclear. While there is growing (re-) recognition of the important role that government can—and indeed should—play in providing safety nets for the poor and vulnerable, the answer is surely not to turn back the clock to rely totally on government-led solutions; this model did not produce its anticipated results either. Rather, solutions that involve various sectors should be sought. Business, for example, is an obvious generator of jobs and wealth (despite capitalism's responsibility for growing inequality); government has responsibility for setting the proper frameworks and support structures to facilitate citizen's achieving their aspirations; and civil society organizations are important for building communities and ensuring development reflects their values. Indeed, we need to harness the resources of all these organizations (see Footnote 4) in order to adequately address critical challenges posed by, for example, the need for youth employment and livelihood strategies (YEL). But the tools, practices, and structures for collaboration around YEL remain poorly defined, particularly with regard to business partnership with other sectors. This paper aims to more clearly define these tools, practices and structures, as well as outline steps practitioners need to adopt in order to develop them.

¹ Referring generally to those who are 15-24 years of age.

1.1 Problem Statement

“It is becoming more and more evident that many of the development strategies that have so far been employed by NGOs, the donor community, and government are not leading to the desired result of poverty eradication and sustainable livelihoods.” – Dr. Kavwanga Yambayamba, Forum for Business Leaders and Social Partners, Zambia. (Yambayamba & Kalungu-Banda, 2000)

Bridging big divides is a central challenge when it comes to engaging business in youth employment and livelihood issues. These bridges must be numerous and capable of carrying substantial activity if they are to meet the scale and diversity of the need. They must span global distances, transform students into employees, connect the poor and wealthy, and the well-educated with the poorly educated, join the bottom-line oriented with the social change-oriented, bring together elders and youth, translate a multitude of cultures, overcome ideological differences, and make vibrant global community ties. The bridges must span the gap between disadvantaged youth on the one hand, and business on the other.

Business is dominated by Western culture (i.e., the “developed North”)², the wealthy, the social elite, the urban, the well-educated. It has a managerial, profit-focused discipline. Disadvantaged youth, in contrast, are among the fastest growing segments of Southern countries. They are predominantly poor, of low social rank, poorly educated, and unsophisticated in business discipline.

The issues that arise when trying to build bridges across these boundaries are different for different groups. For business, there are immediate questions that concern the possible threats to class position, personal benefit, time availability, the ratio of resources-to-problem scale, its responsibilities vis-à-vis government and civil society, and its ability and competency to do something useful for youth. For youth and supporters of youth, on the other hand, the reasons to connect with business seem obvious: wealth networks give access to opportunities, and expertise can be learned. In sum, business has substantial resources and influence, and disadvantaged youth very little of either.

To increase the role of the business sector in YEL issues, a basic concern must be reconciled: the goal of dramatically improved YEL and the profit goals of business are not automatically compatible. The goals of each must be “translated” into higher level aspirations of mission and vision, and into lower level operational objectives that make sense for those aiming to attain both YEL and profit goals. This requires dual-track thinking and operating, such as with “double” and “triple” bottom line approaches that

² “Northern” will be used to refer to those countries sometimes called “industrial,” “wealthy,” or “developed,” “Southern” will refer to “developing,” “emerging market,” and “poor.” The author recognizes that these two categories ignore the great variety of categories possible, but believes that these two are the critical ones with regards to YEL issues.

produce corporate audits of financial, social, and environmental systems.³ This multi-dimensional systems thinking conflicts with many traditional uni-dimensional linear programs, plans, and policy frameworks. New processes, structures and strategies that reflect a multi-dimensional approach are still in the early stages of development.

To build bridges, three particular challenges arise within this systems-thinking perspective:

1. The need to translate the YEL goal into business interests requires building medium- and long-term commitments needed to tackle YEL issues within the short-term and hyper-turbulent environment of business.
2. This translation requires addressing how costs are shared by business for what is a “messy” (Ackoff, 1974) social issue that raises free-rider problems with businesses that do not contribute to the YEL efforts.
3. Finally, there is global imbalance in terms of issues and resources. Business is by far the wealthiest section of most societies. At the same time, the YEL problem is particularly acute and growing in the South while the bulk of corporate resources are controlled in the North. In this context, engaging business in YEL requires addressing geographic and sectoral imbalances. In short, a new social contract around YEL issues is needed.

Building bridges also requires recognition of the dangers of separating youth issues from issues that concern the rest of society. Indeed, there are many that suggest that the framework of “youth employment and livelihood” is itself problematic, for this very reason. (Curtain, 2000) How we create employment and strengthen livelihoods is currently poorly connected to the ways in which we educate, train, and raise youth. (Bennell, 1999) Traditional educational approaches are structured in such a way as to progress children through grades and levels in an industrial production-type way, weakly connected to the work-life environment and the need to provide life-skills in general. In turn, these poorly developed strategies are usually poorly connected to the public policy frameworks that concern business and the economy. Increasingly there is recognition that the vast majority of youth could gain their livelihood from within the informal economy, or within small enterprises and medium-sized business. However, large and global businesses overwhelm the informal sector in terms of competing for support and attention from government and international agencies. In contrast, specialization, turbulence, and continual learning increasingly characterize business. Youth issues can only be addressed properly if they have strong bridges to other parts of society and their realities.

The divide also exists among organizations addressing YEL issues. Many programs and organizations that work most closely with youth and that are considered the most effective are non-governmental organizations (NGOs). NGOs have demonstrated commitment, and are known for their innovation and flexibility in ways that a government organization would find hard to achieve. Yet NGOs are also poorly

³ A few companies are beginning to assess their success not just in terms of financial outcomes, but also in terms of their social and environmental impacts.

connected to business and have limited understanding of how the business sector operates. In fact they often take a hostile attitude towards it.

Finally, there is the divide between individual youths and organizations. Youth are often hard to reach through conventional means. For example, in many cases they cannot be contacted through the school system—they often maintain loose family connections and informal social ties and live without any connection to a formal organizing structure. How can business, which depends upon formal organized structures, successfully connect with youth beyond traditional consumer relationships?

Despite these problems bridges are being built brick-by-brick as one person touches another, one organization connects with another, and understanding of our interdependence broadens. But the urgency of the issue demands that the pace of building increase dramatically, and the limited available resources demand that we do this efficiently and in ways that will attract greater resources. Fortunately there is an increasing number of examples of how this is being done in innovative ways and with the desired impact. We need to understand the lessons, promote successes, support worthwhile innovations and experimentation, and learn more about scaling-up, sustainability, replicating, and adapting to meet the challenge.

1.2 Definition

Beyond definitions of “youth” and “livelihood,” the key definitions behind this problem statement and its resolution involve three key concepts. One is the concept of organizational *sectors*, their key attributes, core competencies and weaknesses. Business itself is one of three organizational archetypes that populate our world, the other archetypes being government and civil society. The second key concept involves *interaction* (the bridging) between business and those directly working on YEL issues—mainly civil society organizations (CSOs) such as the NGO, and public institutions of the government. There are four business and society frameworks that help define routes to engage corporations. Youth employment and livelihood is the third concept. The definition of this requires briefer analysis as it is explored in depth in other YES reports.

1.2.1 Definition of Youth Employment and Livelihood

For this report and YEL, “youth” are aged between 15 and 24. However, in some locations and for some organizations the category might include people up to 30 years old. The YEL focus is disadvantaged youth—those for whom participation in the formal sector requires crossing substantial divide, both economically and socially.

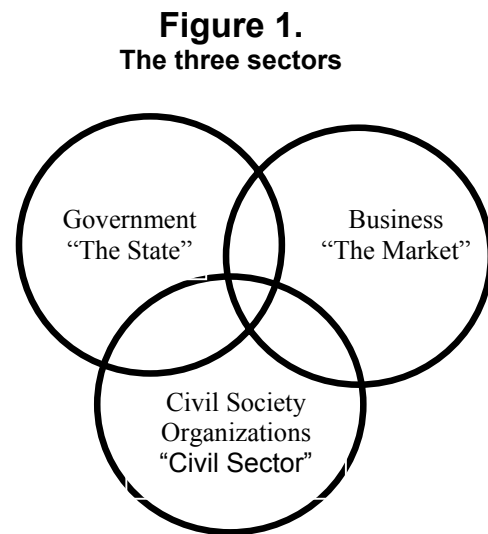
Employment and livelihood are somewhat more difficult to define. Curtain (2000) comments that “The narrow and western-centric focus that the terms employment and unemployment connote has led to the use of the alternative concept of livelihood to emphasize adaptability. A dynamic livelihood capacity has been defined as the ability to anticipate change and continually experiment, innovate and explore new options in order to ensure the sustainability of their livelihood.”

For YES, “employment” refers to both self-employment and wage employment. In many cases, employment will therefore be in the informal economy. YES uses the word “livelihoods” “to comprise the capabilities, assets and activities required by an individual for a means of a living ... a livelihood is sustainable when it can cope with and recover from stresses and shocks, and maintain or enhance its capabilities and assets both now and the in the future, while not undermining the natural resource base.” (Summit, 1999 #803, p. 9)

1.2.2 Definition of Organizational Sectors

In order to successfully engage business it is essential to understand what business is and what it is not if we are to avoid unreasonable expectations. Understanding what constitutes business requires a comparison with other types of organizations, and suggests that the real power that comes from engaging business is from synergies that develop through the *relationships*.

It is common to divide organizations into three basic types and their hybrids: government, business, and civil society organizations largely associated with non-profits organizations and NGOs. These three organizational archetypes are represented in Figure 1.⁴ Each is said to represent a distinct system: political for government, economic for business, and social for civil society.



Each sector has distinct attributes, resources, and competencies. These qualities are an essential part of the ethos and definition of a sector. For example, rules and regulations and their administration are core to the concept of government; without them we would not have effective government. The core attributes (see Table 1) include distinct sector goals: lawful behavior and order for the state, profits for the market, and social justice for the civil sector.⁵

⁴ In this model, businesses are the organizations that make up the market *sector*, CSOs the civil *sector*, and government institutions the state *sector*. Therefore, the terms of business, CSO and government refer to organizations; the terms market, civil and state refer to the conglomeration of organizations that make them up.

⁵ The definition of “social justice” for a specific CSO is determined by individual organizations’ values, and might include racial intolerance.

Table 1: Some Comparative Distinctive Characteristics of the Three Sectors			
Sector	State Sector	Market Sector	Civil Sector
Primary system	Political	Economic	Social
Primary control agents	Voters/rulers	Owners	Communities
Primary power form	Laws, police, fines	Money	Traditions, values
Primary goals	Societal order	Wealth creation	Expression of values
Assessment frame	Legality	Profitability	Justice
Goods produced	Public	Private	Group
Dominant organizational form	Governmental	For-profit	Non-profit
Relationship basis	Rules	Transactions	Values
Temporal framework	Election cycles	Profit-reporting/ business cycles	Sustainability/ regeneration cycles
Operating framework	Administrative	Managerial	Developmental

Source: Waddell, 2000a

Distinct temporal frames dominate the sectors: elections cycles for the state, profit reporting and business cycles for the market, and sustainability and (re) generation cycles for the civil sector. Most organizations are not “pure” sectoral organizations in terms of these attributes. For example, social enterprise (see Australia case and The Body Shop) is a for-profit enterprise that in many ways acts as a CSO. Legal forms *do not* equate to a sectoral position, but are merely highly correlated with it. These attributes lead to different sectoral frameworks for defining the YEL problem.

One attribute that is particularly important for business in YEL issues is the operating frameworks. Businesses’ managerial perspective means that they delegate authority in a top-down manner, whereas civil society’s developmental framework means that there is continual effort to empower and enable people to give a grassroots up building process. This often creates conflict when the two sectors try to work together, since the managerial framework depends upon skilled managers driven by corporate-established goals, whereas the other works with people with few skills who are driven by personal and community-development goals.

A developmental framework is by necessity long-term in comparison to a managerial one. Therefore, the temporal framework is also particularly important and a source of business–CSO tension.

Much of the challenge in engaging the private sector involves constructing a framework that the sector will find compelling. In this case, YEL must be translated into a business framework. A growing number of business leaders understand that a disenfranchised generation can lead to social instability and thereby a problematic operating environment for business. Alienated youth, particularly when they form a large

proportion of the population, may increasingly turn their energy to drugs, crime, violence and social instability that can threaten business' success. Unengaged youth represent a wasted economic resource; poorly trained youth mean higher costs for training and orientation. These macro issues have been poorly integrated into an operational framework to identify appropriate responses from individual businesses.

The sectors are also distinguished by their strengths and weaknesses. Tables 2 and 3 identify some resources and weaknesses innate in each of the sectors. Government has the unique ability to create universal and enforceable legislation. An important resource for business is its capital and financial assets, whereas a core civil society resource is its ability to inspire people to contribute financially or work for a particular vision with little or no compensation. With these distinct resources and competencies in mind, Mitchell (1998) writes with regards to training programs that: "The relative strength of NGOs lies in their ability to work at the grassroots level and to mobilize and provide training for categories that public and private training providers have difficulty in reaching, whereas the strength and capacity of enterprises lie in providing practical skills in the work environment."

Table 2: Some Generic Comparative Sectoral Resources		
State Sector	Market Sector	Civil Sector⁶
Regulatory and taxation power	Capital and financial assets	Inspirational and volunteer assets
Government networks	Business networks	Community networks
Bureaucracy knowledge	Industry knowledge	Community issue knowledge
Government reputation	Business reputation	Community reputation
Administration expertise	Management expertise	Development expertise

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Each sector also has key weaknesses, however. Civil society's dependence upon volunteer energy and donations motivated by a shared vision means that organizations often are under-resourced, -skilled and -paid compared to the other sectors. This can lead to amateurism. Business on the other hand is driven by individual motivation for wealth. This means that left on its own business tends to form monopolies and distribute wealth unevenly among people. Government is often gets criticized for inflexibility in rule application on the one hand, but if rules are not followed there are problems of favoritism and corruption.

⁶ This analysis draws from (Brown, L. and Kalegaonkar, A., 1998)

Table 3: Some Generic Comparative Sectoral Weaknesses		
State Sector	Market Sector	Civil Sector
Inflexibility in rule application	Tendency for monopoly	Restricted (interest) focus
Slow pace of decision-making	Disregard for externalities	Amateurism
Complexity of jurisdictions/levels	Integration of long-term concerns	Material scarcity
Difficulty in internal coordination	Inequality of outcomes	Fragmentation (scale)
Desire to control other sectors	Transactional parochialism ⁷	Ideological parochialism (political correctness)

Source: Waddell, 2000a © *Steve Waddell*

A third way to understand the distinctiveness among the sectors is shown in Table 4. Building upon research in health care and education (Ostrom & Davis, 1993), situations are identified where one sector is a better choice to achieve a goal than another.

Table 4: Factors Determining Sectoral Appropriateness			
<i>(Where a sector's effectiveness is optimized.)</i>			
	State Sector	Market Sector	Civil Sector
Client-sector goal congruency	Medium	Low	High
Output specificity	Medium	High	Low
Risk	Very low to very high	Low to medium	High

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The first factor, *client-sector goal congruency*, asks whether the organization providing the service and the person/organization receiving it have the same goals. Business typically operates in situations where it can maximize the difference between costs and sale price. In terms of YEL, there is no innate attraction to this issue which demands high or at least moderate congruency—youth are framed as “needing” something and there is nothing in particular that is being offered in return. Civil society organizations can have high congruency between their goals and the needs of youth, since CSOs can have youth interests as their core concern; government can only do this moderately since it has numerous competing demands. This emphasizes the importance of finding an alternative framework in order to engage business.

Output specificity refers to the ability to define the characteristics of the desired product or output. Business works best when these characteristics are easily defined. For example, the inputs to produce a screw can be relatively well-defined in terms of the

⁷ This means that business generally restricts itself to concern for the financial implications of a particular transaction, rather than the longer-term ramifications of its actions.

amount of metal, machinery wear, labor and other materials required. This emphasizes the importance of translating YEL goals into clearly operational deliverables to engage business. CSOs are good for working in very low specificity situations such as YEL, where there is poor definition of the outcomes such as livelihood (what does it really mean?), and there is need for experimentation and development of new solutions rather than application of proven ones. Experimentation involves failures, and although business can handle these on a small scale within a proven approach when an issue demands development of a new framework with inevitable “unsuccessful” experiments, business charges such a high price for the associated risk that CSOs become much better choices for YEL work; this is why “pure” research, for example, is typically done with non-profit or government laboratories. This explains the importance of CSOs in YEL and suggests they can have a leadership role; it also points to the importance of clearly defining what business can do to address YEL goals. Government is best when there is medium specificity, when new approaches are proven and it can establish an enabling environment (legislation, regulations, financing) to assist in the broader application of the new approaches.

Risk relates to the process of attaining the goal. What are the unknowns that accompany work to develop a goal—such as political risk with unstable governments, risks in obtaining funds, problems in leadership, or the inability to create successful experiments to increase outcome specificity. Risk is something business prides itself in measuring and working with to minimize potential deleterious effects. Indeed, when potential outcomes can be measured in attractive financial terms, business is good at managing risk. However, in high-risk situations with poor outcome specificity, the risk premium that business charges can be prohibitive. These are classic situations where government step in because they can tolerate great risk extremes. Civil society is very poor at handling risk because it does not have the necessary financial resources; however, with suitable financing and when human impact is important, civil society can be the best and most cost-effective organizational form to handle it. This is why CSOs are often involved in emergency relief operations (with government funding and donations) that address famines, natural disasters such as earthquakes, and wars. CSOs combine low-cost, flexibility, and a visionary motivation that make them ideal agents in such cases.

So what does this analysis tell us about the general strategy to engage business in YEL issues? Several suggestions arise from this analysis. (For further analysis refer to the findings and action plan.)

- **The differences are substantial:** Bridging differences, such as cultural and operating logics, is often quite problematic. One of these, for example, concerns the logic of managing versus administering versus developing. Business tends to manage, which means using hierarchical structures to set targets and then emphasizing personal initiative to achieve them. Government tends to administer, which means ensuring that an activity follows prescribed laws and regulations. Many CSOs promote a development culture, which involves working with people in more peer-like arrangements to empower others to take independent or loosely coordinated action.

- **There is enormous potential in working intersectorally:** These tables suggest the attraction of working in concert: unique sectoral resources can be shared and weaknesses offset. For example, when NGOs work with business there is an opportunity to reach the poor and marginalized to bridge the divide to the formal sector. Moreover, the relationship can ensure that optimal outcomes in terms of short-term operations (such as financial cost) *and* long term ones (such as environmental and social costs). This can be beneficial for YEL issues, since CSOs see youth (social) outcomes as their priority, whereas business will see financially rewarding (financial) outcomes as their priority—and “solutions” must optimize both these outcomes. An intersectoral approach most appropriately represents the YEL reality in that solutions must integrate the resources of all sectors and offset their weaknesses.
- **The issue must be reframed:** YEL as a framework goal will not engage business deeply since it is more of a civil society and government concern. A different framing of the issue must be created to engage business. This can happen in two ways: by appealing to personal values, which are sometimes translated into organizational ones (social responsibility), or finding business (financial) rational for becoming engaged in some part of the YEL framework.
- **Business and civil society have particular potential as “co-doers”:** Governments have an important role in defining the rules of the game and funding initiatives to support YEL activity. However, business and CSOs are best as the active “doers” on the ground. This emphasizes the importance of developing good business–CSO relations. The structures and processes for achieving these are still not well understood, however.
- **A leadership role for civil society:** Although it has powerful global networks, business is not attracted to the issue of YEL; nor is it good at handling the low specificity and high congruency qualities of YEL. This is a civil society framing, and civil society is best at working on these types of issues. This implies that civil society organizations have a leadership role. These may be through a business-member CSO, an intersectoral CSO, or a purely civil society-based CSO.⁸
- **A supportive role for government:** This theoretical analysis supports a growing perception that direct government involvement as the livelihood-developer is the weakest of potential strategies, and is probably only justified in unusual circumstances: government’s expertise is in setting the frameworks, whereas its bureaucratic qualities make direct operationalization of solutions highly problematic. This means that in YEL an intersectoral approach, with government bringing financial, policy, legislative, and regulatory skills and resources to the table, makes sense. Government institutions such as schools and training institutes should be

⁸ A business-member CSO is one whose membership is business organizations, such as the Prince of Wales Business Leaders Forum; an intersectoral CSO is one with members from more than one sector; a purely civil society-based CSO is one with member organizations that are only from civil society.

structured as part of a shared responsibility to meet various needs and engage other non-governmental society resources.

1.2.3 Definition of Business and Society Frameworks

Business must be engaged in YEL strategies because it has resources, expertise, and the capacity to generate wealth and employment. However, YEL is not a focal issue for business—indeed, if it became so it would challenge the very definition of “business.” This suggests that business relationships, even in ideal circumstances, will most likely be indirect or engage only specific parts of business organizations. Defining how to engage business effectively requires understanding of why business gets involved in social issues, such as YEL.

There are four different frameworks that describe how and why business becomes involved in broader social issues. These are described on the next page. The frameworks are still emerging, and their definition is still contentious. They are not “right/wrong” frameworks, nor “either/or” ones. In fact, some of the most powerful impacts occur when more than one framework interacts to address an issue such as YEL. The frameworks can assist in the development of strategies to engage business and the types of bridges that are both necessary and possible. These are the frameworks actively used by large business to organize their relationships with broader society.

A common underpinning with regard to the concept of stakeholder unites these four frameworks. The *stakeholder* concept looks at organizations as a nexus of interests. Stakeholders include shareholders, communities, suppliers, customers, and employees. This merges the economic, social, and political viewpoints of a business. A seminal work in this line of thinking is *Private Management and Public Policy: the principle of public responsibility* (Preston and Post 1975) which conceives two rings of management activity: a core ring concerned with economic and legal issues of suppliers, and customers. A secondary ring of activity involves public policy concerns, and this is where government and communities is where YEL is typically placed. This approach was further developed into another seminal work on stakeholders: *Strategic Management: A Stakeholder Approach*. (Freeman, 1984) For YEL, therefore, the question is how can it be framed as a stakeholder issue that is relevant enough to gain access to business?

As previously mentioned, this common stakeholder concept about business–society relationships comes in four different forms. These are distinguished by the type of *system* they are based in, and by the different *power* in the relationships.

1. A *philanthropic framework* is a traditional framework characterized as charity based in gift-giving systems. Power imbalances are substantial in these relationships, since there is a giver and a recipient. The basic power is held by the business donor since it has ultimate say over how much it will donate and to whom. Pure philanthropy is associated with “selfless” donor giving free of motivations of self-benefit, or with benefits of “prestige and warm glow.” (Harbaugh, 1998) One of the best examples of philanthropy is with anonymous business giving such as with United Way campaigns in the United States, to orphanages and to the Red Cross internationally. This is sometimes referred to as “checkbook” philanthropy.

One early invention in interfaces between CSOs and business was “scientific” philanthropy. This emphasized issues rather than personalities when making philanthropic allocations. Common in the early 20th century, this led to the rise of foundations and groups of charities banding together to build their own legitimacy with business to raise money. (Sharfman, 1994) In some places, such as the Philippines, foundations controlled by a business have become important.

Historically philanthropy was actually illegal for public corporations in the United States, since courts viewed it as an inappropriate way to spend shareholders’ money. There are still legal limits in some countries on the amount corporations can donate, but “good” corporations are often associated with giving 1% of pre-tax profits. The connection to profits means, of course, that philanthropic giving can change dramatically. Moreover, corporations generally give to “safe” organizations that management feel comfortable with—in other words, organizations that are already part of their social networks.

With the rise of the welfare state during the Great Depression and after World War II as governments began to take greater responsibility for issues such as health care, the importance of business philanthropy declined. Business philanthropy is broadly perceived as declining in importance as other frameworks grow, although it is just gaining status in some countries. Today the term is associated with variations such as “strategic” philanthropy (Hemphill, 1999), relationship marketing (Collins, 1994), cause-related marketing (Varadarajan & Menon, 1988), and even utilitarianism. (Shaw & Post, 1993) However, these approaches are really part of the next three frameworks. This evolution can be beneficial to YEL, as seen in the Canadian case (presented later in this report) and the activity of the Canadian Imperial Bank of Commerce. The latter moved from a traditional philanthropic position with many small donations, to a focused strategic one to create meaningful activity to improve its image. The change resulted in a key contribution to youth employment.

The philanthropic framework is not a key driver behind any of the cases presented later in this report. However, it is an important element in several cases. In the Indian example, a company contributes with no anticipation of business benefit; in the Nike and Body Shop cases, there is such long-term or undefined corporate benefit for some of the activity that the philanthropic inspiration of giving to create “warm and fuzzy” feelings plays an important part.

2. A social responsibility (SR) framework emphasizes social expectations and standards for corporate behavior, and is based in obligations systems. The power dynamic here emphasizes the power of society to exert pressure upon business to act in ways that consider issues beyond businesses’ narrowly defined financial interests. Social responsibility is described as “norms-based, beyond legal and economic obligation” (McGuire, 1963) “...serv(ing) constructively the needs of society.” (Committee for Economic Development, 1971) In other words, SR activities traditionally are traditionally viewed as a product of “moral suasion” rather than economic or legal obligation. As the concept has developed the term has grown to be used more broadly.

The strength of the framework often depends upon local and corporate-specific values, for the majority of businesses resist “socially-driven” standards. Numerous new business associations promote this approach, which has become formalized over the last quarter century. Perhaps the oldest of these is the Philippines Business for Social Progress (PBSP), established in the early 1970s, and the National Business Initiative (NBI) in South Africa, that arose a little later. These two organizations arose in countries when the governments (Marcos; apartheid) were widely considered to be illegitimate. Two inspirations can be identified as their base. One inspiration arose out of increasing recognition by business of its responsibility towards the broader community. Another arose out of simple desire for self-preservation: when reform finally came, if business was seen as simply a government ally there would be tremendous pressure for nationalization.

Among the cases in this report the social responsibility imperative is clearly part of the Indian case, where business people help develop youth entrepreneurs to give back to their country. It also plays a significant role in the Australian case where The Body Shop is creating youth employment because of its vision of the role of business in society.

3. The third, more recent framework, is that of *corporate citizenship*. This framework sees corporations as entities with rights and responsibilities, and is based in these systems; it is often associated with social responsibility. This perspective sees corporations engaging other sectors to renegotiate the social contract around specific issues. The power dynamic from this perspective emphasizes that business is the product of government, since legislation defines rights (to operate, make profits) and responsibilities (as with taxation and environmental regulations).

However, negotiation is not only with government but also with the broader public, as the PBSB and NBI associations demonstrated. Business knew that when the illegitimate governments in South Africa and the Philippines were eventually overthrown, they would be vulnerable to nationalization and other action if viewed as accomplices to government. Therefore, since PBSB and NBI work extensively with civil society and NGOs, those business organizations and their work can also be seen as strategies to negotiate business roles and responsibilities with civil society.

It is worth noting that in the United States in the first half of the 19th century, there used to be relatively formal negotiations between business and government over business’ obligations. Kings and later legislatures granted company charters, and the responsibility of companies was clearly spelt out. These were regularly renewed, and at that time a company’s performance vis-à-vis its responsibilities was reviewed and renegotiated. (Derber, 1998) Today the negotiations happen more around specific issues such as employee rights and benefits, taxes, and environmental responsibility. The major resource that businesses use to get their way is capital (government uses legislation and regulation, and civil society uses public opinion and populist action).

Corporate citizenship is part of the driving force behind the U.S. case study later in this paper, in which business gains a “right” to directly become involved in the

education system, and in return gets better trained employees. It is also behind Cisco's academy network where Cisco brings free high-tech training to schools as part of a strategy to build the skills necessary for Cisco to flourish. Corporate citizenship change involves large systems change (in this case, educational institutions and their relationship with business) rather than simple changes within a current system.

4. The *mutual gains framework* emphasizes that when business interacts with other organizational sectors this can produce benefits for all. Unlike corporate citizenship, this generates distinct “win-win” outcomes. These exist at the operational level within the current system, rather than fundamentally changing the system. For example, a business may find a new way to develop products for poor communities by working with a CSO. This does not change the businesses' fundamental product-development system, but rather is another to develop new products.

This framework is based in systems of mutuality and exchange involving specific people and organizations. Power is shared and participants depend on deep understanding and recognition that combining the distinct competencies and self-interests of the sectors allows outcomes that are otherwise impossible. (Svendsen, 1998; Waddell, 2000e; Nelson 1996, Nelson 1998) Whereas other frameworks present corporations as the focus of activity, mutual gain proposes that corporations, government, and civil society should be considered relatively distinct but equal clusters of organizations defined by common attributes as presented earlier. These clusters interact as separate systems—political, economic, and social—that are equally critical. Waddock argues that two foundational ingredients to good relationships are integrity and mindfulness. (Waddock, 2000)⁹

The mutual gains framework is based on the idea that each of the sectors has distinct resources and core competencies that form the basis for creating a relationship. This produces not only simple exchanges, but new core competencies that the sectors do not possess on their own. For example, in the Zambian case the three sectors cooperate to create a product chain by organizing poor farmers to meet the quality, quantity, price, and delivery regularity standards of the business sector. The business sector on its own could not do this—it is too impatient to work with such communities. The civil society sector could not do it—it needs the business structure and ethos to make the exchanges financially remunerative. And the government cannot do it on its own, because it gets caught in its own bureaucracy. A mutual gains framework says the challenge is to provide a rewarding exchange; this is happening in the Canadian case where the banks aim to improve their public image by contributing to youth entrepreneurship. It is also behind the Zambian case where companies adjust their supply network to buy from a local village, anticipate reduced costs but see the potential of improved quality of produce.

These four business and society frameworks heavily influence the way business crosses the divide between it and other sectors. They explain how strategies should be

⁹ Although Waddock is writing from a corporate citizenship perspective and about corporate leaders, the demands upon other participants in collaborations are equal.

developed and the types of challenges they must address, as is seen in the cases presented later.

A mix of motivating frameworks can be seen in many of the cases. The Global Alliance case, where Nike has taken a lead in working with suppliers to improve its employees' livelihood, is guided by social responsibility imperatives, and mutual gain knowledge that its brand name is important to both protect in the face of protests about its suppliers' labor policies. In the Thai case, social responsibility and corporate citizenship are at play when business opens factories in agricultural areas and meets the NGO goal of spreading wealth and opportunity—but with the understanding that costs to the company do not increase. This suggests that engaging businesses in YEL issues can both draw upon different business and society frameworks, and that two frameworks may be used simultaneously to leverage greater impact. For example, a YEL project might be funded from both a philanthropic arm of a corporation and a marketing one concerned with building a youth market.

1.3 Magnitude

YEL is an increasingly critical issue. Youth are facing increasing difficulty around the world in terms of being economically productive participants in their communities and societies. In Northern developed countries, young people constitute a disproportionate number of the unemployed, ranging between one and two times the rate of their elders. When they do secure jobs, they face significantly lower wages than their counterparts did a generation ago. In Southern developing countries, youth face even greater challenges since unemployment rates are higher and wages are lower. Moreover, many also feel the impact of urbanization and dislocation from traditional support networks. On top of this, the primary traditional developmental support network of the family has weakened with urbanization, economic dislocation, and diminishing family size with one-parent families becoming common. (International Labor Office, 1999)

From a YEL perspective, the growth and importance of business globally is a critical factor. In the context of rising free market economies and declining government expenditure on public programs, the growth of private, for-profit activity is indeed impressive. Business corporations make up 51 of the 100 largest economies today. All of the rapidly growing economies commonly attribute their success to liberalization, deregulation, and the freeing of personal and private initiative. The growth of global business in comparison to government is indicated by the shifting relationship between donor support going to Southern countries and investment in “emerging” markets. During the 1990s, donor support stayed static at about \$50 billion annually, while private investment grew from a negligible amount to about \$300 billion. (Pike, 2000)

Two particular dimensions of “magnitude” are relevant to the role of the private sector in YEL. One dimension is the scale of the YEL problem itself. The scale of the problem is, to say the least, gargantuan. About one third of the world's population lives in abject poverty; this is the fastest growing segment of the world's population and includes a disproportionate number of youth. In 1995 there were 1.025 billion 15-24 year olds;

about 83% live in developing countries (from 1980 to 1995 the percentage in this age category declined slightly from 19 to 18%; International Labor Office, 1999).

The second magnitude dimension concerns the need to build bridges across the divides. This includes identifying motivating frameworks for specific businesses and building structures to deeply engage the private sector in the YEL issue. Traditionally the role of the private sector has been limited: as an employer, as a trainer of employees, and as a member of national policy-setting bodies. The problem statement and definitions suggest that to engage business actively in YEL requires some basic societal reorganizing. In other words, the issue raises problems of substantial magnitude. It involves building awareness, changing attitudes, and establishing new organizations—including new types of organizations that can coordinate intersectoral activity, give support and scale to individual businesses' activity, and translate traditional YEL social frameworks into business concerns. Developing YEL responses demands creativity and the ability to hold effective dialogue across sectors with distinct languages and between people who have not traditionally interacted. It requires that an economically privileged “elite” in medium and large businesses be willing to open doors to disadvantaged youth who do not traditionally interact with business people.

Of course there is wide variation in the scale and form of the YEL challenge from country to country. Some, such as the Nordic countries, are known for their impressive achievements in with YEL. (Mitchell, 1998) In general in the North the problems are associated with restructuring, and poor school-to-work transition, whereas in the South the issue is much more associated with creating a business culture and basic systems to support the development of livelihood opportunities. The magnitude of the YEL challenge with respect to training in developing countries has led one analyst to describe the situation as a “crisis.” (Bennell, 1999) Other commentators focus on the broader poverty issues have commented that despite some localized progress over short periods, the incidence of poverty is actually growing.

The response to the YEL challenges involves large-scale change in the way business and society interact. Building the necessary bridges over the divides requires concentrated effort over a sustained period of time. This scale of change is clearly possible: there are other examples of even greater social reordering that can be cited, such as the rise of the welfare state, the spread of democracy, and the decentralization of government. Today more than ever we have greater capacity globally to address this level of change. We have more knowledge about how to create large-scale change, and we have more organizational capacity—in government, business, and civil society—to support such change. Moreover, our financial resources and skills are greater than ever before. Rather than provoking a reaction of helplessness, the magnitude of YEL issues should spur the development of effective strategies for meeting the challenge.

1.4 Historic and Current Perspectives

Historically the role of business in YEL issues has been limited. YEL has been seen as the responsibility of government, with business' role being simply to hire what

government “produces.” Business provided policy advice to governmental committees and in intersectoral forums, as well as training for its own employees. Certainly there are some notable historic exceptions, such as Germany, which has a history of more integrated activity, particularly with apprenticeship training in trades. However, by and large, there has been a relatively clear consensus that YEL is a government responsibility.

A similar division is clear for poverty issues more broadly. The business sector perceived these issues as a government responsibility, while the business of business is business and profit-making. Becoming more directly active in the issues of poverty and YEL, according to traditional thought, would burden business and take it away from what it does best: generate wealth.

However, chronic high unemployment in most Northern countries over the last 15 years and the on-going poverty crisis in Southern countries have led many to question this arrangement and to propose that more integrated action from all parts of society is required. There is growing consensus that since the private sector is the major engine of wealth creation and employment, the growth and prosperity of business is key to addressing poverty. A deeper understanding of the complexity and relationship of issues of wealth generation and more general well-being in the business sector can be seen as driving forces behind some relatively new impressive business organizations such as the global Prince of Wales Business Leaders Forum (PWBLF), Business for Social Responsibility (BSR) in the United States, the European Business for Social Cohesion (EBSC), Ethos in Brazil, the venerable Philippine Business for Social Progress (PBSP), and the National Business Initiative (NBI) in South Africa.

On government’s part, chronic unemployment and poverty has produced a noticeable humbling of aspirations: the desired outcomes government claimed capable of achieving have proven elusive. The first admission of government weakness was accompanied by budget restrictions and the engagement of civil society organizations as facilitators, mobilizers, and deliverers of services—roles government previously viewed as exclusively its own. This is one factor that has led to a virtual burgeoning of civil society organizations to the point that their growth and economic importance is now very substantial. (Salamon, 1994; Salamon & Anheirer, 1997)

Many of the divides that are part of the challenge of engaging business in YEL issues are growing. Consider that:

- While the global economy grew by 2.3% a year between 1965 and 1998, the gap between rich and poor countries is 10 times wider than it was 30 years ago as measured by per capita gross domestic product.
- The average annual salary in the world’s 20 richest countries in 1999 was \$25,480; in the world’s 20 poorest the figure was \$520.
- About 100 million more people are living in poverty today than a decade ago.
- The gap between rich and poor is growing within countries as well as between them. (World Bank, reprinted in *Wall Street Journal*, 2000 #775)

These figures re-emphasize an increased need for business to become more broadly engaged in issues that were traditionally viewed as the responsibility of government, for these trends are certainly unsustainable. As with business in the Philippines and South Africa that formed PBSP and NBI, businesses' own future growth and support is closely tied to how well problems implicit in these statistics are addressed.

2 Current Barriers

2.1 The Sectoral Divides

These barriers have already been discussed in detail. All of the cases represent some degree of success in addressing these issues, with the *Zambian*, *American*, *Thai* and *Global Alliance* presenting particularly interesting examples.

2.2 The YEL–Business Divide

As previously noted, the concept of youth employment and livelihood does not relate obviously to business. Rather, from a sectoral perspective it speaks to government and civil society interests. However, it also speaks to concerned individuals. Consequently, business engagement often starts with individual champions who are personally motivated and have a developed sense of social responsibility. Indeed, many efforts are wholly dependent upon individuals who happen to be in business. They take action because of personal commitment, and thereby engage the business where they work. The *Indian* and *Canadian* cases show the importance of these individual roles. However, this raises problems in terms of scaling up. Moreover, when staff turnover rates are high—as is common in many large international corporations—there is a constant need to build renewed commitment. To endure, individual commitment must somehow be institutionalized as business commitment. This requires building a business rationale with one of the business and society frameworks described.

How can the goals of YEL, improved opportunities for youth, and reduced poverty, be connected to a business plan? As long as the goals remain at this generalized social level, the motivational frameworks will be those of philanthropic and social responsibility. We know from experience that the power of these frameworks varies in different locations—for example, philanthropy is more powerful in the U.S. than in Europe, while in India social responsibility is growing more powerful. Some businesses, such as the case of *The Body Shop* and *Nike* in the *Global Alliance* case, appear to have integrated a social responsibility theme into their very cultural fabric. However, these organizations are exceptions rather than the rule.

Business is particularly concerned with efficiency and effectiveness, and has clearly defined outcomes. YEL on the other hand has low specificity in terms of outcomes and is a highly nuanced area. The broad goal of those working with YEL must therefore be to clearly articulate identifiable targets/desired outcomes (high specificity) if business is to be engaged. General policy and theory debates and developmental intricacies do not engage business.

YEL work, by its very nature, requires experimentation and thought from within a largely developmental perspective in contrast to the managerial perspective of business. This suggests the importance of developing very concrete proposals for how business can

be engaged. It also suggests the need, once interest is expressed in intersectoral activity, for discussions to be focused on clear outcomes. The lack of these latter elements caused difficulties for Cisco, for example, when working with NGOs. Of course this style adjustment should be reciprocal—Cisco has had to learn to act in a more “developmental” way, as well.

It is not surprising that incompatibility of business goals in YEL projects is common, as was found in South Africa with an initiative with a major company and a CSO called JEP (Joint Enrichment (training) Program). The two organizations were looking for ways to collaborate in a project to build capacity of CSOs in the YEL field. “It became almost impossible to agree on what was a good investment in organizational capacity. The mining house saw it (the proposal) as marketing—and funded the development and distribution of brochures. However, JEP is always over-subscribed with participants and requests to run programs, so marketing was not our key concern. In the end, a relationship which did not involve funding or secondment (staff being paid at one organization while working at another) of personnel, became unrealistic.” (Joint Enrichment Programme, 2000)

There can also be incompatibility between the long-term needs of a successful development program and the short-term and sporadic focus of many business activities. One such example is with a high tech company’s donation of computers. The company decided it wanted to donate computers to schools, and announced they were available for specific sites around the world. However, this reflected a lack of understanding of the environments in which they wanted to install the computers. First, it overlooked issues concerning security and theft. Second, it didn’t understand the need to train teachers to be able to show students how to use the computers. Both these factors involve additional financing and expertise.

2.3 The North–South Divide

The North – South divide manifests in many ways. Three aspects are important here:

1. The Northern operating context is very different to that in the South.
2. The vast majority of wealthy businesses are headquartered in the North.
3. The North is much wealthier than the South in terms of per capita income.
4. The South has many resources and presents a growing market for Northern businesses.

These suggest that different approaches must be developed in the South, although they can be informed by Northern experience.

In the North, business is a well-developed, powerful sector that works within a highly evolved regulatory and legislative environment. Enforcement mechanisms in place to ensure that, by-and-large, business plays by the rules set by the state. Most key multinational business decisions are made in the North, and there is a very specific type of Western managerial culture as well as accountability mechanisms that pervade

business practice and culture. For example, in the U.S., shareholder activism at annual corporate shareholder meetings to make companies accountable has proven a relatively important force, as have movements to press companies to meet standards.

In other areas of the world the mechanisms used to set and enforce rules for business operation are much less developed. In fact, many of the mechanisms developed to harness business in the North simply do not exist in the South, where business has a much freer reign. This is an important motivation for many Northern multinationals that locate their operations in the South as they freer reign is associated with lower direct business costs. This suggests that frameworks like social responsibility and philanthropy will likely be more powerful in the North where there are stronger and more formal institutions to support them.

At the same time, in many parts of the world “business” as an institution is very underdeveloped. This means government and civil society will likely have larger roles in YEL. For example, the former Soviet bloc and China have strong statist histories, which means that business and civil society are still relatively weak though business–state ties are strong. This suggests that to successfully engage business in YEL more government support than elsewhere will be required. Southern countries with strong multinational and local businesses, such as Brazil, the Philippines and India, can combine a more global strategy as well as a local strategy. Where business is weak, as is the case throughout much of Africa, the impact of business on YEL is necessarily constrained.

Lakshmi Venkatesan, of the Indian BYST case, points out that there are some general business differences that make different strategies necessary in the two broad geographic regions. For example, the motivation of social responsibility seems more of a Northern framework than Southern one; at the very least it has a different framing in the South. In India, for example, it is associated with the concepts of “putting back” and supporting the nation’s development. In the South, businesses are generally family-based, whereas in the North ownership is much more impersonal and is characterized by institutional shareholders. This means that approaches in the South will tend to depend even more on highly personalized connections as opposed to institutional ones. In the North, many companies produce mass consumer-end products and are very sensitive to brand image. In the South, companies more often tend to be intermediate producers in a corporate supply chain where brand and consumer attitudes are much less important. This has led to the issue of supplier standards for companies, such as Nike and The Gap, who have Southern partners.

The second North–South difference refers to power differences in terms of relations with major multinational corporations. Most of these are headquartered in the North where key decisions affecting the South are made. This means that decisions are taken by those with limited knowledge about, and experience in, local Southern operating environments. This divide is partly the impetus behind the Prince of Wales Business Leaders Forum’s “Insight Visits” for senior corporate executives to various local communities.

The third point of North–South difference—wealth—is more obvious. Although corporations invest impressive amounts in Southern countries, corporations are conduits of wealth from Southern countries to Northern shareholders as the profits from operations in the South are returned to Northern shareholders. This means that in the end, corporations are promoting an ongoing imbalance in wealth distribution, short of the day when they gain Southern shareholders in numbers that represent the size of their local investments.

2.4 The Formal Education–Entrepreneurial Divide

Although there is significant variation internationally, in general governments have focused upon provision of generic training for youth, and business upon training of its employees. This approach has predictably led to gaps between what students are learning and the skills that employers need. We must “make them (schools) more relevant to labor market needs...to minimize marginalization and exclusion.” (Mitchell, 1998 #67)

This mismatch results in large part from the dominant perspective among sectors that “education is a government responsibility.” Another factor is concern about the “commercialization” of education, and that providing more direct connections with business limits students’ development. However, as long as government does not receive input from the other two sectors it is reasonable to expect educational institutions to teach government created/approved curriculums, with emphases on areas that the governing elite value. In particular, government-led education will likely continue to emphasize the number of graduates rather than the number of successful school-to-work transitions.

Of course the choice is not *either* government *or* business domination of education (or civil society, for that matter), but education that successfully integrates all sectors’ perspectives. Transcendence of uni-sectoral views into a newly integrated approach suggests the need for different educational structures, skills, and curricula. Two cases here, the U.S. and the Cisco academy ones, respond to these problems through a more integrative approach.

2.5 The Social Divide

Many business people are uncomfortable when working with the poor, and vice versa. They lack knowledge of one another, which leads to fear of embarrassment in terms of, for example, appropriate behavior, and power difference difficulties. People often carry stereotypes and generalizations due to their lack of diverse social experiences. For example, many business people associate being poor with lack of manners and initiative, and failure; many poor think of business people as selfish, greedy, and insufficiently cognizant of the role of luck in life circumstances. And with youth of any economic background there are also enormous gaps in language and culture, simply as a product of people being from different generations. This means that social capital bridges linking the poor and business people must be built.

Without conscious recognition of these divides, initiatives stumble. Participants often try to move too quickly and fail to recognize erroneous assumptions that they make because they are so culturally ingrained. If these attitudes are maintained, resources will continue to focus upon the most-likely-to-succeed and people with whom those who have wealth and power feel most comfortable (with an emphasis upon social elite membership). In other words, a broadly conceived YEL perspective implies an opening of life opportunities and social integration. People working in the YEL field are important “social knitters”, trying to produce bridges across social chasms as well as economic ones.

The Indian and Zambian cases presented later provide particularly interesting examples of addressing the social divide.

2.6 The Knowledge and Capacity Divide

The divide between where we are now with regards to YEL strategies and where we must go is enormous. And there is insufficient knowledge to indicate how to achieve the necessary business engagement. The successes remain small—well beneath the scale needed. And they remain poorly known. Most are relatively new and have not been tested in a wide variety of operating climates.

There is also weak capacity in all sectors to move forward on YEL issues in ways that engage business. There is little understanding of the distinctive qualities of business relevant to YEL and basic strategies to work with it on YEL issues. Thinking that a business or unit of it will be able to do the YEL job on its own is unreasonable—corporations simply do not have the networks with the poor, nor can they build such good ties as can NGOs. There is a need for more intermediary organizations to work between the sectors.

While there are a growing number of intermediaries, very few focus upon YEL issues. To mobilize the serious resources required by YEL, more specialized intermediary organizations must be created. Existing intermediaries are small, young, and too few in number. At 17 years of age, The Prince’s Trust in England is certainly among the oldest organization in the YEL business field, if not the oldest. Most initiatives are under five years old and are on a very steep learning curve. This highlights the importance of organizations like the International Youth Foundation in building upon experience globally and fostering further experimentation based upon the most current knowledge.

Those successes that do exist usually stumble at the expansion and scaling-up stage. How to do this well is still not understood, and inadequate resources available to build on the successes. As a report by the International Development and Research Council states: “an uncoordinated range of effective non-formal training programs exist in many countries, most often managed by NGOs and community-based organizations. They are rarely replicated because of an incapacity of institutions to extend their services and a lack of awareness of their benefits among governments, donors and the private sector.” (International Development and Research Council, 2000)

YEL development is being handicapped by an inadequacy of skills needed for the intersectoral approaches that engage business in YEL. These are very different language and conceptual frameworks than those found *within* any one sector, and “translators.” (Waddock, 2002, forthcoming) are needed who can speak the distinct sectoral languages and know the various agendas of the sectors as well as ways to integrate them. For example, intersectoral leaders need to understand the differences and similarities between words such as “administering/managing/developing” and “campaigning/marketing/advocating;” they must understand the different concepts driving the sectors (see the attributes in Appendix A), and the steps for developing them. (Waddell & Brown, 1997) In particular, there is great need for leaders who have collaborative leadership skills. This is very different from traditional (particularly American) leadership approaches.

All of the cases demonstrate that these barriers are surmountable.

2.7 The Formal–Informal Market Divide

The informal market is increasingly being promoted as the best option for large-scale youth employment and livelihood solutions. The huge growth in micro-lending is perhaps the best illustration of this. However, unless these initiatives are connected to the formal economy, they risk perpetuating marginalization and gross income inequality. This is because without connecting to the formal sector, they will probably lack the scale that is necessary to effectively address the growing need.

Connecting to the formal sector is not a simple matter. It involves skill building as well as the creation of social networks. Accessing opportunities is dependent upon being in an opportunity-rich network, and these are found in the formal market.

However, if those working on YEL strategies are to have an impact, it is crucial to connect to the formal sector. Notably, the Indian BYST program only lends to entrepreneurs who show the potential of hiring 10 employees within five years. This means that BYST focuses upon making the entrepreneurs understand their potential and build their connections with the formal sector. This formal sector connection is also a theme in the Zambian, Canadian, and Australian cases.

2.8 Paternalism–The Empowerment Divide

The disadvantaged in general do not traditionally get a say in the policies that affect them most. When interactions occur, something is usually done for or to the disadvantaged rather than with them. For disadvantaged youth, this problem is even greater. Youth are at the bottom of social hierarchies that place a high premium upon age, at the bottom of power networks since power is highly correlated with age, and near the bottom of the knowledge hierarchy since they are just emerging into adulthood. “Youth are rarely given an active role in the programs that target them, even among those organizations such as NGOs that promote participation as a critical quality to success.”

(Grierson, cited in Curtain, 2000) It is very common that interaction between non-youth and youth elicits a paternalistic response at best, rather than a participatory and empowering one.

Successful business people are viewed as elitist by disadvantaged youth; this creates a gap in itself. The self-confidence, social power, verbal abilities, and knowledge of elites allow them to more freely state their views; their self-confidence often leads them to assume others should be the same. On the other hand, the marginalized generally need more time spent on relationship building and communicating through shared activity, rather than emphasizing words. People are generally unaware that their particular style of communication is the product of a particular culture, experience, and education. This easily produces impatience among business people when working with youth, and distrust among youth when working with business people. Relationships do not start with a blank slate—they begin with a history and a culture. Numerous assumptions and generalizations are made by both sides that easily produce the feeling among business people that the poor are incapable and teaching will be one-way, and among the marginalized youth that business people are too impatient and neglectful of process in favor of product.

Nevertheless, as the cases illustrate, effective YEL programs place high value upon the active participation of youth. They are put on boards of organizations that address YEL issues, and opportunities are created for them to actively participate in the development of YEL activities rather than simply being a target of other people's attention.

2.9 The Well-Resourced–Poorly-Resourced Divide

People who live in a resource-rich world have trouble recognizing the assumptions they make about those in a poorly resourced world. Photocopying and bus fares are expenses that matter in a resource-poor world. Plans and suggestions that seem reasonable to a well-resourced person might seem impossible to a poorly-resourced one. Corporate officers are often unwilling to make time to talk about these issues and develop opportunities.

This can also create problems in the way disadvantaged groups approach business. “Typically the community sector sees business as a source of money,” says Alex McDonald of the Body Shop in Australia. “But companies are made up of human beings and want to get engaged—you should give them the opportunity and not see them as a checkbook walking around in a suit.” For outsiders, a business can appear rich and a good source of money. However, business disciplines its resource expenditures to those on the inside, and to money-making propositions. This can lead people who are aiming to engage business in YEL issues to overlook resources such as expertise and business networks. And since most businesses have thought little about YEL issues, they usually do not even know what resources they possess that could be useful.

2.10 The Ideological Divide

The three sectors have very different ideologies. For civil society, it is often a central issue to define friends and foes; business believes itself agnostic ideologically, and government is influenced by who is in power. Many within a sector see those in other sectors as opponents or causes of problems. (Waddell, 2000, forthcoming) Even the more open often find business difficult to work with. These differences can often make productive conversations difficult, and require preliminary conversations just to get to understand each other better.

This is present to a small degree in the U.S. case, where some educators refused to become engaged in the academies schools have established with business.

2.11 The Cultural Divide

All of these divides combine to form a culture for business that contrasts with the ones of those addressing YEL issues. The very frames of reference for what is acceptable behavior and what is not are different in all the sectors. This can lead to lack of understanding around some very basic concepts. The Canadian case contains a great example of representatives from a civil society organization giving a presentation to bankers and presuming that a 25% loan loss is acceptable for a youth entrepreneur development proposal—without understanding that a 2% loan loss among the banking industry is seen as a problem. Cultural divides are a dynamic in all the cases. Participants are actively learning about each other's cultures, and adjusting their cultural frameworks to develop a broader perspective about what is acceptable.

3 Current Conditions/Systems Supportive of Business Engagement

3.1 Improved Enabling Environments

“Business as usual” as an acceptable mode of operation is being challenged by swiftly changing markets and the growth in YEL as an issue. Solutions that seemed to work or were acceptable in the past—mainly those which allocated government-wide responsibility for direct solutions and action—have proven insufficient. In particular youth have been very hard hit, as incomes for youth have declined, unemployment rates have increased, and the growing number of disaffected youth threaten the stability of many countries. This growing crisis has pushed people to experiment with new approaches, organizations, and systems to address youth employment and livelihood issues. However, the impact of these responses is still relatively marginal as people struggle to build new models, replicate what works, and scaling-up effective strategies.

There has also been an improvement on the ideological front. Less than 15 years ago the world was still caught in a conflict between the warring ideologies of capitalism, socialism, and communism. During the Cold War there was great pressure to buy into one ideology over another, and little room for experimentation. Now there is more willingness to recognize the weaknesses of any one ideology, and to experiment with new approaches to problems intractable under just one model.

The cooling of ideology is creating new roles for business. Evidence for this can be seen in the burgeoning growth in intersectoral collaboration over the past decade, beyond the traditional tripartite model of labor–business–government. The models, tools, and skills to support interaction between the sectors, and the ability to engage business in these initiatives, have grown.

This ideological shift has been accompanied by a decentralization of business structures, reduction in the use of hierarchies simply for control purposes, and new ways of operating cross-functionally within business. In the new business environment, paternalism is eschewed in favor of decentralized responsibility. Businesses operating in this new framework have a different view about the legitimacy of working with very different people, who themselves are empowered. This is a favorable trend that helps overcome the barrier mentioned earlier.

Decreasing resources from donor agencies and government and the increasing presence and wealth of business have supported greater experimentation. Many contacts made by NGOs with corporations have been driven by the thought that corporations might provide the funding previously provided by government. In several cases, business and NGOs have persevered through the difficult initial challenge of talking through differences and have built effective partnerships.

In addition, business has become more open to NGO advances and to identifying more creative approaches, particularly with market development. This latter pressure is the result of economic liberalization that has included, for example, decreasing national trade barriers. Globalization has forced companies to respond creatively to local diversity, within a global strategy. Corporations are learning to more effectively act and think both globally and locally.

These factors are present in particular in the Cisco and Global Alliance cases.

3.2 Increasing Business Motivation

The reasons for business to become engaged in YEL and similar issues are becoming clearer as business and civil society frameworks continue to evolve. “There is an old-fashioned concept of business and there is a new one,” comments Anita Roddick, the founder of The Body Shop and social responsibility leader. “Old business places profits before principles and shareholder interests above those of society as a whole. New business recognizes the link between profit and principles and demonstrates accountability to all stakeholders.” (Roddick, 2000)

The motivations are both reactive and proactive. One reactive motivation is the result of the growing strength of the message that current trend of the rich getting richer—with business, and Northern business in particular, as clear targets—is simply not acceptable. In reference to demonstrations accompanying the World Trade Organization meeting in Seattle in 1999, Pike comments, “Seattle provided the private sector with a strong reminder of the extent to which organized pressure groups have begun scrutinizing the full range of its employment and trading practices.” (Pike, 2000) This was part of the inspiration behind the *Zambian relationship*. And increasingly some business people are agreeing with concern recently expressed in *The Economist* that globalization may well be reversed unless its benefits are more widely spread. (*The Economist*, 2000) Other companies, particularly ones with U.S. brand names, are increasingly sensitive to the ways consumers view them. This has led to changing practices both at home and abroad.

Proactive motivation is more commonly associated with the mutual gain perspective that focuses upon the benefits that business can obtain from activity that used to be viewed outside of its realm. Applying a mutual gains analysis identifies benefits for core business functional lines that arise from building relationships with civil society organizations. The Cisco and U.S. cases are good examples of human resource benefits; the Canadian example demonstrates how YEL actions can fortify a business’ position with the public and government; and the *Zambian case* involves strengthening and improving the production chain. (For a more detailed description of business benefits, see Appendix B.)

The strategies do not always work, however. Reflecting on the situation in Indonesia where a Mobil Oil site became the target of activists, Solomon comments that: “Like most major investors in developing countries, Mobil has sought good relations with the locals by creating jobs and contributing towards schools, roads and other projects.

But the company remains a target of violence and deep resentment because of its association with the Jakarta government.” (Solomon, 2000)

3.3 Renegotiation of Sectoral Roles and New Models

The divide between government and business on issues crucial to YEL, such as education, is under ongoing renegotiation in a corporate citizenship sense. There is a shifting of all parties’ definition of responsibilities, which provides a dynamic environment for experimentation. Business, government, and civil society are working together to develop new responses.

Failure by government and civil society to address problems such as poverty, health, education, and environmental degradation on their own has led to rethinking roles and relationships with the business sector. Rethinking the role of business has been further supported by the end of the Cold War—an event seen by many as supporting the view that business should be given a prominent role in society; this in itself will help address these persistent problems. However, there is increasing skepticism about business’ ability to resolve these problems on its own, as demonstrated in protests against the pro-business policies of the WTO, IMF, and World Bank.

For discussion about emerging roles and models based on case analysis, see Section 5.

3.4 Varied Processes for Business Engagement

How to engage business is producing increasingly diverse answers. Traditionally, business was simply thought of as a source of money, either through taxation or through donations. Today, however, processes of engagement today aim to tap a much greater variety of resources and competencies, such as managerial and technical expertise. These are new types of processes for developing joint initiatives, rather than simply looking to business to pay the bill. This has required development of new capacity and skills for working intersectorally.

3.5 Growth of Systems Consciousness and Capacity

Systems thinking is increasingly integrated into business processes. Within companies, systems thinking relates to internal production systems and continues to be popularized as *organizational learning*. (Senge, 1990) This challenges the traditional business approach to solving problems by isolating them in a traditional scientific management strategy. The systems thinking approach emphasizes that changing one part of a system inevitably impacts other parts. Understanding the total system is critical to problem solving. As Mitchell comments: “There is an emerging trend for enterprises to acknowledge more openly their interest in the economic, social and political stability of the society in which they work.” (Mitchell, 1998)

Largely as a result of the environmental crisis and the rise in stakeholder concepts, this systems approach is being applied to external corporate relationships. Business increasingly understands it cannot treat its broader impacts simply as externalities. Rather, it must find ways to respond to them. This leads business to participate more actively in some activities such as community economic development and YEL work.

This all leads increasingly to business collaborating with organizations in other sectors. These collaborations bring together whole system of specialized skills without weakening the key strengths of a particular business. Increasingly, there is multi-stakeholder problem-solving and opportunity development that involves building common visions and developing actions that are outside of a business' core activities.

This collaborating work in turn has developed new types of business networks that are critical for developing core skills and capacity, and implementing action. Often these are business intermediaries. The Prince of Wales Business Leaders Forum is the world's pre-eminent business NGO, whose members include multinationals such as Shell and Coca-Cola. It focuses upon human development through intersectoral collaboration, with the belief that shareholder and societal value added are complimentary and critical for thriving value and a vibrant society. It has stimulated a wide range of activity, including the Zambian case presented here. (See: <http://www.pwblf.org>)

Sometimes these are trisectoral networks and organizations, such as the International Youth Foundation. In the case of IYF's relationship with the multinational cellular phone giant Nokia, IYF activity "range(s) from helping to select the programs to support, identifying roles for employee volunteers and gauging the effectiveness of the efforts." (International Youth Foundation, 2000)

4 Programs and Practices That Have Worked

The YEL cases fall into two groups. One focuses on the connections between employment opportunities that will be provided by an employer. This group includes state-led school-to-work programs and employer-led training programs. The second group consists of those creating new jobs, including small enterprise and entrepreneurship programs.

These cases are not in any way presented as “representative”. They were chosen through review of some studies and a series of discussions with affiliates of the International Youth Foundation. Leading factors determining their inclusion were the desire to present a variety of approaches, a variety of geographic locations and country contexts, and programs that have actually produced results.¹⁰

Note that all dollar figures are \$US.

4.1 Australia: Speak Out

Description

Some businesses aim to combine both business and social goals. This strategy, often referred to as “social enterprise,” is the foundation of The Body Shop’s (TBS) strategy. It aims to integrate “concern about the planet” with “excellent retailing.” TBS’s mission is “to dedicate our business to the pursuit of social and environmental change.” (Body Shop, 2000)

In Australia this mission has produced an innovative program called Speak Out (SO). Established in 1996, SO is an independent T-shirt and “streetwear” clothing manufacturer that trains disadvantaged young people. SO was initiated with the goal of creating jobs for disadvantaged youth—a more specific target than another TBS-Australia (TBS-A) program called *community trade* that was designed to create small business and employment for the broader population.

“The program started with two concepts,” explains Alex McDonald, Campaigns & Trade Development Manager for TBS. “The Body Shop needed uniforms for its stores. We could go to a commercial company to do that, but it’s really difficult to guarantee that the shirt is made ethically—the garment industry is notorious for questionable ethics on workers’ rights and other issues.” The second concept concerned TBS’s desire to work with youth, who comprise a major proportion of its market and

¹⁰ The Zambian case has not yet produced results although it is well into its development; it is included because of its novelty and potentially wide-spread application. We note that no European or South American examples are included; this is regretted, but this has occurred in part because of limited resources and in part because of difficulty in getting data on specific cases identified in time to include in this report.

employees. “The name *Speak Out* is a young people’s concept,” McDonald points out. “(Youth) tell you who they are and what they think by their T-shirts.”

TBS developed a proposal to focus upon disadvantaged youth by creating transition employment for them on their way to the formal job market. SO would be a non-profit self-sustaining organization based upon its sales. The non-profit status would help obtain both donations and supplies at reduced cost. The garment industry was chosen in part because it provides many low-entry positions and could address TBS’s need for ethically-produced products.

For a traditional business the proposal had some difficult elements: it was anticipated that the youth’s productivity would be lower than a traditional staffing strategy, and the best people would always be staying the shortest time. “Some kids have very low education and skills,” says McDonald, “but it doesn’t mean that they aren’t smart or can’t run a business.”

After developing the proposal TBS looked for partners. One goal was, of course, to find resources. Another was simply to create a partnership that would keep everyone honest and the initiative true to its vision. “It’s very easy to operate as a business rationalist without getting the community involved,” comments McDonald. Eventually they gained the commitment of the Foundation for Young Australians (FYA) and the national government. “We are always want very strong on partnerships,” explains FYA Executive Director Ulrike Schuermann. “We never assume that we can do things on our own.”

SO identifies employees by focusing upon aptitude, not skills. Employment agencies and youth organizations help identify potential employees, and SO then holds an evening event with this group; interviews are casual. SO wants to make sure that it engages those youth most in need of its program. “We look for the worst,” comments Project Manager Ian Godwin. “They turn up on time for the interview, and they don’t get the job.”

Staff grew to 23, but because of production issues was scaled back to 16 with 11 being young people. Six of these are girls and five boys; two are in the juvenile justice system and are dropped off in the morning and picked up in the evening; four are homeless. Tasks include everything from folding shirts to designing graphics.

Since its inception in 1996, SO has trained 60 youth. “Some stay longer than others,” explains McDonald. The original goal was for youth to average two years at SO. The average stay is 16-17 months; about half do not make it through the first few months because of outside instability such as homelessness and family pressures, which means many stay longer than the original 24-month goal. Youth are encouraged to think of moving on in a variety of ways. For example, job advertisements are posted daily at SO.

A 1997 evaluation of the program concluded that:

- The goal of establishing the business and employing disadvantaged young people full time has been achieved, taking slightly longer than anticipated, but by 1997 inducting 29 against the originally intended 10.
- Work skills have been well addressed via both on-the-job and formal training. An initial induction program and some counseling assisted with interpersonal skills development. Business skills were partially addressed.
- The model of Speak Out allows for simultaneous skills development and personal growth.
- The program has enjoyed the support of government, industry and the community sector, most actively from TBS as project manager, employer, market, entrepreneur and co-sponsor. (Australian Youth Foundation, 1997)

The goal of being self-sustaining remains, but has been hard to achieve. “We get close...and then take a step back,” says McDonald. One of the difficulties is simply the area of business: it is highly competitive and imports make locally produced clothing comparatively expensive.” SO’s non-profit status helps reduce costs because suppliers are usually willing to provide special low prices. The annual budget is about \$400,000, with one-third now in donations. FYA has contributed in line with its mission to support youth development. For the federal government the program contribution is rationalized in terms of the government’s social responsibilities and cost: SO reduces social and welfare costs and produces taxpayers.

For TBS the expense is a product purchase line item when they buy the uniforms and T-shirts, a marketing cost as a strategy to reinforce the ethics of TBS brand with consumers, and a cost to fulfill an obligation to the community where the payoff may take years. Moreover there is a clear “feel good” benefit for The Body Shop’s staff—themselves largely youth. “Staff want to know we’re doing good things for young people,” says McDonald.

SO anticipates its self-sufficiency will be more achievable once it is more recognized as a label. This will enable the branding to support higher pricing. This year, with FYA support, a Marketing Manager is being hired to increase volume—another critical sustainability issue. TBS-A is a major client for SO products, and the products are also distributed commercially through retail outlets. SO has produced 57,000 pieces of clothing, 70,600 T-shirts, over 1,000 TBS-A uniforms, and about 6,500 TBS-A T-shirts. The plan is to develop SO’s own stores as well.

All partners were interested in developing SO as a pilot, learning from it, and replicating it elsewhere. One lesson has been to avoid the garment industry since it is so highly competitive; McDonald sees the graphics industry as providing a good alternative opportunity. Also, the SO board structure needs strengthening to draw in more people who can actively support the initiative. Also, for a company to get top value out of the program requires intense internal staff communications to maintain and build support for the program to realize the potential employee morale boost, and “so people don’t question bills when they come in,” explains McDonald.

Another outcome is the program’s influence over the government and its strategy around youth employment and training. McDonald sees a subtle shift from thinking of government’s role as “helping the helpless” and “assisting in developing potential”; from working “for” youth to working “with” youth.

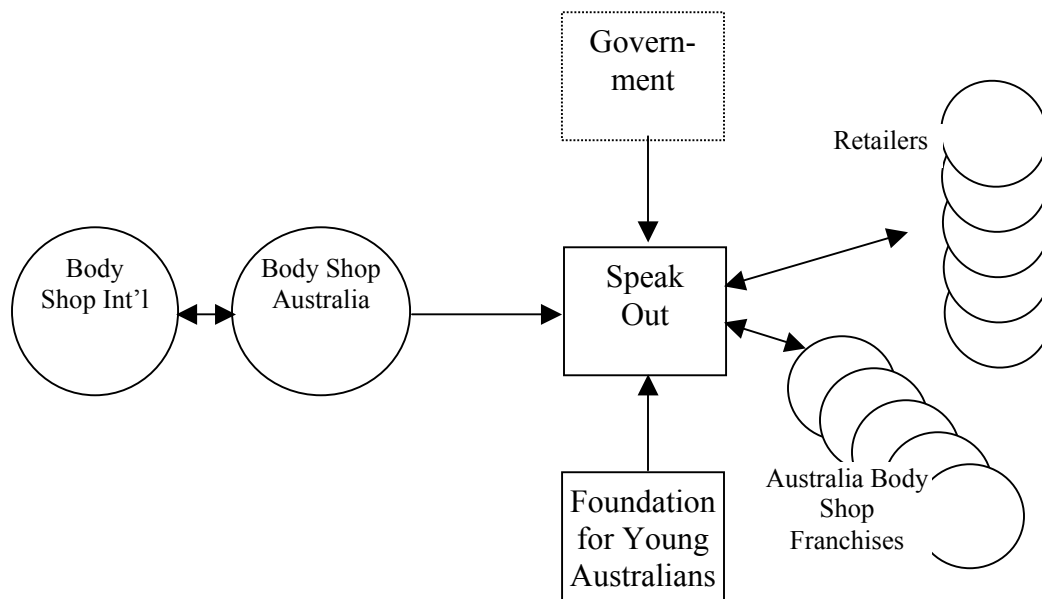
Speak Out is inspiring several similar initiatives. Another in which FYA is involved is the Rural Indigenous Enterprise Development (RIDE) initiative, aimed at strengthening indigenous communities by strengthening the local businesses where indigenous people live. An enterprise development program to set up five similar projects around the country has been funded with nearly \$900,000.

Organizational Structure

TBS-A leads the initiative and its development. It provides facilities, covers some staff costs, and provides operating expertise. However, the engagement of TBS-A has been heavily influenced by Body Shop International’s (TBS-I) values and strategies.

FYA and the government both provide funding. Since 1996, FYA has contributed \$156,000. The Youth Bureau of the Federal Government’s Ministry of Training and Employment has provided funds for on-the-job-training.

The Australia Body Shop franchises provide a market for Speak Out, which sells uniforms and T-shirts to the franchises. Products are also sold to other retailers.



Participants

TBS-I is a publicly held company, and TBS-A is the national franchise holder. Well-known British social entrepreneur, Anita Roddick, who founded the company in 1976, heads TBS-I. The Australian operations began in 1983; there are now 66 stores across the country which are a combination of franchises and private companies. The franchise agreements ensure maintenance of high ethical standards of responsibility, environmental care, and animal protection. The corporate group undertakes major campaigns around these issues, and individual franchisees undertake their own community activities. “The commitment to social reform by all the franchisees and their managers has resulted in a pervading culture of putting people first, employees, customers, suppliers and the community.” (Body Shop, 2000).

FYA is a national foundation whose mission is to assist young Australians who are financially, physically or intellectually disadvantaged to reach their full potential. Since its inception in 1989, the Foundation has committed \$7.3 million to fund a total of 496 national and regional projects.

Unique Model Characteristics

- 1) *A social enterprise*: In this model an individual business has undertaken leadership to develop the program, with the perspective that the program is part of its core activity and mission. (More about social enterprise in section 5.2)
- 2) *A local activity, a national program, and an international network*: The program has been established within the context of an international business network, led by a national sub-unit, which has mobilized its local business network.
- 3) *A franchise dissemination model*: TBS-I works with a franchise model to spread its social enterprise strategy around the globe. This has facilitated very rapid dissemination that has bread many youth projects. Moreover, the franchise as opposed to corporate multinational model helps to ensure that projects are meaningful to local communities where the franchisees operate.

Location Characteristics

1999 statistics: Life expectancy: 80; Literacy rate: 100%; Per capita income (U.S. buying parity): \$21,000; Official unemployment: 8% (Central Intelligence Agency of the United States, 2000)

Speak Out is located in a gritty section of Sydney, a city with 3.7 million people.

The Intersectoral Perspective

The business and civil society sectors are somewhat merged in the social enterprise model. Nevertheless, the model is more business than civil society, since TBS's own revenues are raised entirely through sales and ownership follows a business model. In this case the business sector represented by TBS provides financial support, a

market, and, perhaps most importantly, business expertise. In a civil society tradition, TBS has mobilized its business community and its resources with an inspirational social vision.

Through FYA, civil society has provided financing and an avenue for replication of the model through its networks. Civil society also provides the benefits of a civil society status for SO, which facilitates its work in several ways.

The government provides financing as part of its public responsibility to address youth employment and livelihood issues. There is some evidence of it shifting its policy perspective to facilitate the creation of other SO-like initiatives. The government granted SO non-profit status at a time when status for such initiatives was somewhat controversial.

Success Factors

- 1) *Leadership and commitment of The Body Shop*: TBS has taken a lead throughout the process, and demonstrated commitment even when the initial financial goals of sustainability were not reached. It has continued to adjust its approach from a business perspective.
- 2) *Commitment of partners*: Both the federal government and FYA have stayed with the program as important supporters over four years. This long-term commitment is particularly important when developing new concepts—and businesses. After all, it is not unusual for a business to take three to five years to reach profitability.
- 3) *“Pilot” framing*: By approaching this project as a pilot, more room was built for error and experimentation. This means that personal and interorganizational relationships avoided the extra stress that comes with an inappropriate framing as a project that had to meet traditional business targets.

4.2 Canada: The Canadian Youth Business Foundation (CYBF)

Description

“You’re young, energetic and have a great business idea—now what?” asks the CYBF. “If you’ve been working on a great idea, but need assistance in launching it, Youth Business can help.” (Canadian Youth Business Foundation, 2000) With unusual leadership from major banks, young Canadian entrepreneurs now have an organization that will assist them financially in their professional development. The work of CYBF crosses divides between marginal and full formal economy participants, school and work, and inexperienced youth and successful business people.

CYBF, officially launched in 1996, began when two separate organizations’ activity came together. In 1993, the Canadian Imperial Bank of Commerce (CIBC), one of the top five Canadian national banks, began a review of its external relations, including government, community, and investors. The community review concluded that the bank

should focus its resources upon fewer activities to improve its impact. The bank undertook its first serious research into community expectations of the bank. “The research showed that if a bank invested in youth, education, small business and entrepreneurship, communities would say it’s money was well invested,” recalls David McGown, then Director of Public Affairs and Community Relationships.

“At the same time that we were thinking about these strategic priorities, we got approached by the Canadian Youth Foundation (CYF) with a unique proposition: youth unemployment was twice the national average, we were still influenced by the recession ... CYF said there’re lots of young Canadians who want to start their own business, but lack capital, experience and understanding of the business environment.”

CYF had developed an idea from its ongoing research and learning about The Prince’s Youth Business Trust’s (PYBT) work with youth to develop them into entrepreneurs. (For another example of a PYBT-inspired adaptation, see the India case, the Bharatiya Yuva Shakti Trust.) The PYBT model emphasizes the provision of two services: mentoring and financing. Financing cannot be obtained without mentorship.

The CYF idea aligned almost 100% with the CIBC’s identified target, so the two organizations pooled their resources and expertise. A six-month projected start-up turned into two years preparation. The development included a study of youth employment in the marketplace, and hosting a conference that brought the three sectors together to focus upon the role corporations could play.

Anne Cira, then at CIBC and running 150 bank branches, agreed to head up the bank’s project team. It drew upon expertise from small business, office management, risk management, marketing, product development, and financial management expertise. Youth and CYF representatives were also included. A business plan that included identification of ongoing losses and funding sources was developed.

From the beginning it was recognized that the CYBF would have to be a totally separate institution. It was focused upon a very specific activity that required distinct competencies (CYF was not in the lending, mentoring and new business development business; although the bank did some of that, the business was clearly different). It demanded a risk-embracing culture whereas the bank demanded a risk-adverse one. Moreover, the initiative required participation beyond the bank in order to support its development; if it were known as a CIBC effort such support would be difficult to attract. However, the CIBC used its own extensive network to help identify supporters. In particular, it garnered the support of another of the top five banks in the country, the Royal Bank of Canada (RBC).

CIBC costed its business plan contribution at \$335,000. The two banks became joint founders by each committing \$1.7 million over five years to an initial fund; another bank contributed \$200,000. As well, the “best in their class” businesses were targeted. For example, in the airline industry Air Canada became a contributor. In nine months \$6.7 million was raised from business. Currently there are 44 corporate contributors, and

contributions are usually made over three-year periods. No money was requested from government.

CYBF operates in 30 cities, chosen in part for their high youth unemployment levels. CYBF goes into communities and begins with its own network of organizations dedicated to assisting youth to identify a key lead partner that will direct the development of a regional CYBF affiliate. Sometimes this is a business incubator, other times a YWCA/YMCA. Sometimes an educational institution provides office and overhead costs. The next step is to bring together business leaders to become supporters. The obvious place to start is with local operations of the CYBF's business members, in particular the CIBC and Royal whose employees are encouraged to work with the CYBF. In each city CYBF commits \$2 for every \$1 that can be raised locally. The local NGO establishes a loan committee, usually with a couple of bankers, a couple of accountants, young people with business experience, and perhaps another youth NGO.

The two key qualities that CYBF has emphasized over the PYST model have resulted in part from the huge size of the country. From the beginning the Web was envisioned as a major linking tool (<http://www.cybf.ca>). Additionally, the national branching system of the bank and other partners has greatly facilitated the initiatives' expansion, since in virtually any community the CYBF has this base to start from.

Selection criteria for applicants is based upon youth being aged between 18 and 29; having some business experience (it might only be working in a small store); willingness to work with a mentor (it may be a small business person, teacher, a retiree, or others); ability to work full-time on their business; and having a business plan. Rather than ask for proof of decline of a loan application from financial institutions, bankers are engaged in the loan approval process to declare whether it is a proposition another institution would fund.

Successful applicants have three sessions with CYBF. In the first the program is discussed in detail and a mentor is chosen from a pool. In the second a contract is developed that defines how they will work together and issues such as confidentiality and the fact that the mentor will not become an investor are addressed. In the third session some basic getting started skills are taught, such as bookkeeping and business planning.

The loan is up to \$15,000 and the entrepreneur stays in the program until the loan is paid off—usually three to five years. CYFB has provided for a 25% loan loss, and after four years it ranges between 18 and 20%. To date, \$4 million has been loaned. Operating expenses for CYBF are about \$1 million, and this covered by donations; the CIBC contributes about a third of this figure.

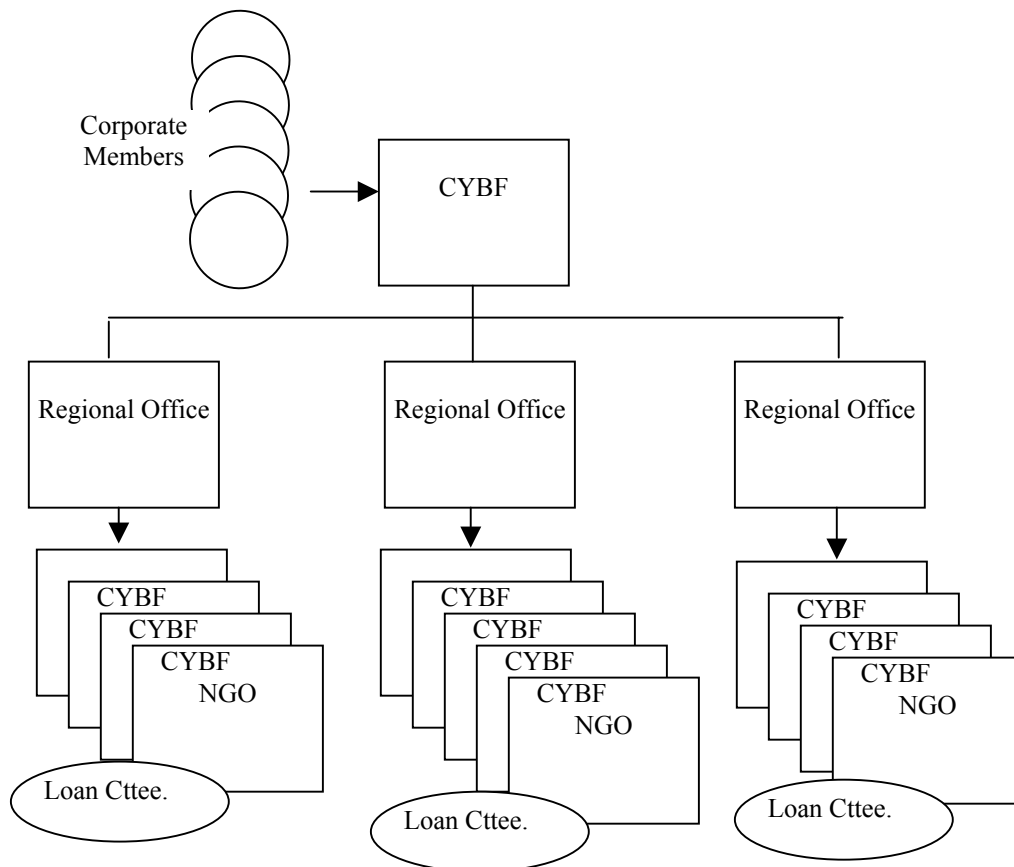
“There are huge cultural gaps that have to be managed,” says McGown, reflecting upon his own experience. “When CYF first came in to give a group of bankers a pitch, they talked about all the wonderful things that it would produce... and then highlighted with evident pride that best practice in the international market for micro-credit could deliver 75 successful loans out of every 100 granted. When the bankers heard this, they heard a 25% loan loss. And this was in front of lenders who talk about

1.5–2.0 % loan loss as being a problem. Their reaction was, ‘A 25% loan loss is like blowing our brains out!’ It took some time to see that a charitable foundation could fill a gap in the credit marketplace.”

The CYF–CIBC relationship spawned a number of other youth-related initiatives that involved partnerships between the bank and the not-for-profit sector. Another NGO responded to CIBC’s challenge that the NGO identify 30 children at risk of leaving school in Grade 10 for whom providing a scholarship for university education would likely make them stay in school. Another NGO was challenged to find part-time community-based employment for youth. Together the three partners created a social and financial environment to overcome the negative factors in the youths’ lives that would lead them to quit school and encourage them to continue their studies in college or university.

Organizational Structure

The CYBF has a board comprised of senior business people. It has a Youth Advisory Council comprised of successful entrepreneurs up to 35 years of age from across Canada. “One way they help is by providing a reality check,” says Larry Mah, Vice President of Marketing for CYBF. They advise on issues such as whether a process



Each NGO has its own loan committee that approves applications

is too complicated, too lax, and whether a marketing campaign will be effective. CYBF has 13 staff in its headquarters and three regional offices, and 14 affiliated NGO partners running CYBF's programs. The regional offices assist in processing loan applications, and each affiliate has its own loan committee to make final approvals.

At the CIBC the Public Affairs and Community Relationships Department organized the initiative, and funding has been provided from a philanthropic budget.

Participants

The CIBC has 1,213 branches across Canada, and assets of \$179 billion. It is a full-service financial institution.

The CYF was founded in 1986 as a research and policy development body. It makes policy recommendations, and encourages their implementation. It began with government support but has successfully turned itself into an organization that is supported by the business and community sectors.

Unique Model Characteristics

- 1) *Turning policy research into practice*: CYF is a policy research organization. The CBYF demonstrates how this can lead to a successful intervention to develop a solution to a policy problem, rather than simply explain to others what they should do.
- 2) *Bank leadership*: Banks are notoriously conservative and while they are major philanthropic donors in Canada, they have not had a long history of involvement in community development and non-profit financial activities. Yet in this case a bank was a major driving force in its development.
- 3) *Large Bank–Small NGO co-development*: The initiative was really a co-development process that involved very large and very small partners from different sectors.
- 4) *Bank–bank partners*: Two major competitors have been the major funders. The CIBC was tempted to fund the initiative on its own, and the Royal Bank was tempted to reject an alliance where they would be sharing credit with a partner. However, both banks realized the initiative demanded substantial resources beyond those they felt comfortable committing individually. The banks also realized that the goal involved changing the banking industry's profile with the public and government, so cooperation was important.

Location Characteristics

1999 statistics: Life expectancy: 79; Literacy rate: 97%; Per capita income (U.S. buying parity): \$23,000; Official unemployment: 7.9%. (Central Intelligence Agency of the United States, 2000)

The CYBF was founded when Canada had unemployment over 10% and youth unemployment over twice that rate. Youth unemployment was an important public issue. Since then, youth unemployment has gone down considerably as has public concern

about the issue. Some aspects of the strategy are being reconsidered, and CYBF is being reintegrated into the CYF.

One distinguishing feature of Canada is its size; a second is its national banking system where five national banks dominate the financial sector with cross-country branching.

The Intersectoral Perspective

The banking sector and CYF combined important and distinct expertise and resources. Through CIBC's engagement a sustainable business model was developed in the not-for-profit environment; it also provided financial and business network support to establish CYBF in partnership with the RBC. CYF's expertise was an important entrepreneurial driver in the process, and it provided linkages to other NGOs. The bank brought substantial financial resources, and the CYF gave the initiative legitimacy from a broader social perspective. Because of the trust each organization has in their respective complimentary networks, they have developed a powerful platform by tying these two networks together.

CYF's social service mission is to put youth issues on the nation's agenda. The CIBC's motivations came from a very distinct perspective, but others have evolved. "The public sees the banks as tall glass towers in downtown Toronto, and every time someone takes a wack at them that's (popularly perceived as) a good thing," says McGown with regard to his initial inspiration. "We were seeking to change that perception because it doesn't reflect the reality of our organization...not with spin management, but by making real changes... The image of our organization is important not just for employees and customers, but for government legislators and regulators, too."

Another potential benefit for bank members is that the entrepreneur becomes successful and continues doing business with the bank. Although it is too early to determine outcomes there is good reason to think that entrepreneurs will tend to stay with a financial institution that assists them with start-up costs.

Mah explains that the marketing of CYBF to gain corporations' support has changed since the founding days, when an important argument was the high rate of youth unemployment. With jobs more readily available, the focus has shifted to speak about the value of a long-term investment in youth, their role as future customers, and the value of companies building legacies. One supporter is a telephone company that is expanding into new markets, and is particularly attracted to the national quality of CYBF that builds its image as a supporter in markets it plans to enter.

Success Factors

1) *Spinning off the initiative*: Neither CYF nor CIBC has hung onto the initiative. They brought in partners to work with them to create a new organization. This greatly increased the organization's resource base and potential for expansion.

2) *Timing*: The CYF approach to CIBC was serendipitously timed. CIBC was trying to figure out a response to an issue, and CYF came along with one. This emphasizes the importance of persistence—because someone says “no” to an initiative one day does not mean they will not be approachable in the future.

3) *Making the case in business terms*: “We have created a mini-bank that loses money,” says McGown. This statement is odd coming from a banker, but the banker made a reasonable pitch from a banking point of view. He recognized that CYBF would lose money, but also spoke in terms of the bank’s natural expertise and responsibility to creatively look for solutions to fill gaps in the bottom end of the credit marketplace.

4) *Mobilizing expertise across the bank*: The project team that put together the plan for the CYFB drew on expertise across the bank, ranging from risk management to office management. The team took leadership with the development to ensure the CYFB made sense from a business perspective—that is to say, that losses were defined as well as a strategy for raising money to cover them. For no cost to the CYBF, highly professional skills were applied to complex financial issues and business ones such as marketing.

5) *Large institutions as key leaders*: In this case banks are important participants in terms of the financial contribution they make, but even more important is access to their business networks. Banks are true “intermediaries” of the business world and every business deals with them. Such a network can help raise further money. Also, a bank lends great credibility and if it promotes an initiative the initiative obtains greater credibility with the business community.

6) *Involvement of community leaders and expansion through local NGOs*: By working with local institutions in the CYF network, the program has rapidly expanded in a very cost-effective way. Moreover, this strategy helps to ensure local ownership and adaptation to local circumstances.

4.3 Global: Cisco Networking Academy Program (Networking Academy)

Description

Making connections between a global organization and a local community is challenging. In Cisco’s case it involves crossing North–South (developed–developing) country divides, income disparities, and cultural differences. However, after only three years the CISCO Academy Network is successfully connecting 5000 institutions in 84 countries and training over 129,000 people. The primary goal is to teach students to design, build and maintain computer networks and prepare them for the skills needed to compete in the 21st century workforce

Cisco Systems, among the largest companies in the world, is sometimes called “the plumber of the Internet.” Its products help access and transfer information over the Web. However, like other high technology companies Cisco has found that a major

impediment to its growth is the availability of properly trained technicians. “This is...leading to inflated salaries and increased turnover, thus raising operating costs and lowering profit for companies,” explains the International Data Corporation. (International Data Corporation, 1999). Cisco has taken an aggressive step to eliminate this impediment by developing the Cisco Network Academy Program (Networking Academy) to train people. Disadvantaged youth are among those participating in the training.

The Networking Academy has developed a global “education ecosystem” to keep pace with the rapid evolution of information technology. The word “ecosystem” emphasizes the holistic and self-sustaining quality of Networking Academy that Cisco considers essential. The core of the program is a 270-hour course, with major support delivered via the Internet and teachers specially trained by Cisco. It prepares students to take the Cisco Certified Networking Associate exam, a certification recognized worldwide. The system has been quickly built through a simple strategy: find local institutions that can be partners. These partners are mainly public and private education institutions, but business, government and community organizations around the world are also involved. In schools and post-secondary education institutions, the academy has similarities to the American Academy “school within a school” model for high schools. (See: USA: Academies case.)

Does this close relationship raise problems with commercialization of the education system—a sort of “buying educational time at public education institutions” approach? Most people say “no” for two reasons. “We’ve got a problem of high unemployment,” says Mr. Simani, Chairperson of South Africa’s Houwteq Institute. “We saw an opportunity, and the Internet is the future.” A 1999 analysis estimated that there would be demand for 600,000 more information technologists than available in Western Europe alone by 2002. (International Data Corporation, 1999)

Cisco’s interest in working with disadvantaged youth as well as others is attractive—Houwteq is a post secondary institution whose students are from traditionally black universities. With the need for employment, the demand for employees trained in networking technologies, and the problems of disadvantaged youth, the Networking Academy appears as a win-win proposition. Program graduates obtain a globally recognized and sought after certificate.

Another reason most people are comfortable with the program is that it is “industry standard.” Not teaching information technologists about CISCO technology systems would be similar to refusing to teach about Microsoft’s DOS programs which are the backbone of about 85% of computers. In the Internet field Cisco provides about 80% of the equipment. Many schools make Cisco one of several technologies that they teach about. For example, at Houwteq teaching about Cisco technologies is combined with teaching about Microsoft and UNIX operating systems.

Cisco has invested nearly \$100 million in developing the Cisco Networking Academy Program. The majority has been spent on curriculum and software development, which is constantly updated, training, assessment, equipment donations,

translations and staff who number 200–300 (depending upon how you define Networking Academy staff). These staff are engaged in network building, curriculum development, and constructing the online teaching resource that is the backbone of the system. (For basic information see: <http://www.cisco.com/warp/public/779/edu/academy/>.) This includes a management system, learning assessment tools, and curriculum. Given its e-learning nature, improvements and updating to reflect the fast-changing nature of the information technology field are easy. “Just over the last year it has improved tremendously,” says Nothemba Sonkwele, a teacher at Houwteq. “We now have really good simulations. (The program) is very well structured, the curriculum assumes no prior knowledge, and anyone can do it.”

“Every country is different,” explains Erin Walsh, Cisco Manager of International Strategies and Partnerships, Worldwide Education when asked about Cisco’s network development strategy. However, when Cisco aims to develop a network in a new country, the government is an early point of contact. Attitudes of government and departments within a government towards the program differ. Ministries of science and technology or communications might be most receptive in governments; ministries of education are always engaged in discussions. The period between initial contact and launch is often quite short; in the Philippines, for example, this took only six months. One problem Cisco finds is that many potentially good local partners are not used to working at an information technology pace, and the decision and development cycles take longer than the company would like.

The real work for Cisco lies in the development of local partners who are needed to fulfill two roles. One partner is as a regional academy, which supports up to nine local academies by certifying instructors and supporting ongoing development. The regional academies provide training and support for the local academies. The local academies fill the second role and actually deliver the 270 hours of course time and certify the graduates.

Cisco’s local partners include a variety of organizations. Often information technology departments at universities act as regional academies. Local high schools, colleges, and universities act as local academies. Although the program is designed for use at the high school level, given the inaccessibility to computers in many developing countries other arrangements must often be made. Often the program is placed at the post-secondary level. At Houwteq the program is offered for holders of Bachelor of Science degrees.

There are many variations on this model. “The key partner quality is passion,” says Ms. Walsh. In the Philippines, the Ayala Corporation created a partnership with Mitsubishi to take leadership by building a new school in a poor community. Ayala needs the information technology specialists in its own businesses so it also offers job opportunities. Cisco also has a relationship with the Business Partners for Development (BPD) youth initiative with the World Bank, led by the International Youth Foundation. Part of the vision is to work with IYF’s NGO affiliates around the world to develop academies; however, this has been slow in developing in part because most NGOs have not been part of the Internet revolution to date and have challenges in keeping the pace

with Cisco's expectations for development discipline in terms of deliverables and commitment to workplans. As well, there are financing issues for NGOs. Cisco recognizes the enormous demand for the program and wants to move rapidly to meet the demands of students, governments, academic institutions and the private sector.

One of Cisco's aims is to partner with organizations that have a particular interest in working with the traditionally disadvantaged. This was a core reason to work with IYF to develop academies in five countries, with the thought that the networks would allow more adventuresome and creative delivery strategies to poor communities than mainstream education institutions provide. Outside of the BPD relationship, academies have been established in homeless shelters, prisons, women's housing projects, and community centers. In the Philippines, the Ayala-Mitsubishi team's school had 127 students in its first year, 115 being women, with an average household income of \$650 per year. In South Africa this disadvantaged focus was one of the reasons that the first local academy was Houwteq, which focuses upon recruiting students from traditionally black colleges; moreover, almost all the students have been women in a male-dominated industry.

Often in the U.S. and occasionally elsewhere, the private sector contributes to the academies in other ways. For example, they sponsor students and pay their tuition, contribute equipment to the academies, and even provide mentors help the students.

Organizational Structure

The Cisco Academy structure has four key layers of activity (see diagram on the following page). One is at the top Cisco level, with the Networking Academy that is made up of a core team at Cisco and the Cisco Academy Training Centers (CATCs). In the South African case the CATC is in Birmingham, England, and there is a southern Africa region where Cisco staff develop and maintain local partnerships. The CATCs support the Regional Network Academies (RNA), and each RNA supports up to 10 local network academies. Local and regional network academies train students. In South Africa there are now four regional network academies and 14 local network academies that are expected to grow in number. Around the world the regional and local network academies are often public education institutions, but they may also include NGOs and corporations. Each regional network academy has up to nine local network academies, which again are most often public education institutions but also include NGOs and corporations.

Cisco has recently established the Cisco Learning Institute as a non-profit affiliate that will support development of relationships with NGOs in particular, and provide more flexibility to work with the disadvantaged.

2) *Partnerships with local institutions*: Partnerships are usually thought of as a one-on-one relationship. Cisco has managed to bring this model into a large, computer-based network—although such networks are usually characterized by impersonal relationships. Managing partnerships is always complex, but Cisco has developed a structure to manage thousands of them.

3) *Scale*: The initiative is impressive both in terms of its geographic expanse and number of participating people and organizations. It has managed to adapt to a wide variety of institutional and cultural settings.

4) *Use of the Web*: This is one of the best current examples of how the Web can be used to create a delivery system that crosses borders, cultures, and social barriers. Without the Web, the scale and speed could not have been achieved and the maintenance of so many partner relationships would be impossible.

Location Characteristics

1999 statistics: Life expectancy: 51.1; Literacy rate: 82%; Per capita income (U.S. buying parity): \$6,900; Official unemployment: 30%. (Central Intelligence Agency of the United States, 2000)

This initiative is a program of a leading global company that has an Internet and business culture. Given the creativity upon which such an organization depends, and the newness of the organization and its industry, it has not been hampered by tradition, old mindsets, and industrial-era structures that still limit many businesses and organizations. It has the financial and other resources that allow it to think big and be adventuresome, and its business demands that it do so.

Being a company whose business is constructing the inter-“net”, creating a global network is a natural extension of its work. Cisco is comfortable with the looser and more flexible arrangements that characterize networks in contrast with traditional interorganizational relationships.

The Intersectoral Perspective

Business is the leader here, and it has brought its financial resources and management and content expertise together to speedily build an impressive network. Certainly the business culture and focus upon deliverables has been critical to its development; it is difficult to imagine such a scale of development being achieved under NGO or government leadership.

However, government, and less so NGOs, is critical to Cisco’s success. By including a focus upon development of the disadvantaged, Cisco has adopted a smart strategy that combines a social change with business objective. This aspect that appeals to public policy and NGO values has undoubtedly facilitated Cisco’s entry into so many cross-sectoral doors.

In addition, Cisco mobilizes the private sector and promotes interest among other businesses, particularly large ones that are highly dependent on Cisco products, in order to facilitate entry into various political and cultural venues.

Perhaps the two biggest intersectoral tensions have to do with speed and organizing approaches. Government and NGOs are not accustomed to working at Internet and IT paces of change. The different pace of, for example, a university decision-making process (semi-annual or even annual review for new programs) is frustrating for Cisco. In terms of organizing approaches, the difference between a governments' administration, NGOs' development styles, and business' managerial style are obvious. Management means setting clear objectives, deadlines, and accountability structures, usually within a comparatively well-resourced structure. Administration means checking to see work fits within policy in a hierarchical structure. And development means creating-as-you-go with substantial participation and reflection of those impacted.

Success Factors

- 1) *Flexibility in partners*: Cisco's approach has some common development stages and structures across its system. However, it has managed to combine flexibility to address a great variety of settings. It analyzes the environment to identify what will work best in a given setting, and then figures out how to put the pieces together.
- 2) *Matching Cisco's and partners' development pace*: Partners working with Cisco have had to be able to respond to opportunities quickly. Cisco finds leaders with passion. This is key to speeding decision-making and implementation.
- 3) *A social change business strategy*: The bundling of the business opportunity with the social change strategy has opened doors and facilitated entry. If Cisco had simply approached partnership-building with a focus upon its desire to get access to public training resources, it would have failed. Rather, it crafted a strategy to make sure the benefits to public policy and progressive social change were part of its work. Having succeeded with this port of entry, Cisco intends to supplement its current mixed partnership network with a more commercial network of training institutions.
- 4) *Corporate resources and expertise*: Cisco has deep pockets compared with government and most certainly NGOs. It has smart people who understand the importance of developing "win-win" solutions. And it has managerial expertise to manage large and complex initiatives.
- 5) *Segregation of risk*: The number of partnering organizations means that Cisco has low risk with any one partnership. The central network development structures—Networking Academy and the CATCs—are under direct or close Cisco control to help ensure quality. Linkage with the other partners is low risk since the failure of any one will have minimal impact upon the whole "ecosystem." This means the system depends very much on Cisco's leading position, but as a whole the system is highly resilient.

6) *Adaptation of existing infrastructure*: Rather than build a new teaching infrastructure, Cisco has succeeded in getting current infrastructure to incorporate its program. This has substantially reduced costs and sped development.

7) *A sought after product*: Getting onto the IT development bandwagon is widely accepted as critical to social and economic development. Cisco is providing a ready, low-risk and low-cost way for people to do so.

4.4 Global: The Global Alliance; The Case of Nike in Thailand

Description

When a company feels it is responsible for the people that make its products, but those people are employees of a subcontractor, what does it do? This divide between brand name manufacturers like Nike and its workers includes divides between North and South (developed–developing) countries, rich and poor, marginal formal economy participants and formal economy powerhouses, and between cultures. The question about responsible action has been in the spotlight of activists and companies alike for over a decade. And there has been substantial progress in developing responses.

The Global Alliance is dedicated to working with companies to bridge these sorts of divides. It aims “to improve the lives and future prospects of workers involved in global production and service supply chains, the majority of whom are young adults, and to promote collaboration among the private, non-profit, and public sectors in support of those efforts.” (Global Alliance, 2000b) A key long-term goal is to build a model of how global companies and NGOs can work together to respond to workers’ needs.

The Alliance was spurred by Jill Conway who began visiting sites of U.S. companies’ foreign subcontractors in 1996. “What I saw resembled turn-of-the-century mills in (U.S.) cities,” she explains. (Global Alliance, 2000b) The idea of the Alliance began to move ahead after a June 1998 meeting between Conway and IYF’s President, Rick Little. In April 1999, the Alliance was launched as a multi-party collaboration. The Gap and Nike are business members, the World Bank acts as a sort of government representative, and two universities are partners to support the learning and development aspects; at the local level, education institutions, subcontractors, and NGOs work together.

The first 18 months of the Alliance’s work has involved experimentation to test and refine models. Major activity has been in Thailand and Vietnam, with some in Indonesia. For Nike and Gap, Alliance activity builds upon a deep history of concern with social responsibility. They have been leaders in the movement to develop new monitoring practices to ensure that its subcontractors have socially responsible production practices. For the World Bank, the initiative is an important new strategy to address its poverty and development concerns.

The partnership nature of the Alliance with organizations like the World Bank and the IYF represents a new approach for Nike. Maria Eitel, head of Nike’s Corporate

Responsibility Division, explains that “we wanted something innovative, forward-looking. So much focus is upon compliance and policing—that’s important, but ultimately you have to recognize that you have no control when compliance people leave (the subcontractor site).” Maria was excited about the Alliance’s promise of a more integrated and sustainable approach that would impact corporate culture and influence people’s routine activities.

Nike wrote a check for \$7.7 million for the Alliance and signed a five-year agreement structured to both recognize the value Nike gives to the Alliance’s work as well as the need for the Alliance’s independence. “Nike is only one of the funders,” says Eitel. “If the Alliance finds problems, we are committed to support them making the findings public.”

The first step in engaging Nike’s subcontractor partners began with putting the Alliance on the agenda of a meeting with them all in April 1999. “The Alliance is not a monitoring process,” emphasizes Nike’s manager for Corporate Responsibility for the Asia/Pacific, Harsh Saini. “We are focusing upon the fact that for these young workers this is a step up from a family farm to the alien environment of an assembly line. How do they feel, what can make them feel more comfortable, how can we support their life aspirations? We have no road map; no one has done this on this scale. The key component is to ask workers directly what they want, instead of others speaking for them.”

The reaction? “Our partners know that the best way to make business work is for everyone to work together,” says Saini. Five Thai footwear and apparel factories were among those that agreed to be first to work in the Alliance initiative. Responsibility was assigned to the corporate responsibility departments of the subcontractors. At each site project teams have formed to facilitate the Alliance’s work. Defining “who” is to be on the team is guided by the general goal of achieving demographic representation. However, forming the teams has proven complicated. Management is a member, and if a union is present it will be asked to send a representative. Sometimes representatives are elected, other times they volunteer, sometimes they are appointed, and in some cases the Alliance has concluded that such a team is not appropriate.

In Thailand the Alliance worked with IYF’s local partner the National Council for Child and Youth Development (NCYD) to help organize local activities. NCYD helped to identify an organization with which to do a workers’ needs assessment, identify a country director for the Alliance, facilitate the director’s work, and provide administrative support. From July to December 1999, a university institute assessed the needs, assets, and future aspirations of factory workers. “The assessment work involves a participatory approach, including surveys of approximately 8% of the workforce (9,177 workers!), focus groups and in-depth interviews,” explains Global Alliance Executive Director Kevin Quigley.

The assessments identified four key issues. Top is personal and workplace-related health issues. Second is personal education and skill development. Workers want to supplement their incomes with other jobs, develop skills that will help them move up

in the factory or find other work, and learn life skills such as financial management. Third are family and community life concerns, including family education and health, and activities to improve workers' communities. And a fourth category of concern is defined as workplace conditions. About 86% of workers feel safe in their workplace, but they raised concerns about equipment and environmental issues.

The assessments included identifying worker aspirations with regard to the issues, and the next stage of the Alliance work will involve building effective responses. Some have been relatively speedy. For example, a labor lawyer was brought in to explain to workers their legal rights. For longer-term action the Alliance is now talking with organizations in Thailand such as the Thailand Red Cross and Planned Parenthood Association of Thailand that can help develop these responses by working with the project teams and employees.

After assessment and program implementation, the third part of the Alliance's work concerns reports and evaluations of its work and that of its partners. The Alliance is developing an evaluation process to help measure the impact of its work, and it is publishing public quarterly and annual reports on the factories where it is working.

One lesson for Eitel is that big issues and differences should be dealt with up front in the partnerships, rather than avoided. "You must be very candid with one another right from the beginning," she recommends. She also emphasizes the importance of listening. "You've really got to understand other people's points of view, and what's important to others."

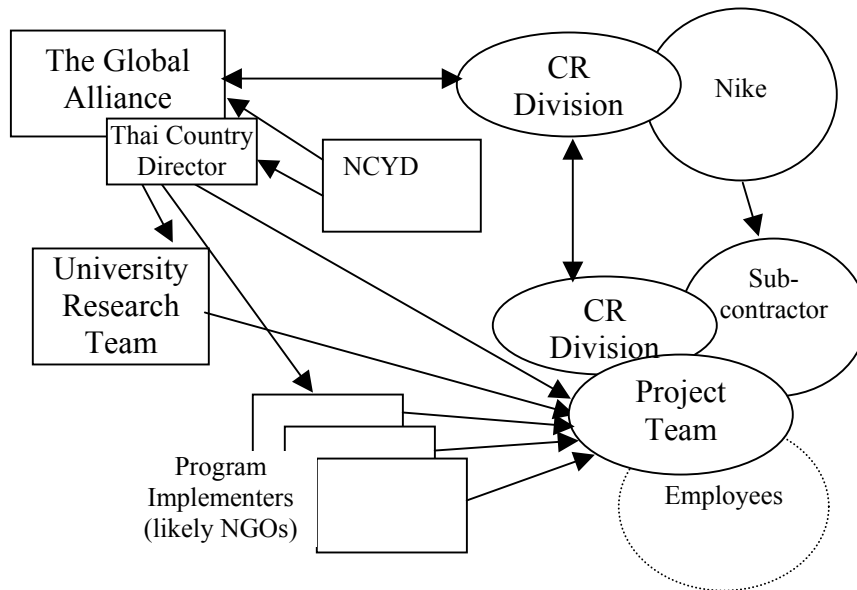
In a similar vein, Haini emphasizes the importance of communications: "There are so many organizations involved, it's a real challenge. And we have to make sure production staff understand and support the program, too."

"The work of the Global Alliance has attracted a fair share of controversy," explains its annual report. This is attributed in part to the fact that it is "working with organizations that are on the front-lines of the debate on globalization and labor development." (Global Alliance, 2000a) However, members are convinced that critics from both sides—those saying it is acting basically as a management union, and those saying it is a waste of shareholder money—will soon be proven wrong.

Organizational Structure

Global Alliance is a non-profit organization housed within the International Youth Foundation. As in all countries where the Alliance works, the Thai activity is managed by an Alliance Country Director who is a host country national.

From Nike's side the initiative is led by the company's Corporate Responsibility Division, which has three components: labor practices, community relations, and environmental issues. Its subcontractors have developed similar divisions.



The technical connections include a five-year contract the IYF has with Nike to assist in applying the Alliance strategy to Nike and its subcontractor network. However, the contract gives broad authority to the Alliance and its Operating Council to identify how the process is to be applied.

At the factory level a project team facilitates the work of the Alliance. Independent in-country organizations are engaged to conduct assessments and support program development.

Participants

The Operating Council, the Alliance’s lead operating body, has nine members: three from business, three from IYF’s network, and three “joint members” who IYF and corporate members agree upon—currently these include one person from the World Bank and two other people chosen for their expertise in the work of the Alliance. One of these is the former Secretary of Labor in the Philippines and the other is the founding executive director of the Ethical Trading Initiative in the United Kingdom.

Nike’s subcontractors are among the largest shoe manufacturers in the world—some are bigger than Nike itself. The workforces of the five factories engaged range from 759 to over 3,500 employees.

The Alliance reports that a typical worker in participating factories is female, in her mid-20s, single, with elementary school education, low-skilled, and her job is her first in the formal sector.

NCYD is a national network of child and youth organizations that also undertakes some direct development activities. It is an affiliate of IYF.

Unique Model Characteristics

1) *A “glocalizing” institution:* Enacting the “think and act globally and locally” imperative requires constructing new institutions, and the Alliance can be conceived as one of these. Until now the successful strategies to develop good labor practices have largely been limited by union and national boundaries. Unions are an organizational innovation that built on previous guild structures to represent the interests of a specific group of workers, and mobilized workers’ power to ensure their interests were protected. Government played a similar role for the general public through legislation and regulations. However, extending these mechanisms beyond national boundaries has not proven successful, as demonstrated by the weakness of international unions and attempts to apply international accords and conventions. The Alliance represents one of several strategies that are emerging to build an effective global structure to bridge national divides while respecting local cultures and contexts.

2) *A global intersectoral collaboration:* As well as bridging geographical divides, the Alliance bridges sectors. In an era of globalization, global intersectoral collaborations are arising. These can be conceived as forums to negotiate and implement social contracts that reflect values and priorities agreed upon by business, government, and civil society.

3) *A joint northern business-southern subcontractor action:* This approach makes particular sense with a subcontractor relationship rather than, for example, a wholly-owned subsidiary. The subcontractor linkage presents particular challenges, especially with high visibility brand names like Nike that are easily blamed for subcontractor misconduct—although the subcontractor is legally independent. The Alliance approach is probably also particularly useful with joint ventures, partnerships, and other “shared power” business structures.

4) *A “beyond monitoring” approach:* Many companies support internal and third-party monitoring of their subcontractors, but the mechanisms to ensure the monitoring is objective and its findings are acted upon are weak. By undertaking action under the auspices of an intersectoral collaboration, a mechanism is created that has multiple parties interested in ensuring findings are taken seriously. By focusing upon workers’ desires and developing pro-active ongoing responses integrated into the work environment, the Alliance goes beyond monitoring.

Location Characteristics (Thailand)

2000 statistics: Life expectancy: 69; Literacy rate: 94%; Per capita income (U.S. buying parity, 1999): \$6,400; Official unemployment (1999 est.): 4.5%. (Central Intelligence Agency of the United States, 2000)

There are two types of location relevant to the Alliance’s work. One is the international environment of global business (Nike), government (the World Bank) and NGOs (IYF). These organizations work at high levels of abstraction and strategy, and they are well resourced. They work with sophisticated management systems that have

broad reach, with an evolving international culture norm about participation, diversity, and decision-making (although these are heavily influenced by their sectoral positions).

The second type of location is on-the-ground, for example in Thai factories. Here the culture is more paternalistic, power imbalances are greater, and decision-making structures generally less participatory. Economic growth was among the highest in the world from 1985-95, averaging 9%. After leading the Asia crisis in 1997, Thailand in 1999 experienced 4% growth. (Central Intelligence Agency of the United States, 2000)

Four of the participating factories are within a few hours from Bangkok; the fifth is in an agrarian community.

The Intersectoral Perspective

Nike is accessing skills that are housed in universities and NGOs. Also, Nike has built NGO trust. Because of the participation of IYF and its affiliated partners like NCYD, trust can be much more easily developed both vis-à-vis the workers and the general public. For Nike's part, the company is contributing financially and opening up its business networks to social change.

"It's our responsibility to continually improve our workplaces...it's the *right* thing to do," Eitel says, speaking from a corporate responsibility perspective. However, she adds a mutual gain perspective: "We really do believe that it will lead to better production factories and benefits." The Alliance activity is part and parcel ongoing efforts to improve the global supply chain. The connection between contractor and subcontractor, and between managers and workers, is strengthened with better understanding of, and support for, workers' life and career aspirations. Happier workers will care more about the quality of the product and staff turnover will be reduced. Part of the Alliance's work is to create a new approach to human resources that is appropriate for a production chain with independent companies rather than a single integrated company.

Success Factors

1) *A semi-voluntary framework*: Although the "voluntary" nature of participation in the Alliance is emphasized, in fact it is more voluntary for some than others. There are key pressures that must be recognized as a dynamic to keep people engaged. Nike emphasizes the importance of social responsibility, but external activists are continually reinforcing this. Subcontractors have agreed to participate, but they do so at least in part because they value Nike's business. The employees participate, but certainly in part because the employer is promoting the initiative and they want to be seen as good employees.

2) *Patience*: Creating a network that is highly dependent upon personal networks, trust, and careful research requires patience. The relationships must be credible, and it takes time for parties to test one another's commitment as they work together. Trust formation occurs at an NGO development pace, not a managerial business one. This lesson has led the Alliance to reduce its initial expectations from working in 25 countries on three continents, to 12 to 15 countries with an initial focus in Asia.

3) *Strategizing for synergies*: Many people talk about the potential synergy that can occur in cross-sectoral activity, but it is notoriously hard to generate. The Alliance appears to be developing the synergies by bringing together the knowledge of local communities and the trust of NGOs, with business systems, their wealth, and managerial acumen. The synergy argument is good and some results can already be seen in drawing upon different sectors' competencies. However, whether this will result in a new level of performance with improved productivity and quality of life will take several years to determine.

4) *An action learning developmental approach*: The Alliance began with a concept and general strategy. It consulted with partners, and refined the strategy. It then applied the strategy, and learned lessons—for example, it concluded that rather than “off-site” being a critical factor in undertaking confidential interviews, “safe” locations could be developed on-site. These lessons were then integrated into a further refined strategy that was applied at subsequent sites. This approach helps ensure continual improvement for the program, as learnings will be drawn from an increasing number and variety of sites. A “community” of Alliance participants—workers, subcontractors, contractors, researchers, and NGOs—is gradually being developed to build a new flexible network institution.

5) *Scaling-up flexibly*: Often a key difficulty for development organizations working with business is the dominant business model of expansion through “rolling out” an approach that has been found to work under specific conditions. This is appropriate for some business activities where it is important to maintain a high degree of consistency (such as with new products). However, it does not work when dealing with diverse cultures and settings. The Alliance is developing a scaling up strategy that aims to build upon diverse cultural and industry bases while maintaining its core goals and adapting tools and processes. This is expansion through both bottom-up and top-down development.

6) *A strong contractor–subcontractor relationship*: The Alliance initiative builds upon long and strong relationships between Nike and its subcontractors. For many years they have worked together on workplace issues, and the Alliance work is an extension of this work. This history has greatly facilitated the work. Moreover it was facilitated by the fact that the subcontractors and Nike had developed similar Corporate Responsibility divisions, which greatly smooths the interactions.

7) *A “glocal” network*: Being some distance from the ground, the global partners can see potential strategies although they do not know how to operationalize them. Operationalization occurs through intense interaction between this first node of activity, and the second location, which is the local workplace. Through its action learning strategy, the Alliance is developing a new type of feedback loop between local and global activity that can result in powerful change both locally and globally—in fact both must continually transform.

4.5 India: Bharatiya Yuva Shakti Trust (BYST)

Description

Although Northern ideas are often difficult to adapt to Southern country settings, BYST has shown that the core ideas behind The Prince's Youth Business Trust (PYBT) to transform disadvantaged youth into successful entrepreneurs can blossom in India. (For another example of a PYBT-inspired adaptation, see Canada, The Canadian Youth Business Foundation.) Seeded in 1992 after nearly a decade of proven work by the PYBT, BYST began with a visit by the Prince of Wales to New Delhi in 1992. The founder is the daughter of an ex-President of India, which has provided important legitimacy and prestige. The Board of BYST is a "who's who" in Indian business leadership.

The Indian name of BYST combines the words "Indian youth – power of youth – trust". Bharat Nain, a mentor with BYST, interprets the goal as "marrying the potential of youth, the reach of industry and the burning embers of entrepreneurs—without government." BYST is now operating in eight cities and 38 villages; it has offices in five areas of India that operate somewhat like franchises. Over 500 youngsters have started their own businesses ranging from handicrafts to high-tech electronics. However, BYST focuses upon the development of individual entrepreneurs as a way to generate broader economic impact, and the 500 entrepreneurs have generated 1700 jobs. The average business is expected to create 10 jobs after five years of operation.

Businesses of all sizes are engaged in BYST, either directly or through business associations. To gain financial support for the initiative from a business, contact is usually initiated at the CEO level, through human resource departments or with enthusiastic managers. To gain the engagement of business people as mentors, contact is initiated through personal networks and through speaking at business associations and service clubs such as Rotarians and Lions Clubs.

Potential entrepreneurs are identified through a variety of means, with NGOs providing an important referral service. As the program becomes better known, potential entrepreneurs increasingly search out BYST and its five affiliates on their own. However, the youth who are the target recipients of BYST's efforts are typically outside of the usual word-of-mouth networks and would not be able to receive bank loans. They come from poor family backgrounds, but are far ahead of their peers in aspirations.

The affiliate of BYST in Pune represents a typical approach. Between a week and a month after submitting an application, successful applicants are given a \$1,200 loan and a mentor to support their development. This approval process begins with entrepreneurs filling out a short form at the local BYST office describing themselves and their business. The program officer then interviews them and visits their worksite to further analyze them and their business. Recommendations to support an entrepreneur are made if the entrepreneur's household has an income of not more than Rps.1000 (\$22) a month, the proposal is a sound sustainable business proposition, the business is likely to employ 10 other people within five years, and it meets all legal standards (such as no child labor and

environmental laws). A Project Evaluation Committee made up of 11 successful professionals and business people meets to interview seven or eight applicants at least once a month. The interviews are short, usually only 10 minutes. The main goal is to ensure that the entrepreneurs have “common sense” and can “think on their feet.” They must have a spark that will help them make something happen against all odds.

Both operating costs and loan funds are the responsibility of the local affiliates. BYST has disbursed loans of about \$330,000. In Pune, a company called UDV took leadership in 1996 to establish a BYST affiliate as part of its philosophy to put back into the community. “There are no business outcomes, there is no business,” explains Dr. Puri, VP of Manufacturing for UDV. (Although some businesses have a different attitude. See: intersectoral perspective below.) UDV has provided the local BYST affiliate increasing annual amounts of \$70,000, \$85,000 and \$100,000. Nationally, loan recovery is 93%, and 5% of the entrepreneurs have already become rupee millionaires (about \$22,000) in terms of annual revenue. The loans are considered marginally below “market rates” although there is no comparable commercial financing. Banks are now showing some interest in BYST, particularly with refinancing. Citibank, a U.S. bank with substantial experience in the U.S. working with poor communities and now operating in India, sees value in developing a business client base with the BYST entrepreneurs. In effect, the entrepreneurs get advice at no cost.

The mentor concept of the PYBT has been reframed as an Indian concept of “guru shishya,” referring to a teacher–disciple relationship. However, operationally the entrepreneurs are encouraged to go beyond the Indian tradition of never questioning a teacher. BYST has two forms of mentoring: one-to-one and though mobile mentor clinics. The latter are used when distance makes the former problematic; a group of experts in various fields visit entrepreneurs once a month.

In Pune, the Mentor Committee’s 10 business members are responsible for recruiting mentors and providing them with support and training. A mentor is matched out of a pool of about 200 to work with an entrepreneur. Although the entrepreneur might be expected to be responsible for regularly contacting the mentor, it actually works the other way around. Young entrepreneurs do not easily understand the value of a mentor and how to use them, and mentors are expected to initiate and keep up the contact.

Although the mentors come from large companies, Pune mentor Nain who has an executive search firm explains that there is usually no problem relating to the emerging entrepreneurs. “I’m there to help (the entrepreneur) to think big, expand the vision and scope,” explains Nain. He estimates that he spends about 75% of his time just listening to the entrepreneur. “They don’t have anyone they can speak with to develop their ideas or for intellectual stimulation,” Nain comments. He sees his first job as helping the entrepreneur to understand his end customer, although this does not necessarily mean selling to the broad market and the end customer. For example, the product of an entrepreneur in plastics manufacturing was passing through three middle people before it reached a washing machine manufacturer. Nain built the entrepreneur’s understanding that he must satisfy the manufacturer. When this resulted in selling directly to the

manufacturer, the entrepreneur had to increase production, and the entrepreneur then learned about subcontracting himself until now he's capable of buying bigger machines himself.

The mentors must understand how to take their big business knowledge and adapt it to their entrepreneurs, which is part of the focus of a training program at BYST for new mentors. Nain built the plastics entrepreneur's understanding of "working capital management" without using those words. "I wanted to teach him the basics of money inflow and outflow, so I provided a blue pen to capture inflow and a red pen for outflow." Nain stresses the importance of understanding how increased inflows can lead to the family's demands shooting up overnight, which is why he emphasizes to entrepreneurs that outflow on personal consumption affects the blue column of inflow.

Once the vision and basic skills are built, mentors must also guide the vision to break it into digestible and manageable pieces so that the entrepreneur does not overstretch. Entrepreneurs are "always flowing with ideas," says Nain. "After their first success they think everything is possible." For instance, the plastic manufacturer had to be reigned in and had to consider real business practicalities and avoid buying too big and expensive a machine. Mentors commonly spend the equivalent of a day a week with their entrepreneur, and the formal mentoring usually lasts six months to a year. This contrasts with the PYBT approach that involves a three-year commitment to an entrepreneur.

Having achieved success with its own programs, BYST became a founding partner of the International Association of Youth Business Trusts. As such it works to establish similar programs around the world, particularly in developing countries. BYST recently provided training to Sri Lanka, Mauritius and South Africa. Youth Business International (www.youth-business.org) is taking a lead in spreading the model internationally.

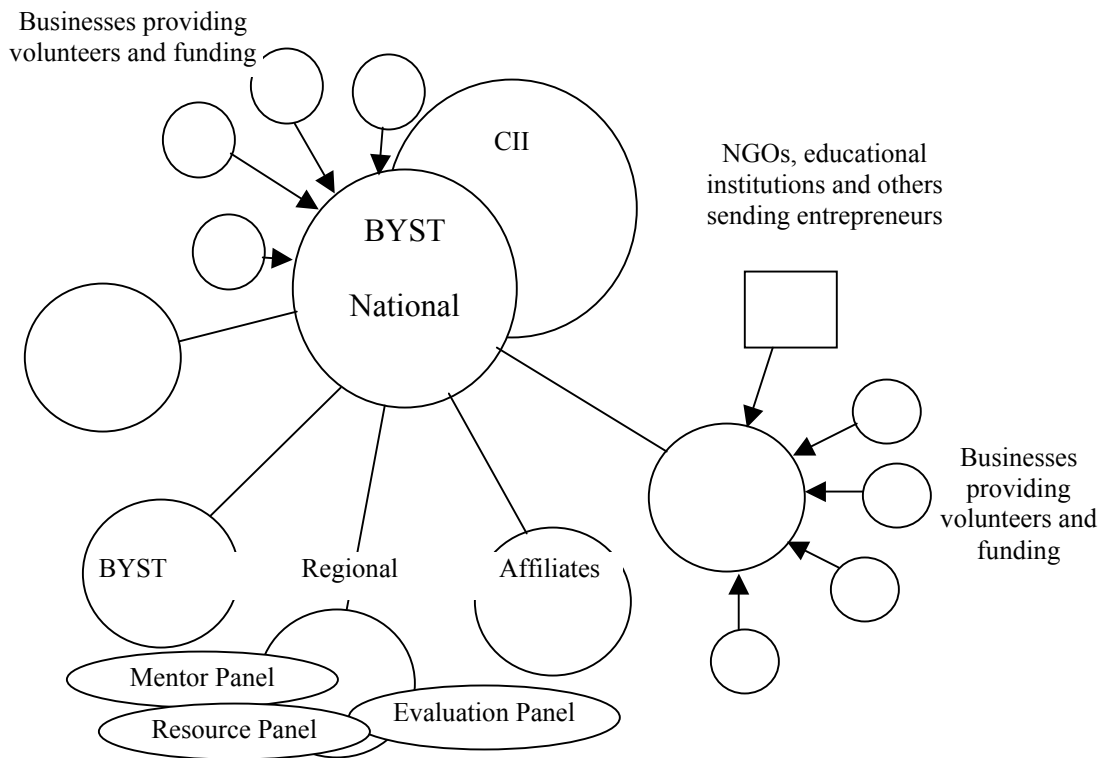
Organizational Structure

BYST is an independent non-profit organization. Its board comes entirely from the business community, and it is housed currently in the offices of the Confederation of Indian Industry. The national organization has five regional affiliates, and intends to create more. The affiliates are like franchises. They are initiated and supported by a business that has substantial operations in a community. Typically each of these affiliates has a local office and three key panels made up entirely of business people. The Selection Panel identifies mentors and supports mentor development, the Evaluation Panel approves applications of youth entrepreneurs, and the Resource Panel organizes technical assistance and support for the affiliate's work. NGOs provide an important source of entrepreneur referrals.

Participants

The founder of BYST is the daughter of an ex-President of India, who has provided important legitimacy, networks, and prestige. The Board of BYST is a "who's

who” in terms of Indian business leadership. Two types of business organizations participate: business associations, such as the Confederation of Indian Industries, and individual businesses. International businesses such as Diageo that have been active with the PYBT have been particularly easy recruits, which in turn has led to their subsidiaries becoming active, such as UDV, which is the third or fourth largest Indian producer of alcoholic beverages. Diageo has a policy of contributing 1% of after tax profits to works that build society.



NGOs provide an important referral source of new entrepreneurs. The British government’s donor agency DFID has provided funds for supporting development of the BYST infrastructure.

Unique Model Characteristics

1) *Successful adaptation of a Northern model:* BYST is fully “Indianized,” as noted by its sustainability from resources provided from local businesses and important modifications on the original PYBT model. Key adaptations include shifting to key Indian concepts such as the teacher-disciple one, shortening the entrepreneur adoption from a three-year period to one year, creating regional affiliates in a franchise-like model through the leadership of a specific corporation, and developing mobile mentor clinics. The model has successfully drawn upon the Indian cultural values of supporting upliftment of people and putting back into society.

2) *The role of Northern business partners:* Although now an indigenous organization, the development of BYST has been facilitated by businesses in the original PYBT that

has Indian operations. For example, UDV is a company that has taken a leading role in the development of the Pune affiliate; UDV is fully owned by Diageo, which is an active member in the original PYBT.

3) *Business leadership*: Business people from major Indian companies lead BYST. The Confederation of Indian Industries has been involved from the beginning. Under a three year agreement the Confederation provides office and equipment for BYST. This is important in financial terms, but even more important in terms of both the legitimacy and status this gives BYST and the interpersonal and business networks that this allows BYST to develop.

4) *Bridging the formal–informal divide*: In contrast to most micro-credit efforts, the BYST goal is to assist the entrepreneur’s transition from a marginal and disadvantaged position into the mainstream of Indian business.

Location Characteristics

1999 statistics: Life expectancy: 63; Literacy rate: 52%; Per capita income (U.S. buying parity): \$1,800; Official unemployment: NA. (Central Intelligence Agency of the United States, 2000)

In India the challenge is much larger than in the UK, where the original model came from. There are 300 million people between the ages of 18 to 35 in a country many times bigger, and with a greater cultural variety and income disparity. India historically has followed a state-driven development model. Although it has a rich business base, business has until recently developed behind high barriers to foreign competitors. Until recently the banking industry has been government-owned, which has made banks even more cautious and red tape-oriented than usual. There is little historic support for entrepreneurial development. However, there are wealthy and sophisticated businesses and an increasing number of good business educational institutions. There is a relatively strong ethos that supports the idea that business should “give back” to the community.

The Intersectoral Perspective

Business is *the* key sectoral player in this model. Key competencies and resources tapped include wealth creation skills, financial resources, and business networks to facilitate dissemination. However, business competencies are organized within a civil society organization that business created. This has produced a vehicle where businesses and individuals in them can “put back” into India and society. For individuals, there is an altruistic motivation has little personal benefit. This is driven by a sense of social responsibility. For the companies the same is true. They donate money from a philanthropic perspective, and become more broadly involved from a corporate responsibility one.

Although “putting back” may be the dominant motivation for business to participate in BYST, there are certainly other factors to consider. Goodrich in Mumbai had to retrench/lay-off employees, and BYST stepped in to help/encourage them become entrepreneurs. In some cases the entrepreneurs became suppliers for companies; for

example, a flour processor became a supplier for F. Scott's canteen. And companies also benefit from the good image it builds for them at a grassroots level. However, BYST Managing Director Lakshmi Venkatasen points out that the motivations for Southern business are different from those for Northern. In India, motivations around branding and responding to shareholder activism, for example, are minor. In comparison to the North, many companies are producers for intermediary goods that go into a final brand name product of another company.

Success Factors

1) *PYBT's core principles*: BYST, like PYBT's youth entrepreneur program, has three key principles:

- i. **Business leadership**: Government and NGOs are not included in any of the core BYST bodies. This avoids confusion and dissention that sometimes arises in intersectoral initiatives, facilitates the operation, and ensures a business perspective drives the initiative. This means, for example, that the approval processes are run with minimal application formalities and paper work, and that the processes are speedy (applications being handled within a month).
- ii. **Make mentorship a required component**: The Irish PYBT organization began without mentorship being a requirement. The success rate was 40%. After requiring mentorship, the entrepreneur success rate rose to 75%.
- iii. **Provide credit early and in a sufficient amount**: Credit is supplied at the time an application is approved. There is no collateral and minimal paperwork. The amount, \$1,200, is well above traditional initial micro-credit support in India.

2) *Be decentralized*: The business leadership is replicated in its five affiliated organizations, which are inspired by the central BYST office, but act independently. They are responsible for their own funding, structure, and processes.

3) *Leverage of business capital*: The funds lent come from pools of money businesses create, and initial loans are at \$1,200. This overcomes the gap in the Indian financial system between smaller micro-loans and traditional (state-owned) banks.

4) *Make the connections personal*: Business commitment is strengthened through the mentor relationships, where there is an individual who overcomes the blandness that accompanies groupings such as "disadvantaged youth."

5) *Identify a motivating cultural value*: In India there is a significant number of people in the business community who feel a real motivation to "give back" to their country and society. BYST provides an effective vehicle that connects a personally meaningful activity (particularly with the mentors) for business people, with an important outcome.

6) *Focus upon potential leverage of entrepreneurs*: The strategy of BYST is clearly focused upon developing entrepreneurs who themselves have capacity to employ at least

10 others. This is an important screening factor that further focuses scarce resources, and contrasts with the usual micro-finance approach.

7) *Keep senior management engaged:* Dr. Puri at UDV reports BYST activity to both his Managing Director and the London social office of the parent company, Diageo. “It is important that the program be monitored by the company and that it has senior management commitment,” he explains.

4.6 Thai Business Initiative in Rural Development TBIRD

Description

Both the rural–urban, agrarian–industrial, and rich–poor divides provide substantial challenges to youth employment and livelihood initiatives. However, all of these divides are being bridged by a Thai NGO called the Population and Community Development Association (PDA). By working with business to locate factories in rural communities, PDA is developing new opportunities for youth, stemming the flow of young people to urban centers, maintaining family relationships, and bringing wealth to poor communities. For the businesses, although transportation and some other costs increase, the lower salaries and stable workforce more than make up for increased expense in terms of money and social impact.

Family planning was the founding inspiration for PDA in 1974. Now expanded to provide a broader range of medical services and other programs, it operates in about a third of the country with 15,000 volunteers. It has contributed to a growth rate decline from 3.2% in 1970 to 1.2% a quarter of a century later. As family planning advanced, the connection to other development issues became obvious. “We found that we couldn’t only talk about family planning,” recalls Managing Director Sookdhis Tanothai. “We also had to address livelihood issues.” Thus, in 1979, PDA established a Community-Based Integrated Rural Development (CBIRD) program, now operating with eight centers and having contact with over 125,000 households. The program has four divisions: water resource development, income-generation and occupational training, forestry and environmental conservation, and local institution-building.

By the mid-1980s, Thailand was doing well economically and donor agency spending was declining. A quick analysis of who had benefited from the development led to the doors of urban businesses. “They became richer. So we tried to get them involved to convince them to help their own people,” explains Tanothai.

One major issue was large-scale migration of young people from the country to the cities, particularly Bangkok. The attraction was available jobs and good wages. However, the migration was accompanied by traditional dislocation costs of social instability and the breakup of families. To explain the essence of TBIRD Tanothai says: “Instead of people going to the machines, the machines go to the people.” From reflection upon the rural–urban gap, the objective soon emerged to encourage companies to transfer current, and build new, production facilities in the rural areas where the youth

came from. TBIRD was established in 1988. The goals for the program are framed from a community perspective. They are to:

- i. encourage successful businesses to help improve the quality of life of rural people;
- ii. transfer business skills to the villagers;
- iii. establish income generation activities for villagers;
- iv. reduce migration and encourage rural migrants to return home.

Within 10 years the program in the communities where TBIRD operated produced a “tenfold income increase, village-level manufacturing of clothes, shoes and leather goods, and reductions of reversal of villager migration to urban areas.” (Population & Community Development Association circa, 1999)

TBIRD began with PDA drawing upon its own network of contacts to advance the vision to companies. The advantages to business soon became obvious. In comparison with PDA’s proposed rural model, urban locations were costly because of the price of land and labor. Moreover, there was very high and costly turnover of the workforce as people came from villages and worked for only two to three years before returning to the country or, in the case of women, getting married.

The international Canadian shoe company Bata was an early program convert. By 2000 the program had located 60 factories employing 7000 people each earning about \$72 a month. Although low, the income represents a substantial rural income for Thailand people; moreover, PDA ensures that these are comparatively “good” employers in terms of benefits and attitude towards employees. Shoe and garment manufacturers are the biggest participants, although jewelry, ceramics, and other industries are also involved.

The program draws heavily upon PDA’s own network with villagers and takes advantage of the regional PDA integrated development centers to develop a project. There are five steps to the program:

1. Sponsor recruitment: PDA makes presentations and discusses its program with potential sponsors individually or in groups. It visits trade exhibitions and works from trade directories.
2. Taskforce formation: A joint PDA-company taskforce writes an agreement in principle that defines goals and their respective roles.
3. Study visit: The taskforce visits potential villages to identify one that most closely matches the company’s needs
4. Project planning: The taskforce and villagers co-plan the way the manufacturer will operate in the community, as well as the location of the plant.
5. Project approval: After agreement with the community the plans are brought back to senior management for approval.

6. Project implementation: PDA assists in obtaining the land and necessary permits, and continues to facilitate interaction with the community.

PDA contacted the SCS Shoe factory in early 1998 after PDA learned that SCS intended to expand its business. The company has five factories and 2000 employees to produce sports footwear; in 1999 sales were about \$25 million. “We feel that the (TBIRD) idea and the concept of the project is very good,” explains SCS CEO Wiriya Vongveeranonchai. “It helps bring jobs and income to people in the rural areas, so they don’t have to move to work in cities that are far away from their home, their family, and their culture. It reduces problems of the city. On our side, we feel that local laborers are more efficient than in the city and easier to recruit. Also the investment is less and that reduces risk.” Youth make up a large percentage of local laborers. For youth the risks also are much less working close to social networks than moving to the city where they must fend for themselves in a strange location.

As for all companies, the specifics of a location in rural areas is important to SCS. SCS agreed to set up two factories near good transportation: in Jakarat which is 225 kms from Bangkok with a population of 54,000, and in Soong Noen about 300 kms from Bangkok with 73,000 residents. Both are agricultural communities. By the end of 1998, after the installation of machinery and offices and the hiring staff, production began in Jakarat. PDA assisted in hiring staff and rents the factory space to the company. Wages are about 14% to 15% lower than in Bangkok, “but this advantage has to compensate for the cost of transportation and telecommunications. “Overall, the cost is roughly the same,” says Vongveeranonchai.

Although the focus is on factory location, TBIRD includes a series of related activities. This includes education support, environmental action, strengthening local institutions, and social development programs. This sometimes involves the company partners. For example, SCS provides free lunch and shoes for poor school children.

PDA has also gained government support for the project. Recognizing the shortcomings of its own efforts to directly develop rural people's skills, the government was interested in trying a new approach to build skills among rural people through on-the-job learning. Through the Ministry of Industry’s Department of Industrial Promotion, the government hires PDA as a consultant to motivate and assist companies’ location, provides subsidies for skill training and community management, provides machine and equipment in the initial phase of production, and sometimes provides land for the operations. The government has also supported the program and increased income through its policy activity. It has raised the compulsory education level to help improve the rural workers’ entry-level skills, and labor laws have been changed to improve workers’ lives. Pleased with the program’s success, the government intends to continue to provide for it in the next five-year plan.

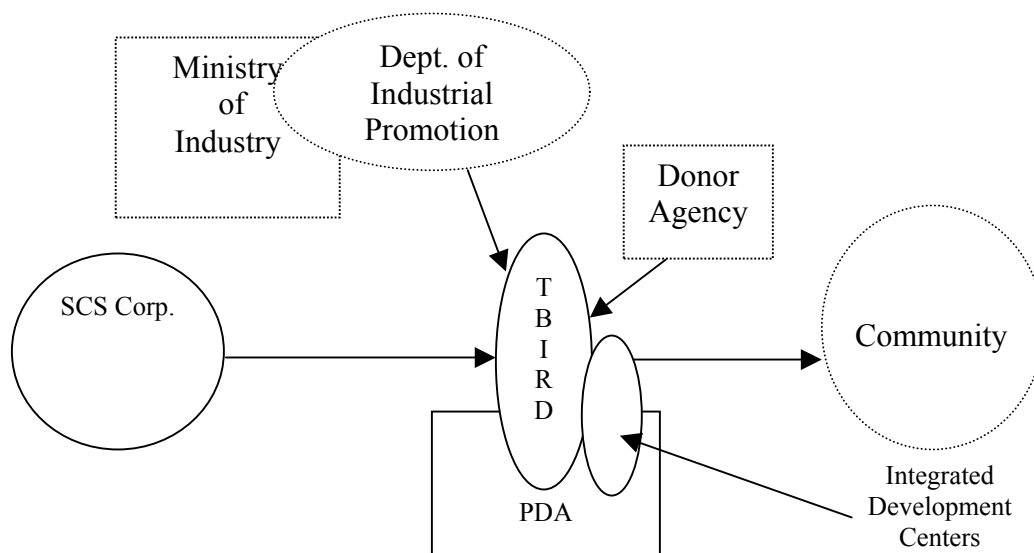
As well as receiving fee funding from the government, core TBIRD staff receive partial funding from Agro Action, a German NGO. For PDA staff the program requires reorientation from traditional NGO development work to more business-oriented activities. For others considering development of a similar program Tanothai advises

they should make sure they understand government policy, business objectives, and people's desires.

The challenge is now to develop the program further. The Southeast Asia financial crisis slowed down activity. There is limited area with appropriate infrastructure, different rules and regulations in different areas complicate the program, and business would like workers to begin with better skills. Mr. Greevit Charoenphol, a government official supporting the program, sees a particular need to engage the finance industry in establishing new locations. If successful, this would help to increase the capital available for TBIRD through a loan pool.

Organizational Structure

PDA acts as a classic intermediary in connecting government, business and communities. TBIRD is structured simply as a program within PDA and subject to regular program oversight; there is no business council or advisory group involved. The work is facilitated by PDA's regional integrated development centers that house a number of PDA programs and have good local networks.



PDA acts as an intermediary entrepreneur by identifying the company and making the linkage to the community. However, the linkage comes with some very tangible ongoing support during start-up and after the company is in production a relationship usually continues.

“Many companies want to work with rural people,” comments Tanothai. “We get them to identify what kind of project they want, and work together to develop it.”

Participants

Medium and large Thai corporations are the major participants in TBIRD, although sometimes multinationals also participate. The Department of Industrial Promotion of the Ministry of Industry provides important support financially and in terms

of policies. PDA and its TBIRD and Integrated Development Centers are intermediary actors.

Unique Model Characteristics

1) *The central NGO organizing role:* PDA is, in effect, the convener of the parties and organizes their interactions between business, government, communities, and other civil society organizations. It can do this because of the trust it has with all the parties, and because it possesses substantial unique skills needed in the programs that have earned it respect.

2) *Taking machines to people:* This aspect of the program is quite novel, particularly because the initiative is led by an NGO.

Location Characteristics

2000 statistics: Life expectancy: 69; Literacy rate: 94%; Per capita income (U.S. buying parity, 1999): \$6,400; Official unemployment (1999 est.): 4.5%. (Central Intelligence Agency of the United States, 2000)

There is substantial divergence between rural and urban lifestyles. “Development” has been largely concentrated in a few cities, in particular Bangkok. Urban life is much more sophisticated and people have much higher incomes. Rural inhabitants depend largely upon agriculture, although it is dramatically declining in economic importance.

The Intersectoral Perspective

This is a classic instance where business and government make great use of an NGO’s community networks, resources, and reputation. PDA has relationships with the community that a business cannot hope to match. PDA understands opportunities and challenges from a community perspective and can help guide the corporation through a collective planning process that, in SCS’s case, resulted in a new factory going into production within a year! For PDA this helps achieve its core social development goals.

PDA is accessing corporations’ wealth-creation abilities and using the skills that people gain through factory work as an on-the-job skills-building opportunity. For many youth this will be the first job they have, and it builds their skills for further opportunities. For the corporation this means acting in a socially beneficial way with no additional expenses incurred.

The government is providing resources by hiring PDA as a consultant, and creating a supportive public policy environment through influencing laws and regulations. Government is achieving its public policy goals to improve people’s livelihoods with relatively little expenditure.

Success Factors

- 1) *A strong PDA network*: PDA built upon 14 years of close work with communities before TBIRD commenced. By that time it had built trust and network relationships to gather information, bridge differences with business, and ensure a relatively smooth development process for business.
- 2) *Business growth*: TBIRD works when the economy is expanding and moving from an agricultural to industrial economy. This is a no-additional cost proposition that makes sense for new factory locations. However, in a business downturn relocating under-utilized factories with sunk costs is not an attractive proposition.
- 3) *Government hiring PDA as a consultant*: Government could not develop the same sort of trust with all the parties, nor act as quickly as PDA. Hiring PDA as a consultant creates an entrepreneurial atmosphere and avoids issues of bureaucracy.
- 4) *Reorienting NGO staff to business*: The program would fail with an NGO attitude of antipathy towards corporations and lack of willingness to make an initiative “work” in business terms. The staff must be sympathetic and understanding of all parties’ objectives. “You must understand the perspective of all parties, and their strengths and weaknesses,” comments Tanothai.
- 5) *No-cost business proposition*: In this program business can contribute to improve social standards while not incurring additional costs. This facilitates the sell to business.

4.7 United States: California High School Career Academies

Description

In the United States a new approach to crossing the school-to-work divide was initiated in 1969. The goal was to reverse escalating job dropout rates. Since then, thousands of career academies have sprung up across the country. The core elements of these academies are (1) learning communities, (2) education around a career theme, and (3) partnerships involving employers, communities, and higher education. (Career Academy Network, 2000)

The academies function as “schools within schools.” The usual target group is youth in danger of dropping out of school due to poor attendance, low credits, low motivation, and economic disadvantage. The programs are structured to facilitate both school-to-work transition and transition to college programs. The academies provide students with both classroom-based knowledge as well as integrated industry-based experiences in a specific career area to facilitate this transition.

The career areas are usually defined by industry. In Los Angeles, for example, there are 73 academies including finance academies sponsored by investment firms, banks, and insurance companies; information technology academies sponsored by high-tech companies; transportation academies with private and public bus companies; and

even a cosmetology academy with the participation of cosmetologists and manufacturers of beauty products.

Bonnie Jones was Director of Staff Development for three medical centers of Kaiser Permanente when a senior manager approached her in 1993 to organize a health academy. The request grew out of the need to develop a human resource base for hard-to-fill jobs, which involved the active participation of college and university advisory boards and work with high school programs. “The success of this program would be measured by the sustained development of healthcare workers who were ‘work ready’ and who were graduating from our community’s existing educational programs,” she explains.

In response to the national government’s Education 2000 goals, in the early 1990s New American Schools (NAS—a collaboration of NGOs, government and industry) defined 11 different education redesign models, a number of them including academies. Two key components of the academies are to actively involve industry in the high school educational program and to bridge the divide between knowledge of students, counselors, teachers, their curriculum, and the reality of the job market. “Schools do not understand industry in terms of jobs,” says Jones. “They are experts in their content area—English, math, science—and know how to teach students; however, they have rarely spent time in industry looking at the application of the curriculum in the workplace. They don’t even know central supply technicians exist, or the scope and breadth of positions.” In health care, people automatically think of nurses and doctors, and not clerical, environmental or technology positions. In fact there are over 250 health care occupations in the health industry, and these occupations are continually changing.

Redesign at the Los Angeles’ Elizabeth Learning Center (providing kindergarten through high school), followed a redesign model developed at the Urban Learning Center that made academies a key component. One of the first steps to form the Health Academy was forming a steering committee of industry partners from two major medical centers and local health care clinics, and individuals from higher education institutions, and the high school resources—principal, assistant principal, academy lead teacher and counselor. “Usually these committees are evenly split between industry, the school, and advanced education institutions,” says Jones. The education institutions are included because they are heavily engaged in developing curriculum and programs that transition to work. In addition to the steering committee, there is a school-site committee that deals specifically with internal school organizational issues such as identifying teachers and class space for the academy.

In its first year the health academy focused upon developing the steering committee, a 10th grade curriculum, a core teaching team, and recruiting interested students. Both students and teachers must commit to the academy for the three final high school years. They go through the program together to help build a closely-knit community and provide a stable learning environment. “A large part of success comes from forming a small group of students who stay together,” says Emilie Gino, Former Director for Career Academies in Los Angeles. The 11th and 12th grades were developed as the first class progressed through them. At the 11th grade level students participate in a

mentor or “shadow” program where they go to work sites for between 24 hours per year and up to a day a week. In the 12th grade students have internships where they actually work in entry-level type jobs.

Average classes are 30 students, with up to three classes in a grade. Students must apply for the program, and preference is given to “at-risk” students (poor attendance/motivation, difficult socioeconomic profiles, low academic scores). Non-English speaking students are generally not accepted into the program because they have difficulty being full participants.

The Steering Committee actively reviews the curriculum to ensure that basics are covered, such as the development of good language knowledge appropriate for health care. Members of the Committee and employees of participating businesses also give presentations in classrooms and coordinate the industry components of the mentor and intern programs. Each semester students are taught by the same core team of teachers: three traditional academic classes (usually science, social studies, and English) and one vocational class related to the academy industry theme. However, all curricula for the academies are generated by interaction between teachers and the industry partners, and are integrated to demonstrate the cross-application of knowledge between subjects as well as within the worksite. Teachers often spend summers working in companies to deepen their understanding of the skills needed and how this might influence the curriculum. For example, for the health academy an English class will develop reading and writing skills by focusing upon literature with a health care component. The actual application of learning is emphasized. Students work with mentors at work sites and engage in community service learning projects; in the health academy this means, for example, providing support for seniors’ health “fairs,” volunteering at food banks, and blood drives.

Industry participation in academies can begin through several doors, including human resources, senior management, community relations, or even through vendors for schools such as suppliers of computer equipment. “The best entry is to know somebody,” says Jones. “However, the initiative must receive commitment from senior management in terms of allocation of specific staff resources if the partnership is to be sustained.” After senior management has appropriately integrated the program—often this takes a year—then it can be handed off to lower-level staff. “Once you get industry to the table, you have to involve them and keep them there,” explains Jones. “You need to respect their internal cycles of workflow and be flexible as well as specific regarding your needs.” Jones also emphasizes the value of having the whole industry at the table. In the case of health care, this means hospitals, clinics, HMOs, extended care facilities, and pharmacies.

Development of the academies has been aided by a seven-year federal government program that provides some financial support to the academies’ development. This \$1.85 billion dollar program will end at the end of 2001, and the state

government is picking up some of the cost.¹¹ However, the onus is upon the schools and local school districts to develop a successful academy before it will receive funding. Success includes a one-to-one match with industry to cover costs beyond the traditional schooling approach. “This isn’t usually hard for industry,” says Jones. Referring to a \$160,000 industry match for the health academy, she said a large part was simply in the cost of time for industry employees to participate in committees, as mentors and in other activities. Some businesses also make donations of equipment. Much of this cost is justified in terms of the company’s responsibility to put back into the community, although some companies emphasize the strategic human resource nature of the program—the program graduates, much better equipped than other entry-level applicants, are often offered jobs. If the actively participating companies cannot hire graduates they often help them to find work in other companies. With about half of the students going on to college and university for further education the companies recognize that they are contributing to the broader community and industry.

“You have to *work* at the partnerships,” Gino stresses. It is a learning and skills-building experience for all concerned. One organization involved in supporting the partnership development is the National Association of Partners in Education (NAPE). This is an NGO that provides consulting and workshop services to build the partnerships. As well, the National Employers Leadership Council and the Business Coalition for Education Reform have provided important support for policies to develop academies.

Academy annual reports are provided to demonstrate the impact of the investments to industry. This includes detailing decreased dropout rates by nearly one-third, increased attendance consistency, and likelihood of application to colleges. (Manpower Demonstration Research Corporation, 2000) The company liaisons must make sure the value of the work is successfully communicated to different company people to maintain support. For example, corporations’ public relations and community service units need to collect different type of data than would a human resource department. “The information must be processed at an administrative (senior) level, but every organization is different, including power and accountability structures,” says Jones. She recommends people understand business missions¹² and translate program impact in those terms.

For several industry academies, including health ones, national skill standards have been developed to provide a standard for entry-level into the (health care) worksite. The standards were developed collaboratively among the government and appropriate industry and labor representatives.

The academies have their share of critics. Some view them as commercializing public education and robbing students of a liberal education. Others say it is elitist since

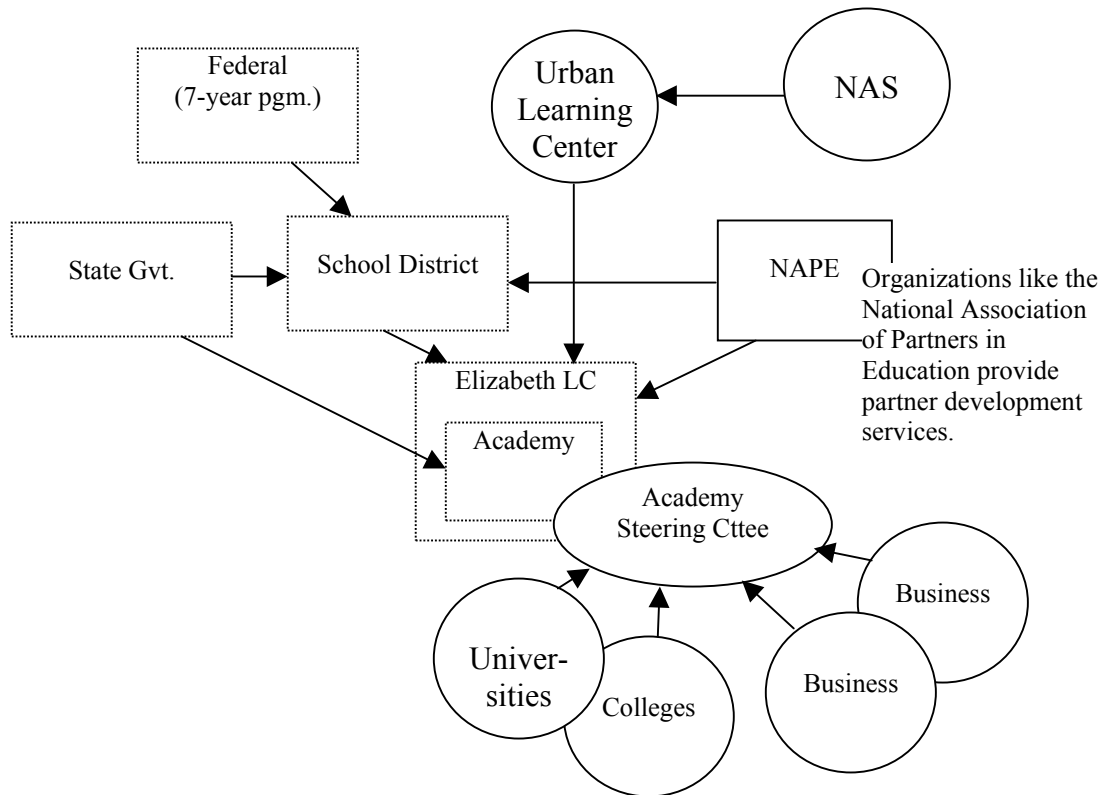
¹¹ The State of California currently supports 250 academies, and another 150 are expected to soon be included.

¹² Businesses usually have formal mission statements that are at least a good initial starting point to understand a business’s goals.

it devotes more intense resources to a subset of all students. Still others say it is too hard and demanding for kids.

Organizational Structure

The academies run as a school within a school and therefore have administrative and reporting structures that reflect those of schools. However, they have the key additional component of Steering Committees made up of business, school people, and representatives of other educational institutions.



Eleven redesigned educational models, some of which were academies, were refined in the early 1990s by an intersectoral collaboration called the New American Schools Development Corporation. In Los Angeles a “California” model that included academies was developed by the Urban Learning Center (a school), which was used by the Elisabeth Learning Center (a school).

Financially the structure is complex. With the support of business groups, educators, and education activists, the federal government established the National Schools-to-Work Office. A special joint program with the Departments of Labor and Education, it will close at the end of 2001 after providing \$1.85 billion to build academies across the country. After this initial development work, the state and local

governments together with business are expected to provide funding for the academies; in California that transition is already occurring.

In recognition of the particular skills and processes that partnering requires, the federal funding has included support for organizations to build this capacity. The National Association of Partners in Education is one such organization; it is structured as an NGO with public and private schools, businesses and individual professionals as members. NAPE is employed by school districts to help establish academies.

Participants

Large corporations are critical members of the academies. In the Los Angeles health academy, Kaiser Permanente is a leading member. Kaiser Permanente is America's largest non-profit health maintenance organization, providing integrated health delivery services to over eight million members in 11 states. The other major corporate member is St. Francis Medical Center, which includes the St. Francis Career College, which coordinates the internships for the Health Academy. In the transportation academy, the Los Angeles Public Transit Corporation is a major player.

The Steering Committee of the health academy's academic institutions includes five post-secondary institutions. Elizabeth Learning Center representatives on the Health Academy Steering Committee include six school staff.

Unique Model Characteristics

- 1) *Decentralized*: The federal government provides funding to initiate the academies' development, and then the responsibility falls locally. This is partly to ensure (within the American structure) local ownership and commitment of local business.
- 2) *School-business partnership*: The importance of meaningful partnership is a requirement to access government funding. Partnership is not just around money or equipment, but intense interaction about students, corporate employees, and school staff.
- 3) *Integration of career track into academic programs*: The academies take a comprehensive approach to integrating the career track into all parts of the curriculum. Social studies, sciences, English and other curricula are all redesigned for the career theme.
- 4) *Three-year learning communities*: A modest-sized group of students work together with the same teachers over a three year period to build stronger support networks.

Location Characteristics:

1999 statistics: Life expectancy: 77; Literacy rate: 97%; Per capita income: \$33,900; Official unemployment: 4.2%. (Central Intelligence Agency of the United States, 2000)

In the U.S. system, education is primarily the responsibility of the state governments, but the key agents are school districts that typically have their own elected bodies. The federal government gets involved in education projects such as this where it can influence the introduction of new ideas and improve standards and education quality nationally. The U.S. is characterized by industrial-scale 1,000-plus student high schools.

The Elizabeth Learning Center, within the Los Angeles Unified School District, is located in a low-income, homogenous Hispanic neighborhood.

The Intersectoral Perspective

This case is a classic example of a corporate citizenship framework. Through NAS and other interactions, business, government and civil society renegotiated the way the school system works in terms of students and public needs and business needs.

The public sector is gaining access to business systems and networks to achieve its education goals. It gains access to business expertise to oversee the program and curriculum development as well. On a more modest level, the business sector sometimes provides equipment and other physical resources for the academies.

Jones comments that “(Industry] people will come to the table because it’s the right thing to do, but to keep them you’ve got to handle the business issues and make it work for them.” This suggests that a social responsibility framework plays an important role in initially attracting companies, which in turn suggests that companies will be most approachable if they promote such a framework or if they are sufficiently profitable to have a generous disposition. However, to maintain corporate engagement more specific business benefits must be produced. In fact, the academy programs provide a good proposition. Business is able to access the public education system to take a more direct role in developing human resource capacity. The high cost to employers of hiring and training a new employee is largely offset through the program, and academy graduates become employees with a greater probability of staying with a corporation they already have a relationship with. However, it must be remembered that half of the academy graduates move on to higher education. Other business benefits include public relations and community relations: The program provides a vehicle to increase corporate benefits to the neighborhoods where businesses are located.

Because these are government schools, there is only a minor role for civil society organizations in this model, as seen with the role of NAS, NAPE and civil society policy-influencing bodies. The role of the community as such is minimal, and its voice is formalized in bodies such as the school districts, which are often elected directly.

Success Factors

1) *Making partnership a condition of support*: Gino says that schools tend to say to government “Give us the money and we’ll do the job.” However, that has not proven to work in many instances. Therefore, government has responded by making financial allocations dependent upon proof of a vibrant business–school partnership.

2) *Federal start-up funds*: Start-up is always the most expensive part of a program, since it involves experimentation, model and tools development, and infrastructure building. The federal government has helped cover these costs, including funds for organizations like NAPE to help build the partnerships.

3) *Inter-government partnership*: The fabric of the program is really a multi-level government level partnership. Different levels of government and the education system have to identify what roles they can best play. School districts, local schools, public colleges and state government are all involved, in addition to the federal government.

4) *Flexible demands upon business*: The program recognizes that at different times businesses will be able to make different types and scales of contributions. Rather than identifying a specific activity as a specific company's responsibility, the operating mode is to identify a task that is best performed by a business and find businesses to fulfill the roles when they can.

5) *Meeting diverse business goals*: The general framework is a corporate citizenship one of reforming the education system. However, for a specific local corporate operation, engagement often starts out in a social responsibility framework, but moves towards a mutual gain one that produces clear wins for both government and business.

6) *Voluntary*: The money is available upon successful application, but there is no mandated responsibility that academies be established.

7) *Various local models*: Eleven redesign models for schooling were developed, several including academies. This variety arose from local experiments rather than top-down ideas. Rather than aiming for a uniform approach it was recognized that different contexts require different approaches and the 11 models were provided simply for guidance, recognizing that any model would have to be further adapted.

This example appears to be similar to the old vocation training one provided by high schools back in the 1960s and 1970s, only geared toward modern service sectors.

4.8 Zambia: The Luangeni Farming Community Initiative

Description

When a large outside business suddenly opens up shop in a small community, big problems can arise for people who traditionally provided similar services. This is a global problem. In Zambia, however, about which this case is concerned, this occurred when the South African grocery chain Shoprite opened a store in Chipata Town in Zambia's Eastern Province. About 15 km east of the town is a small community called Luangeni that traditionally provided produce and suddenly found its market had disappeared with Shoprite's arrival. However, through the initiative of the Forum for Business Leaders and Social Partners (The Partnership Forum, or TPF), Shoprite is beginning to work closely with the community. In this way, Shoprite is demonstrating new ways to cross the divide between the large, sophisticated, and well-resourced formal

sector and the poorly organized and resourced informal sector. The impact promises to be particularly significant for youth who make up over 50% of the population in the village where the pilot is being developed.

In early 1999 when a team of researchers from the University of Zambia was researching the governance system in Luangeni, they were astonished to find that people “hated” Shoprite. The small farmers from Luangeni Village traditionally supplied fresh produce to the residents of Chipata. However, their market disappeared with the opening of a Shoprite store that bought its produce from Lusaka, about 600km from Chipata. At a community meeting with researchers, the advisor to the headman said: ““Before the coming of Shoprite, we used to grow vegetables which we took every weekend to the *Boma* (Chipata) for sale. We used to realize enough money to pay for our children’s school fees and for the user fees at Mwami Hospital’. The Induna’s speech was intermittently broken by shouts of ‘Tell them, tell them how they are working against us.’” (Yambayamba & Kalungu-Banda, 2000)

The villagers explained their produce was shunned because Shoprite’s was cheaper and sold in nice packages; Shoprite would not buy their produce because it did not meet Shoprite standards. ““We pray for a day when there will be a riot in Chipata and Shoprite gets looted, or if somebody could set fire on the shop. Then we would be left to do our own business.’” (Yambayamba & Kalungu-Banda, 2000)

In late 1999 a research initiative was started by The Partnership Forum (TPF), an organization that has brought together three dozen local corporate business leaders who are interested in social and human development as a driver of both good business and a healthy society. Martin Kalungu-Banda, a business ethics professor at the University of Zambia with substantial ties to the business community, helped found TPF and continues in a leadership role. The research initiative was headed up by a university colleague, Dr. Kavwanga Yambayamba, of the Department of Agriculture and Environment, as the principal researcher. The research aimed to investigate the possibility of establishing a collaboration to bring the parties together to develop a Luangeni-Shoprite relationship.

A first visit with Shoprite’s Regional Manager focused on Shoprite’s relationship and attitudes towards communities in general. The meeting revealed that the business was active with charities and committed to giving back to communities. Shoprite makes significant donations of goods, but does not make financial donations because of poor experience with how the money is spent.

At subsequent meetings, the case of Luangeni and the Chipata Shoprite were discussed. The local Chipata store manager Mr. Mhone and Regional Manager Charles Bota explained that if the community could produce in quality, quantity, and at reasonable price, they would be very interested in purchasing from Luangeni; costs to Shoprite could decline through elimination of transportation costs and there was potential for quality to increase with fresher produce. The meetings revealed that Shoprite spends a considerable amount to buy vegetables each week. Even if Luangeni villagers received only 50% of the expenditure, Kalunga-Banda calculates incomes would increase 2000%.

This led to further investigation with Luangeni residents who, upon hearing that Shoprite would buy horticultural products produced in regular quantity and quality “expressed excitement and offered to totally commit themselves to the arrangement.” (Yambayamba & Kalungu-Banda, 2000) The Headman agreed to choose two men and two women to work as community representatives to develop the project.

Government officials and NGOs that could help support an initiative to meet Shoprite standards were also contacted. When TPF was established, it received a letter of support from the President. This helped open doors to identify government people from the agricultural extension service and to obtain support from the local government to improve roads to ease transportation over the 15km from Luangeni to Chipata. A private seed company, ZAMSEED, agreed to participate and provide seed at a reduced price or perhaps even for free to improve long-term seed sales. There were a number of NGOs operating in the area, which led to separate coordination problems and opportunities amongst them and with the initiative.

A report on the potential for partnership and a workplan was produced in February. In March 2000 a joint meeting/workshop was held with over a dozen people to review the partnership idea. Participants confirmed their interest. A United States-based development NGO, World Vision, agreed to provide a desk, email services and farmer training in growing techniques to produce Shoprite-level quality. Another NGO, Programme Against Malnutrition (PAM), offered to provide seed and also transport for the produce. The Ministry of Agriculture Food & Fisheries (MAFF) agreed to offer expertise and training in horticultural production. A number of other NGOs were engaged to help develop the project.

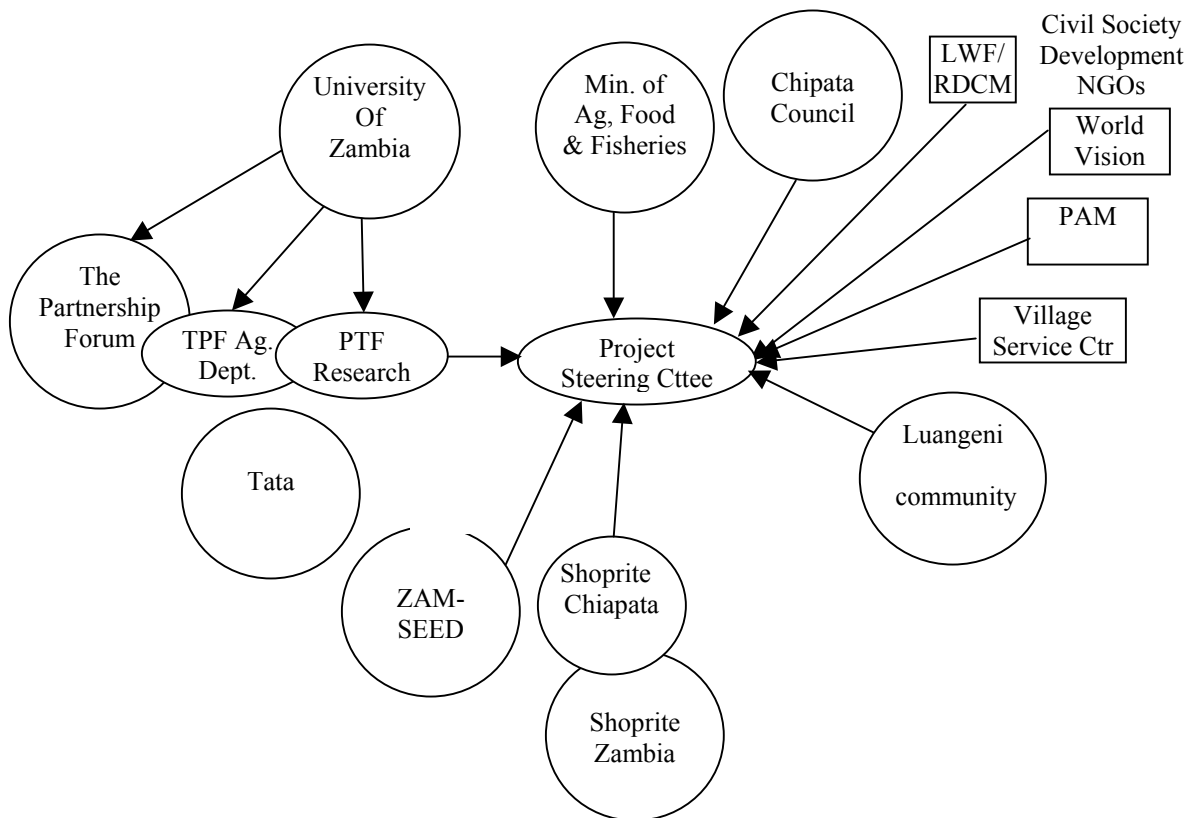
By the end of June 2000, key organizations signed a Memorandum of Understanding 'without legal implications' that stated “We ... agree to enter into a partnership to help enhance societal value in rural communities in Chipata, through growing and marketing of horticultural crops...Shoprite and ZamSeed...(will invest)...in the form of inputs and providing the market. The...(government will) capacitate Luangeni farmers to grow the required quality and quantities of the horticultural crops.” (Luangeni Partnership/The Partnership Forum, 2000)

When the local subsidiary of Tata, one of India’s largest manufacturers of vehicles, heard about the initiative it became interested in designing a tricycle and cart that would be able to transport the goods. Since the Luangeni project is high profile, the company saw the initiative as a great marketing opportunity for its products. The prototype is expected to be ready by the end of 2000.

The farmers plan to deliver their first produce to Shoprite by late 2000. The produce will be sold by individual farmers with separate accounts maintained at Luangeni’s end, but they will be sold to Shoprite collectively.

Organizational Structure

The partnership is a complex intersectoral collaboration initiated and organized by TPF in collaboration with the University of Zambia. A project steering committee leads the project's development. Some organizations such as Shoprite, Luangeni Village, World Vision, and the Ministry of Agriculture, Food and Fisheries are core participants. However, others are also being engaged. For example, Tata's Zambia subsidiary is making its own contribution through the development of a special vehicle for transporting produce.



Participants

This is an intersectoral initiative. The main parties to the relationship are the subsistence farming community of Luangeni Village, Shoprite and Zamseed. However, critical supporting roles by government are being played by the Ministry of Agriculture and the Chipata District Council, and by civil society through a number of NGOs. As well, some other organizations have come forward to become involved.

These parties are being brought together by an affiliate of The Prince of Wales Business Leaders Form. The Zambian affiliate is called The Partnership Forum (TPF). It was formed in 1999 to initiate innovative approaches that demonstrate how business can generate increased shareholder value while increasing social value.

Kalunga-Banda and Yambayamba have provided critical leadership through their positions at the University of Zambia. Through his role with TPF, Kalunga-Banda has helped to mobilize both the business community and university resources.

Unique Model Characteristics

- 1) *The role of business*: In this case business, through TPF, has taken a leadership role in the project. Rather than communities, NGOs, or government requesting business intervention, with the leadership from the university TPF has been the one to organize the other parties.
- 2) *The role of the university*: The university has played a critical bridging function between the different sectors. Kalungu-Banda comments that TPF and a business by itself would have trouble making connections in Luangeni since it would be viewed suspiciously.
- 3) *Creation of an informal–formal sector product chain*: This project involves bringing together parts of a production chain that were previously under-organized. Production chains do not simply occur out of a magic marketplace, they are consciously constructed by connecting chains of suppliers and producers. This chain’s construction determines who is in the formal sector and who is out; it determines whether there are middlemen taking substantial cuts without providing value-adding service and squeezing the income of small producers.
- 4) *Coordination among several NGOs*: NGOs can be notoriously protective of “territory” and their part of the development activity. In this case they have come around to improve the organization of scarce resources and be part of a bigger initiative.

Location Characteristics

1999 statistics: Life expectancy: 37; Literacy rate: 78%; Per capita income (U.S. buying parity): \$880; Official unemployment: 25%. (Central Intelligence Agency of the United States, 2000)

Since 1980, over 50% of the global increase in young people has been in sub-Saharan Africa, and approximately 75% of the population now is under the age of 30. (United Nations Population Fund, 1998) Zambia is in a poverty crisis with more than 70% of its people living in abject poverty. This proportion of the population has “little or no access to decent and sufficient supply of clean water, education, health, food and shelter ...” (Yambayamba & Kalungu-Banda, 2000)

Food production in Luangeni does not meet local consumption because of inadequate access to seeds and basic implements. However, there are adequate water resources to grow produce throughout the year. Only 20% of children that the University of Zambia research team met in Luangeni were in school. Only 28% of adults had attended primary school, and only 5% junior secondary; only 11% of households could pay the local clinic’s user fees.

In Zambia about 40% of youth are unemployed, with 30% for rural areas; unemployment is higher among women. There is rapid population growth, a declining formal market, and a school system poorly tied to employable skills. The country continues to restructure its economy to a more open system, but economic performance is poor. Two thirds of employed youth work in the informal sector. Informal sector activity takes place in the context of restrictive regulatory and licensing policies, limited access to credit, inputs and markets. (Chigunta, 2000)

Luangeni has about 400 households, and about 50% of the population is under 30 years of age. Average household income is about \$13 per year.

The Intersectoral Perspective

Formal markets act on business norms; informal markets act more on civil society-type norms. This case is a classic confrontation between the formal and informal markets, and the need to develop new processes and structures for their integration and co-development. Formal markets are concerned that producers meet their needs from four perspectives: quality, price, quantity, and reliable delivery. Informal markets usually have too few resources to develop quality; the quality:price ratio is often beneath standards of urban dwellers; their quantities are small and require aggregating into bigger lots; and regular delivery requires a production discipline many informal producers find hard to meet.

TPF thought of Luangeni's problems as based in its lack of linkage to the formal economy. As university professors, Kalungu-Banda and Yambayamba possessed sufficient esteem and sophistication to provide leadership in building the intersectoral bridge. They have a deep understanding of the core competencies that the sectors possess, as reflected in their organizing and structure. The business sector has the network, scale, and wealth-generating competency that can have a large impact; NGOs are best at working directly with communities to build their capacity and therefore are taking the lead in this realm; and government is critical to provide policy and infrastructure support and some resources, seen in the road-building and provision of training support.

Success Factors

Note: This is a project much younger than others here, and has not yet achieved its goals. It is included because of the potential it holds for application elsewhere to bridge the formal–informal economies and rural–urban divides. Because it is so young, success factors must be considered tentative.

1) *Get the most senior commitment as possible:* Kalunga-Banda's success at obtaining a letter of support from the country's President was extremely important in opening other government doors for him. His access to and experience with senior CEOs in Zambia facilitated his work with Shoprite and other businesses. Yambayamba, on the other hand, has great credibility in the agriculture sector. And both men have experience working with NGOs.

2) *The importance of building confidence:* "People asked 'What makes you think this will work?'" explains Kalunga-Banda. By getting people involved and working together,

the initiative built on local resources and ability, and tied them to external resources. Formerly fractured NGO resources became focused into an inspiring, coordinated initiative.

3) *Creation of a conscious system*: The parts of the system required to create a product chain already existed in Zambia, but it had not yet formed into a system. Connecting the parts requires particular vision and understanding of what can be, and the talent, skills, connections, and persistence to bring it to life.

4) *Be cautious about trust*: One company provided sales data to some members of the initiative, with the understanding that they would be kept strictly in confidence. When the figures were made public with an interpretation that misrepresented the business figures, trust became a major issue in moving forward.

5) *Carefully define parties' roles*: To gain synergies and avoid conflict between participants in the collaboration, the organizers have been meticulous about defining roles. This has been helpful to clarify, for example, that Shoprite is not prepared to act as a donor, but rather restrict itself to the purchase of produce.

6) *Aggregation of small producers*: The formal sector operates on a scale that cannot handle sales from many small producers. Therefore, the project will bundle the production of small producers to collectively sell on a scale suitable for Shoprite.

5 Main Findings

The findings of this study are based upon the case studies described in Section 4, using the analytical framework described in Sections 1.2, 2.0 and 3.0. This eight cases provide much too small a sample to reach any statistical conclusions, and the sample selection strategy was designed not to draw a representative sampling, but rather to find compelling examples of where business has had an impact upon YEL concerns. The cases do, however, provide a rich base from which to draw some findings, even if they require further work to confirm how representative and important they are.

5.1 There are Many Strategies to Engage Business

The cases demonstrate that there are a wide variety of approaches to engaging business in YEL issues. To facilitate the case comparison, brief descriptions and a table follow.

1. The Global Alliance

Core Concepts: connect global businesses to its subcontracted (mostly youth) workers; organizing workers to define priorities.

This is a global initiative with a trisectoral structure and implementation strategy. Although the role of government is minor, the three sectors have leadership roles through the International Youth Foundation. Business has a leadership role in financing and by making its supplier relationships available to the initiative. The local NGO role is important in gathering data and working with contractor employees in ways that provide legitimacy and trust. Government's role through the World Bank is relatively minor.

2. Australia

Core Concept: develop youth through social enterprise.

This is a social enterprise model (see 5.2) with a business that aims to integrate socially beneficial activity into business. The business has taken leadership in creating an NGO that acts as employer—not much different from a for-profit one—for disadvantaged youth in order to provide them with work experience. The project has received financial support from the government and the Foundation for Young Australians.

3. Canada

Core Concept: combine seed capital with mentoring by business people to get youth entrepreneurs into the formal system.

A major national bank and NGO joined forces because, coincidentally, they were both thinking about youth and business when they met. Other businesses joined forces. The focal activity is new entrepreneur development, and this is carried out through an NGO with a business membership, that partners with local civil society-based NGOs to provide

geographic reach; local business plays an important role, particularly with mentoring young entrepreneurs.

4. Cisco

Core Concept: build your market by developing skills in partnership with others in education.

Cisco is one of the world's biggest and fastest growing companies. Yet it is facing limitations to its growth because of the lack of trained technicians to service the global network Cisco is building. Cisco has therefore begun to work through local educational institutions and NGOs to deliver the sort of training it requires of its employees and provide the institutions with support including free training resources.

5. India

Core Concept: combine seed capital with mentoring by business people to get youth entrepreneurs into the formal system.

This is perhaps the simplest model among those presented. A business-member NGO that is closely associated with the major national business association provides entrepreneur development support through a network of regional offices.

6. Thailand

Core Concept: take the businesses to the workers.

This is a complex model that generates rural jobs by working with companies to relocate old facilities or locate expansions in rural areas. The NGO takes leadership in the process, with financial support from the government. The NGO's network of community relationships in rural locations is critical.

7. U.S.–California

Core Concept: organize high school academies around industries in partnership with the industries.

This school-to-work initiative brings together government and business to integrate workplace experience with school-based education. Academies are created as schools within a school, and these are organized along industry lines such as health, high-tech, and finance. They represent partnerships between the school, businesses, and higher education institutions.

8. Zambia

Core Concept: make the production chain local.

In this case a “new” production chain is being created by bringing together business as a buyer of fresh produce and a community capable of growing the produce. This activity is under the leadership of a national business-member NGO, and individuals from a university provide important support. Several NGOs and government are involved with

building the community's capacity; the government is also improving roads as part of the transportation needs of the project.

Table 5: Key Case Attributes				
Case	Initiating Org.	Lead Org.	Focal Work (business perspective)	Supporters
Global Alliance	Trisectoral	Trisectoral	Improve livelihood of supplier employees	Suppliers, local NGOs, researchers
Australia	Business-Social Enterprise	NGO-Social Enterprise	Youth training	Australian Youth Fdn., government
Canada	Business & NGO	NGO-business*	Entrepreneur development	Business
Cisco	Business	Business	Training product servicing employees	Government, Education institutions, some NGOs
India	Business	NGO-business*	Entrepreneur development	Business, some NGOs
Thailand	NGO	NGO	Locating business in rural settings	Business, communities, government
U.S.	Government	Schools	Training potential employees	Business, institutions of higher education
Zambia	NGO-business* and university	NGO-business*	Production chain development	Government, business, NGOs

*NGO-business refers to an NGO whose membership is businesses.

Even though the cases described above were selected for diversity, it would not be unusual in such a sample to find more patterns. Even the two that were derived from the same model of The Prince's Trust (Canada and India) show different initiating processes and have developed very different implementation strategies: the Canadian case is led by banks (although it has also engaged other businesses) and a youth service NGO; it relies heavily on traditional NGOs for expansion and implementation. By contrast, in the India case the businesses initiating leadership were more diverse, and is closely associated with a major business association (the Confederation of Indian Industries), which uses its network of offices for expansion and implementation.

This type of diversity supports two different notions, both of which are probably true. One is that we are in a period of intense experimentation, and that best approaches and institutional structures have not yet emerged. This emphasizes the importance of ongoing research.

The second conclusion is that diverse strategies and structures are appropriate in response to diverse contexts. It is notable that the U.S. case began after more than 20 years of experimentation that resulted in the definition of 11 different models for the academies being promoted. The case here shows only one of the types of ways that

business can be engaged in YEL issues, and there is good reason to suspect that there will be numerous ones for the other strategies. This conclusion is further reinforced by the significant variations on a core concept that have emerged from The Prince's Trust model and are represented here by the Canadian and Indian cases. Again, this emphasizes the importance of ongoing research.

5.2 Intermediaries are Critical, but Business Can Take the Lead

While business can make the connections in its traditional capacity as employer and trainer of employees, these types of efforts usually produce only small-scale impact. Greater scale can be achieved when business takes a lead position, but working with NGOs. This analysis reveals the importance of intermediary organizations to create linkages between the youth and business communities. Intermediaries are present in all cases. Often they are business-led as they are business-initiated and business-member intermediaries. Intermediaries facilitate large-scale impact by gathering needed expertise and resources, organizing other businesses, and creating a sustained focus. The key intermediaries are:

- Alliance: The Alliance, an intersectoral NGO.
- Australia: Speak Out, a social enterprise NGO.
- Canada: CYBF, a business-member NGO, and traditional local NGOs.
- Cisco: Educational institutions and NGOs.
- India: A business-member NGO, BYST.
- Thailand: A community development NGO, PDA.
- U.S.: High schools.
- Zambia: A business-member NGO, The Partnership Forum.

The earlier sectoral modeling suggested that civil society organizations—either as business NGOs or other types—would be the natural leaders for YEL activities. These cases reveal that this is born out in practice, but adds that naturally enough education institutions also play an important role in school-to-work and training activity. Three of the NGOs (Canada, India, Zambia) are business-based ones, two (Alliance, Australia) are intersectoral, and only one (Thailand) is a traditional NGO. Despite the fact that this is much too small a sample to reach any statistical conclusions (and this not its intention, as noted earlier), the study does demonstrate that there is a wide range of intermediary structures.

The intermediaries are highly engaged with issues of collaboration and partnering. In his recent report on training partnerships, Mitchell comments that: “Highly responsive to local demand, partnerships are better able to respond to changing local needs, encourage training providers to be more market-driven, exploit the community’s private and public resources...to mobilize local networks of stakeholders, leaders, employer, workers, training providers, educators, academics and associations.”(Mitchell, 1998)

The intermediaries play a number of critical functions that can be summarized as building the systems necessary for business engagement in YEL. (Lam, 1996; Ostrom, 1996; Waddell, 1999) Some of the particular functions are:

- **Defining the problem or opportunity:** What business can and will do usually revolves around a specific idea with specific individuals. This idea often needs to be more clearly developed and defined, and this requires both talk and action. For example, the Global Alliance is still in the early experimentation stage with the idea that through production chain linkages the livelihood of the whole chain of employees can be improved. As an intersectoral organization, in this case housed within IYF (itself intersectoral), the Global Alliance is able to engage a broad array of people and organizations as peers and co-developers; if the Global Alliance was simply managed as a business department this would not be possible. This broader engagement makes the Global Alliance more internally accountable to diverse stakeholders whose role is to challenge one another about whether the goals of the various stakeholders are really being achieved as the project develops. This helps to ensure that the ongoing evolution of the problem definition takes into account various stakeholders' (including beneficiaries') views to create outcomes that are valued by all.
- **Implementing plans:** This requires the coordination of the different cultures and competencies of the sectors, as well as the building of synergies: The intermediaries do the actual work of mixing and matching resources of the sectors to mold them into a whole. For example, gaining business benefit needs ongoing management to make sure it does not overwhelm the social goals of an initiative. This requires being able to “translate” between the sectors’ distinct cultures, and to understand, for example, the differences between marketing, campaigning, and advocating.
- **Building action capacity:** Engaging business requires specific skills, tools and strategies to be developed and disseminated. Intermediaries do this work. For example, the BYST in India trains its mentors and builds network capacity to enable the program to expand. This requires knowledge about both the content issue—entrepreneurial development in BYST’s case—and the processes and structures needed to address it.
- **Aggregation into a suitable scale for business:** Youth are not often part of an organization and business does not work on a one-to-one basis. The intermediaries “bundle” youth into groups to develop a meaningful program or cohort. They also “bundle” business into a scale that can suitably address the problem. For example, in the Global Alliance, this means working with Nike to bundle the business in its production chain, in the Cisco and U.S. cases it means students are bundled at schools, in Zambia farmers are bundled through a village agro-cooperative.

There is, however, an important twist in the role of intermediaries in this data sample. Both The Body Shop Australia (TBS-A) and Cisco cases are examples where individual businesses have taken direct leadership for initiating and organizing a project. These cases deserve further comment.

TBS-A is driven by a very particular social entrepreneurship model. Social enterprise, sometimes called social venture, is an emerging concept linked to the idea of social-purpose enterprise. It is defined by Social Enterprise London (SEL) as “an economic entity that trades in a market in order to fulfill social aims: in other words, they do more than trade to make profits, in that they have some kind of clearly defined social aim.” (Social Enterprise London, 2000) SEL includes traditional cooperatives and credit unions as social enterprises. The Roberts Enterprise Development Fund has a leadership role in social venture development (<http://www.redf.org>) in the United States where the form is particularly developed. This is becoming a popular organizational form in some countries. The actual legal entities can be for-profit or non-profit; sometimes, as with the TBS-A and Speak Out example, both are present.

TBS-A (and the original Ben & Jerry’s ice cream business in the United States) represents a type of social enterprise that is heavily driven by visionary founder-owners. There is a publicly held central company and shops owned by franchise holders. The Body Shop International, which is publicly listed on the London Stock Exchange, has over 4,000 employees worldwide with over 2,800 at its headquarters. Sales volume is approaching \$1 billion per year. Maintenance of the social vision is highly dependent upon the shareholders and often the social vision deteriorates the larger and more dependent it becomes upon stock market financing—as we’ve seen with Ben & Jerry’s.

In terms of the framework presented earlier, Cisco’s leadership can be explained both because of the clear business need that drives Cisco, as well as its ability to define a program that has a high “output specificity”—it is easy to define the objective of graduating a specified number of technicians each year. Given the speed and scale that Cisco has achieved, and its impact on the actual way business and education systems interface around the world, this presents an important lesson in the value of giving high-specificity targets to business.

5.3 Develop Both Top-down and Grassroots-up Vibrancy

In order to connect the formal business to disadvantaged youth with no substantial network connections requires working from the top-down and bottom-up. Business requires new structures, strategies and processes to work with youth. Youth are not organized, and require strategies to attract them into a formal system that connects them to business and to give them a collective voice and power. In these cases this was done as follows:

- **Global Alliance:** The connection is between a global business and subcontractor employees. At the global level, the business is part of an intersectoral collaboration building bottom-up connections by supporting workers develop a voice through surveys, research, and organizing with them. Key linkage points include the one between international brand-name vendors and their suppliers, and the suppliers and their employees.

- **Australia:** The connection is between global business and disadvantaged youth. The Body Shop, an international franchise chain, connects with local disadvantaged youth through the NGO clothing manufacturer Speak Out, government agencies, and word-of-mouth referrals. The youth are organized as a community through their employer relationship. Key linkage points include Body Shop International (a publicly-held company which leads the vision), Body Shop Australia (whose franchisees are core buyers of Speak Out products), and Speak Out-BSA where BSA takes major responsibility for Speak Out's development.
- **Canada:** Disadvantaged youth are connected to business nationally through local NGOs involved in youth issues. A central coordinating NGO established by business manages the system.
- **Cisco:** Educational institutions and some NGOs are the major connectors between youth and business. For youth, the actual connection is often not obvious as it is operationalized through course offerings integrated into a broader range of courses. After graduation youth obtain jobs through a relatively traditional employer-matching process.
- **India:** NGOs, word-of-mouth, and publicity campaigns are used to attract disadvantaged youth entrepreneurs to the business-run NGO. The NGO provides the linkage to individual business people and financial resources.
- **Thailand:** Rural youth are connected to employers through the assistance of an NGO that supports employer relocation to rural locations near traditionally disadvantaged youth.
- **U.S.:** Here, high schools are the youth organizing vehicle; in partnership with business they connect youth to business through workplace experience, mentoring, and reformed curricula.
- **Zambia:** Youth are part of a community that is organized to connect with business through a supplier relationship via the leadership of a business-member NGO and the support of development NGOs and government.

5.4 Civil Society Plays a Critical Role in Engaging Business

The use of sectoral resources as identified in Section 1.2 is described in Table 6. The major finding is the relative importance of both civil society and business activity in comparison to government's role as a relatively passive funder. Of course the two school-to-work initiatives engage government deeply in the education systems.

Table 6: The Cases' Use of Sectoral Resources

Case	Government	Business	Civil Society
Global Alliance	Tax funds Government networks Government reputation (all via World Bank)	Financial assets - investment in Alliance Business network - suppliers Management expertise - new programs in business	Community networks - IYF's affiliates Community issue knowledge - local NGO support Community reputation - NGO presence builds employee trust Development expertise - working with employees & providing services
Australia	Tax funds - grants to Speak Out - non-profit status* Government networks - policy development	Financial assets - donations to Speak Out Business network - Body Shop buyers, etc. Management knowledge - running a business	Inspiration assets - AYF grant to Speak Out Community networks - replication via FYA - youth referrals Community trust - Speak Out as CS employer
Canada	Tax funds - non-profit status*	Financial assets - donations to CYBF Business network - support from retail network Business reputation - bank founders Management expertise - business plan for CYBF - mentoring	Inspirational/volunteer assets - donations, mentors Community networks - NGOs provide services Community reputation - trust in NGOs Access to youth
Cisco	Government networks - education system	Financial assets - investment in system - modest donations Industry knowledge - curriculum, delivery system Business network - Cisco global network	Community network Community trust Community expertise Development expertise <i>These arise when NGOs are used for program delivery to work with the disadvantaged.</i>
India	<i>There is no significant government role, except for some donations from the British government.</i>	Financial assets - donations to BYST Business network - spreading the program - getting volunteers/mentors Business reputation - of supporters like CII Management expertise - mentors	Inspirational/volunteer assets - donations, mentors Community networks - youth referrals Community reputation - of BYST Development expertise - development entrepreneurs
Thailand	Tax funds Government networks - coordinating levels and sections of government	Business networks - locating business operations Management expertise - training new employees	Inspirational/volunteer assets - behind PDA as pgm leader Community networks - determines location Community issue knowledge - facilitates plant siting Community reputation - facilitates business set-up

			Development experience - whole process needs this
U.S.	Tax funds - to schools - for model research Government networks - education system Bureaucracy knowledge - providing education Administration expertise - for running school pgms.	Capital and financial assets - modest capital contribution Business network - critical to build business participation Industry knowledge - for curriculum and program development - mentors	<i>Civil society has no significant role.</i>
Zambia	Government networks - Agriculture training, local gvt. & roads Presidential influence and prestige	Business networks - Shoprite as a buyer	Inspirational/volunteer assets - NGOs supplying resources - The Forum volunteers Community networks - building upon past NGO work Community issue knowledge - issue identified by university and Forum Community reputation - of Forum and NGOs Development expertise - of Forum and NGOs

In these cases, granting tax status broke new ground on definition of non-profits.

Engagement of business is the focus of this study, which leads to the dominance of business in most cases. However, it is notable that civil society organizations (traditional and business NGOs) are clearly the second most dominant form, while government activity trails far behind. This probably reflects the basic sectoral differences with regard to “entrepreneurial activity.” Government administration systems can be too rigid for entrepreneurs since they demand strict adherence to procedures (i.e., they hinder experimentation). Civil society, on the other hand, depends on entrepreneurial activity. In fact one of the attractions to the non-profit legal form is that it allows for a wider range of activity than the other two forms. This fits much better with the entrepreneurial business community.

The three ways government is engaged in these cases are relatively simple. One is through tax benefits, either through funding or tax status. Many of the cases received some government funding. The second way is through finding a champion powerful enough to facilitate government activity. In the Zambian case, for example, this occurred by way of the president of the country and a senior official. The third way is through provision of infrastructure. In Zambia, for example, government was spurred to provide adequate roads and training support for farmers. In the Cisco case, through support at ministerial level, the main role of government is to provide access to educational institutions to provide cutting-edge, employment-oriented education. In some of these cases, YEL efforts and activities is directed at helping (obliging?) the government to more effectively reach its goals.

The evidence presented here therefore suggests that one way of engaging business in YEL issues would be to define government's role as a funder and facilitator through its networks and policies, rather than as an implementer. The key exceptions are the education initiatives where government plays a critical role. This restricted role for government simply reflects the intersectoral analysis that points to government strengths—restricting its implementor role is a strategy designed to avoid inflexibility in rule application, the slow pace of decision-making, complexity of jurisdictions/levels, difficulty in internal coordination, and the desire to control other sectors, all of which are identified as government weaknesses.

Some caution is required, however, when drawing conclusions from these cases—aside from the sampling one. First, as previously mentioned, there is a critical role for government in the school-to-work initiatives. Second, these observations presuppose that government has already established the appropriate policy framework that will support these programs—which undoubtedly is one reason that these cases exist. Although these cases support a much less interventionist strategy than many would propose, this does not mean we should conclude that government has no role. On the contrary, it is more a conclusion about the degree of government involvement in implementation, in particular. For the Canadian and Australian cases, for example, it was important to have tax legislation that recognized the activity of the newly formed organizations as deserving of non-profit tax status. In the Australian case it was important to involve government since what government learned influenced its subsequent policy development. In the Zambian case it was important that government take responsibility for roads and training, although other experiences suggest that in such circumstances rural roads and agricultural training might be better provided by intersectoral collaborations.¹³ (Waddell, 1997; Waddell, 1998)

Many business and civil society weaknesses are addressed by the way that the two sectors work together. For example, distrust of business due to its pursuit of the highest possible prices and its generation of negative externalities is alleviated in most cases through the presence of an NGO. Whether a business-member NGO or a traditional NGO, an ethos of trust is created through this real re-channeling of business energy and resources. These NGOs can be seen as agents that mobilize, house, and transform the potential inspirational and volunteer assets that exist within business.

For civil society, the issues of restricted (interest) focus and ideological parochialism (in this case, ideological opposition to business) might explain why more traditional NGOs are not involved in these examples of how to engage business. Perhaps there are too few NGOs working on YEL, and those that are do not like to work with business. However, probably at least as important is the lack of social network

¹³ Drawing from his work on sector competencies around the world on such issues, the author's particular viewpoint is that government is indeed best at setting the policy environment rather than an implementer. However, an important twist on traditional neo-liberal approaches is his emphasis upon the need to set up accountability structures that deeply engage civil society rather than give this control over to market mechanisms.

connections between traditional NGOs and business, and the skills and knowledge to make connections successful and enduring.

Civil society's weaknesses of amateurism¹⁴ and material scarcity are partly addressed by tapping business resources to hire staff and access business competencies through volunteerism; it is also addressed by simply building a broader base of support by emphasizing civil society–business collaboration to address YEL concerns. The problems of fragmentation and the small scale of civil society are alleviated by accessing the substantial business networks to support cost-effective expansion of activity. This is obvious in the Canadian example where the national Canadian banking system is a natural system for expansion; in the Global Alliance example, the business networks with subcontractors to businesses such as Nike *are* the major delivery system.

In summary, in terms of sectoral roles in engaging business in YEL it appears that government's role is to provide an enabling environment rather than to be actively engaged except in school-to-work initiatives. It also appears that civil society as a structural form is critical to engaging business, and that formation of business-member-based civil society organizations is particularly important.

5.5 Business Motivations are Diverse

How do the four business and civil society frameworks play out as motivations in these cases? Unfortunately the interviews were too few and there was not a rigorous survey tool used in the data gathering to give the type of response that is desirable. However, given the importance of the question and the desire to build greater understanding about how they may interact, Table 7 presents findings about the role of the frameworks, albeit highly impressionistic.

First, it is important to note that more than one framework seems to be at play in all the cases but Zambia. In this case the business NGO clearly has a vision about how its activity is in the interests of both business and society (a mutual gain perspective). Shoprite, the key business involved, has a similar view about what is motivating it, and it even makes a point of not making financial donations. Rather, through the relationship it is looking to achieve certain quality and price standards by avoiding importing produce, and the community benefits from employment in growing the produce. It is seeking to manage risk arising from negative community perspectives of its current activity as well.

The second major point is that the social responsibility and mutual gain frameworks appear to dominate. Social responsibility was taken as a motivating framework when people talked about their duties, social obligations, and putting back after benefiting and the business gains were non-existent or modest. A mutual gain perspective was interpreted when people could clearly explain what business got out of its participation, and this is of a scale that suggests this is indeed a motivation.

¹⁴ See the meaning of “amateurism” in section 1.2.

Table 7: Business Motivation (Xs indicate degree of importance.)*				
	Philanthropy	Social Responsibility	Corporate Citizenship	Mutual Gain
Global Alliance		XXX	XX	XX
Australia		XXX	X	XX
Canada	X	XX	XX	XXX
Cisco		X	XX	XXX
India	XX	XX	XX	
Thailand		XX		X
U.S.		XX	XX	XXX
Zambia				XXX

Note: This table does *not* result from a rigorous survey; the findings are highly impressionistic.

The corporate citizenship perspective was present when people were inspired to change a *systemic* relationship rather than simply do a one-time project. This is obvious in the two school-to-work examples where there are systemic approaches to the schooling system. It is also present with Global Alliance, which is recreating systemic business–employee relationships. The direct changes are within the business structures themselves and are focused upon employees, but this spills over to the business role in the broader community. The Australian (Body Shop) case stretches across three frameworks, one of which is corporate citizenship. The system-change perspective is strongest at the senior levels of the organization, but was demonstrated in the project through linkage with government and civil society to ensure the initiative had impact beyond Speak Out itself. In this case the benefits were defined in relatively long-term outcomes not directly related to business; however, the initiative certainly contributes to a positive public/customer image (The Body Shop does not advertise) and staff morale. The Canadian and Indian interviewees did not talk about systems, but in fact what they are doing is creating an entrepreneur development system that arises from widespread belief that business should do something to improve the entrepreneurial development of youth.

The U.S. case shows high mutual gain because the initiative can in fact reduce recruiting costs; however, there is also a sense of business responsibility to be involved and eagerness to help improve the educational system.

The philanthropic framework is important in only two of the cases: Canada and India. In this model individuals contribute their time and energy, with little benefit other than the “warm and fuzzy” feeling used to characterize philanthropy. In the Canadian case, however, the lead bank clearly stated the mutual gain goal of changing the public’s and politician’s attitudes towards banks.

All this suggests that philanthropic arguments are not going to engage business deeply in YEL issues, that more than one framework can be used to engage business, and

that social responsibility and mutual gain arguments are the most powerful. However, it is useful to ask whether the corporate citizenship perspective, which in many ways gets to the real fundamental need of system restructuring, cannot somehow be developed better. Perhaps there is too little understanding about how to develop it, or maybe its development will only follow significant work in the other frameworks.

5.6 Diverse Bridges Across the Divides

All eight cases demonstrate how to bridge the elite–outsider divide, with the elite being defined as the comparatively well-resourced, financially secure, urban, and within the formal economy. However, there are some particular cases of divide-crossing that deserve mention.

Two examples, the Global Alliance and Cisco cases, present interesting cases of crossing the North–South divide. Global Alliance is doing this within its production chain and aims at finding ways to provide subcontractor employees with added value. Cisco is doing this on a country-by-country basis given the national nature of education systems, with the objective of improving education with respect to Cisco technology..

Perhaps the most important divide to cross is the informal–formal market one. Building and strengthening this bridge is a major part of the work in India and Canada with the development of new entrepreneurs; it is also important in the U.S. example, which works with people most likely to drop out of school. The most novel case is the Zambian one that aims to bring village farmers into the mainstream supermarket economy. In Thailand this divide is being crossed by literally taking the machines to the people by locating factories in rural communities, which means giving people jobs in the formal economy often for the first time—as is also happening in the Australian case.

5.7 Roles for the Sectors are Diverse

Roles are closely linked to resources and weaknesses. However, they describe, in a more operational way, what the different parties actually do. For example, any of the three sectors has the potential to be a convenor of a meeting or event that leads to business becoming engaged in YEL issues, but who actually does it? Table 8 summarizes which sectors have roles in reference to key tasks.

The table might be most usefully read horizontally to pick out patterns where different sectoral organizations dominate with a particular function. We can see from this that implementation involves at least two sectors, and often three. Most of the cases offer a door to important business networks.

One important overall message is the important leadership role of business in terms of initiating and developing the YEL activities that engage it, rather than looking to another sector for leadership or bringing business into an existing program of another sector. The lack of an important role for traditional NGOs as intermediaries (other than IYF, itself not a “traditional” NGO) leads to speculation that perhaps they cannot

successfully play this role, or that they must create a separate initiative (as in the Canadian example) to engage business in YEL.

Table 8: Sectoral Roles								
	Alli.	Aus.	Cda.	Cisco	India	Thai.	U.S.	Zam.
Initiator/convener	Bus. Gvt. CS	Bus.	Bus. CS	Bus. Gvt.	CS-Bus	Gvt.	Gvt.	CS-Bus Gvt.
Implementer	Bus. CS-Tri* CS	Bus. CS-SE	Bus. CS-bus	Bus. Gvt. CS	Bus. CS-B	Bus. Gvt. CS	Bus. Gvt.	Bus. Gvt. CS
Funder/physical resource provider	Bus. Gvt. CS-tri	Bus. Gvt. CS	Bus.	Bus. Gvt.	Bus. Gvt.	Bus. Gvt.	Bus.	Gvt. CS
Expertise provider	Bus. CS	Bus.	Bus.	Bus. Gvt. NGO?	Bus.	CS	Bus. Gvt.	Bus. Gvt. CS
Public policy support	N/A**	Bus. Gvt. CS	Bus.	Bus. Gvt.	N/A	Gvt.	Bus. Gvt.	N/A
New employment	N/A	CS-SE	N/A	Bus.	N/A	Bus.	Bus.	Bus.
Mentoring/entrepreneur development	N/A	Bus-SE CS-SE	Bus.	N/A	Bus.	N/A	Bus.	N/A
Buyer/market	N/A	Bus.	N/A	N/A	N/A	N/A	N/A	Bus.
Trainer/educator	Bus. CS	Bus.	Bus.	Bus. Gvt.	N/A	Bus.	Bus. Gvt.	Gvt.
Activity coordinator	Bus. CS	Bus-SE CS-SE	CS-bus	Bus. Gvt.	CS-Bus	CS	Bus. Gvt.	CS-bus
Opening networks	Bus.	Bus	Bus.		Bus.	Bus.	Bus.	Bus.

* *CS – tri* means civil society as a participant in a trisectoral collaboration; CS-SE refers to a civil society social enterprise organization; CS-bus indicates a civil society organization whose members are businesses.

** *N/A* means that the role was not key to the relationship.

Aside from this there seem to be few patterns. The lack of patterns is itself a finding that, as mentioned already, usually indicates the validity of a great number of approaches and/or an emergent field where experimentation is intense and best practice is not yet widely disseminated.

5.8 Initiation can Occur in Many Ways, but Models are Important

The process for developing these eight initiatives is also varied. The importance of having an inspiration model, however, is demonstrated by the fact that two of the cases (India, Canada) have a foundation similar to The Prince’s Trust; Zambia has the Prince of Wales Business Leaders Forum, and the U.S. case arises from 20 years of model building. This demonstrates. The Global Alliance grew out of conversations between people with similar interests and World Bank commitment. The Australian case arose

from an internal business vision; the Cisco one from a business need. Thailand represents an expanded understanding by an NGO about its community mission.

Rick Little, President of IYF, says that he is “a strong proponent of networking and creating webs of relationships.” This means knowing who is on who’s board, and their particular interests and business concerns. A relationship with the Finnish company Nokia, best known for its cell phones, grew out of the company’s questions around how to globalize its social responsibility and social investment activities. Through its affiliate network, IYF offered Nokia a cost-effective way of creating a reliable and trusted global program quickly.

“When I talk with companies, I talk about creating comprehensive social responsibility strategies that are integrally tied to their brand and corporate ethos—for consumers, employees and communities,” Little explains. This again reinforces the earlier finding about more than one framework motivating initiation—and more particularly about the importance of the social responsibility and mutual gain perspectives.

The business genesis also appears to relate strongly to traditions of business service clubs such as Lions and Rotary (a clear influence in India) and business trade associations and networks (again in India, Canada, and Zambia). New business-based NGOs like Business for Responsibility in the U.S., Ethos in Brazil, and the Prince of Wales Business Leaders Forum in Zambia are providing important centers for organizing business and disseminating lessons. For three of the cases (India, Canada, and Zambia) formal organizations were important; in all others except Cisco informal business networks were important.

5.9 Should Youth Have an Active Driver Position?

As commented by a South African “(Youth) are poorly represented in all political, economic and social institutions, and there are many less organizations which engage with young people (than other age groups).” (Joint Enrichment Programme, 2000) Only in some of these initiatives do youth participate in major decision-making. The India and Canadian cases have youth present in a variety of capacities, including the boards and committees that approve applications for support. In Australia youth help design the Street Wear product and are represented on the Board of the Foundation for Australian Youth that funded the program. The Zambian project does not have a specific youth focus, but youth are active through the local community groups; similarly the Alliance has youth leaders in some plants, but they arise as worker-leaders rather than youth ones. The Thai project, also not youth-focused, does not have youth in leadership.

Therefore, it appears that there is still little consensus about the need to formally give youth positions of responsibility.

5.10 Customize the Framework

The variety of models, roles, and motivations provides a very simple message that echoes one made by Rick Little:

- realize that business is not monolithic in terms of the way it sees the world and YEL issues;
- understand what is important for a particular business, and design its engagement around those factors.

Understanding the vision and business of The Body Shop, for example, helped to identify how and why it has become engaged in YEL issues: it has a social enterprise vision, and youth are both an important target market and employee group. Similarly, understanding Nike's stress on social responsibility, public image pressures, and the fact it has a large youth workforce through its contractors, make it a good partner. "You must disaggregate business," says Little, "and not talk about how to engage business, but how to engage specific businesses." That, however, requires a good analytical framework and knowledge. It requires understanding where youth are—inside and outside the formal economy—and how to connect with them there.

5.11 Personalize and Institutionalize the Relationships

If collaborations are to endure, evidence suggests that engaging business requires both personal and institutional ties. As explained in the U.S. case, company engagement often begins when a company is quite well financially and there is a strong social responsibility or philanthropic imperative. The emotional contact with youth at this point is important. This can lead to one-on-one mentoring with employees, which expands personal connections. These personal connections are particularly evident in The Prince's Trust model, which also emphasizes mentoring. In Zambia, the initiative sprang from grounded research with the community of Luangeni. In Speak Out, management in The Body Shop has a high personal interest in youth. These personal connections touch the emotions of all participants, giving real meaning to their work because of the interpersonal exchanges.

To endure and build scale, however, the initiative must have a more formal structure and commitment from a business organization. Organizations relate best to other organizations, and they can provide a much greater scale of resources than individuals. Without the organizational commitment a relationship will die if there is a change in circumstances or personnel. This also emphasizes the importance of programs that provide for multiple personal relationships. Speak Out and mentoring programs are great examples of diffusing commitment throughout business organizations. Organizations that place importance upon social responsibility are particularly likely to be able to institutionalize a relationship to YEL programs. And where specific benefits in the mutual gain framework are identified, it is more likely the program will survive business downturns.

In the American case, for example, it is important to have a framework that allows businesses to participate at a level that reflects their particular financial and other circumstances, and adjust this level when those circumstances change.

6 Suggestions for a Plan of Action

6.1 Take a Developmental Approach

Recommendation 1

Initiatives to engage business in YEL issues should be grassroots based with individual businesses, their associations, and other local actors. These initiatives should receive outside support only after close consultation, when there is strong demonstrated local commitment, when business has a leadership role, and when the support can be strategically targeted.

Within these eight cases we have identified seven core concepts. Undoubtedly there are many more to document and develop, and we are a long way from knowing all that we need to. This is largely because we simply do not have enough experience or models developed. Rather than being able to focus solely on replication, adaptation, and scaling-up, we are still at the stage of identifying core concepts, stimulating new experiments, carefully analyzing these experiments (both new and current), and gathering the lessons.

Common among the cases is a developmental process, which has three critical components:

1. People begin organizing around a concept, not resources. It is easy to imagine that too many resources at an early stage would have taken the cases in different directions that would very likely have jeopardized their success and sustainability. Government entered as a supporter, not a leader, in terms of the business and NGO initiatives. Support was tied to real commitment at local levels, demonstrated through real partnership and the commitment of local resources.
2. Drawing out the lessons resulted in models as variations on core concepts rather than trying to find an “ideal” model—there was widespread recognition that variety is necessary to fit the varied contexts. In the more mature cases, experiments took place in numerous locations to further refine the core concepts. This resulted in tremendous variation.
3. Centralized resources—financial and knowledge/skills—provided a critical ingredient to expansion and scaling-up. However, this was again rooted in demonstrated local commitment of substantial resources with model choices made locally. In some examples central resource support was eliminated after a set time, and the new expansions were expected to also contribute to further expansion.

6.2 Build a Global Financial Resource

Recommendation 2

Investigate the advantages and disadvantages of establishing a fund to provide strategic support for youth development initiatives.

At times, modest outside resources can provide a critical ingredient in success...again, if the resources respond to demonstrated local commitment. Sometimes these resources are simple lesson- and model-sharing as the sharing of the Prince's Trust model demonstrated in Canada and India. And sometimes these are financial resources, as demonstrated in funds from government and business. These resources are not, however, always available—witness challenges to getting the Zambian initiative off the ground. In that case Shoprite refused to contribute financially; would it have made a difference if there was a matching amount of money provided by other businesses on condition of a Shoprite commitment? Similarly in Australia and Thailand attempts to further expand have been restrained by resources. This might be structured as loans, rather than grants.

Part of the challenge for business in terms of its own community investment resources is that infrastructure for supporting community investment is expensive. One reason that Nokia made the International Youth Foundation its agent for youth investment internationally was because IYF had delivery infrastructure. This allows combining quality global expertise and networks in a way that is simply too expensive for individual businesses.

This suggests that a fund that combines grants and investment, with a network of people from model examples to help others' development, could be very valuable. The fund should have a substantial business presence both in terms of governance and as a funding source, and most particularly with the investment side. Contributors could be businesses and entrepreneurs who themselves have built businesses and have interest in youth enterprise development.

6.3 Support Ongoing Action Development Research Agendas

Recommendation 3

Identify major core concepts as an organizing tool, and develop learning consortia around them.

We know that some in the business sector can be mobilized by speaking directly about YEL issues, but not in the quantity or intensity that is needed. This study suggests that various core concepts (5.1) that can be used as an organizing tool for business. As described earlier, these are concepts that inspire business motivation for a variety of

reasons. These arise from all four business motivation frameworks, and require further definition.

These can be integrated into a developmental process that uses an action development research approach. This emphasizes active participation, experimentation, and analysis using participatory action research traditions. (Fals-Borda & Rahman, 1991; Rahman, 1985; Reason & Bradbury, 2000; Schearer, 1993; Selener, 1997; Whyte et al., 1991). This approach is particularly appropriate when the “solution” to a problem or opportunity does not exist, in which case it needs to be developed. The process is designed to minimize the developmental period and maximize the chances of success through a disciplined process that builds upon the latest knowledge.

In this case, the key steps would include:

- define some major core concepts guided by this and other research;
- identify people, organizations, and places either already engaged in these core concepts or with demonstrated local commitment to become engaged;
- support the creation of a learning consortia of people from three to five sites where the core concept is being/can be developed to enable these practitioners to share knowledge and help one another develop their initiatives;
- through the learning consortia, build a research and consultation process to support the development of the core concepts, research the experiences in a disciplined and ongoing manner, and build strategies for dissemination and scaling up.

This more disciplined approach should reduce the 15 to 20 year development process experienced by the U.S. and The Prince’s Trust cases to approximately five years. This process makes an enormous contribution to addressing the problem of people repeating one another’s mistakes, ensuring that activity is well thought out, and cross-fertilizing ideas to create stronger strategies.

The three to five sites working on a core concept will preferably be in a number of different countries as this will provide valuable variation and facilitate expansion. After substantial development, each site can facilitate expansion in its own region. The country sites should be self-driven with responsibility for identifying issues critical to them as well as the activities required to address those issues. This consortia learning model is a relatively new approach that the Society for Organization Learning is developing (www.solonline.org) by way of action learning; it can be seen in the activity of many current organizations and their projects. For example, with its affiliates the IYF itself could be considered a rather loose sort of learning consortium; four core groups in the World Bank’s Business Partners for Development initiative might be considered more focused learning consortia; the Global Alliance is much like a learning consortia; and the Global Reporting Initiative has learning consortia features to develop global standards of business performance in terms of social, economic, and environmental impact. All of these consortia are intersectoral, which speaks to their flexibility and ability to engage business. They learn and develop in large part by sharing experiences and lessons with one another, and their consortium relationship vastly widens their knowledge base.

6.4 Clarify Roles, Models and Contingencies

Recommendation 4

Undertake further research into key questions.

We still do not know enough about how business is currently engaged in YEL issues. Further investigation using more classic research methodology is warranted to address key questions and identify new approaches. This would broaden knowledge about what is being done and deepen knowledge about the activity. This study represents only a start; but much more work needs to be done to create a rich database of experience. Given the variety even among the core concepts it has revealed, there is good reason to believe that there are even more important examples that exist.

This research should be focused on issues that this study addresses only just begins to scratch the surface of. The question of local contexts is particularly important. How do strategies depend upon factors such as the scale of local business, the presence of global business, wealth, industries, and business structures? Fuller responses are needed for in terms of what creates motivation, the role of public policy, connecting global business to local youth, organizational forms, core concepts, the role of traditional NGOs, and scaling-up. This type of research should produce value in its own right, but also inform the action development research agenda.

Local organizations that want to undertake such research should focus more upon an analysis of the local opportunities, key contextual factors, and establishing strategies about how to develop them. Again, this should be done understanding the key development stages in these types of intersectoral initiatives. (Waddell & Brown, 1997) (see also Appendix A)

6.5 Build Knowledge and Capacity for Successful Engagement

Recommendation 5

Bring together current information about engaging business in YEL issues, and create a specialized electronic site to develop the data further.

Recommendation 6

Build on existing resources, create training programs that build skills necessary for successfully engaging business in YEL issues.

Very particular types of knowledge and skills are critical to spurring the engagement of business in YEL issues. This knowledge has to be made easily available, and new skills such as intersectoral leadership ones must be developed. However, there are numerous organizations that are already engaged in this knowledge and skill development, so rather than create a new organization it makes more sense to allocate responsibilities for doing this among current organizations. One particularly obvious

option is the World Bank Business Partners for Development node that is working on youth issues.

There are currently two schools of knowledge and skills that are important to bring together. One arises from work with intersectoral partnering. This school would help to build understanding about sectoral differences and smooth intersectoral interactions. These differences are substantial, and are often underestimated. Words mean different things in different sectors, and knowledge and skills to identify and develop opportunities for the sectors to work together are specialized. We need intersectoral leaders who have or can develop networks in business and civil society in particular, and this requires deep knowledge of both sectors and the way they work. This school also has more general knowledge about partnering that is critical.

The second key school of knowledge and skills is around the substantive issue of YEL itself. We need people who have a strong understanding of the dimensions of, and potential ways to address, YEL issues.

On a global level, it will be important to support an organization to help it provide a specialized central electronic information resource on YEL and business engagement, as well as manage the database to ensure it is up-to-date, provide network connections to others involved in business and YEL issues and, in collaboration with others, identify critical research questions and ensure emerging issues are addressed.

This organization should also be supported to disseminate knowledge about training and capacity development resources, and to work with providers to provide high quality and up-to-date skills and knowledge.

6.6 Stimulate Action

Recommendation 7

Identify individual business people and businesses that are most likely to be engaged in YEL issues, and develop joint activity.

Recommendation 8

Create business and intersectoral YEL events to disseminate knowledge and encourage activity.

Recommendation 9

Identify clearly defined targeted opportunities that business can aim for and models that it can develop to address YEL.

This study emphasizes that business is not monolithic, and that different businesses will have different philosophies about engagement in YEL issues and the core concepts that evolve. Moreover, different businesses will have different business reasons

for working with YEL. Finally, different business leaders will feel differently about the importance of YEL. Individuals and companies should be identified and potential relationships investigated. And a “no” does not mean “no” forever; as the Canadian example shows, timing can be everything.

To identify individual business people and businesses who would be interested in working with YEL issues, the goal must be framed according to which of the four frameworks will be most persuasive—and usually this will involve more than one. This will help with the identification of core concepts as well. Some steps to achieve this can include:

- **Learn a company’s mission and vision statements:** Sometimes these are quite irrelevant to what a company actually does, but increasingly they do reflect what a company truly aspires to do. These provide important guides for approaching a company.
- **Learn about a company’s business:** Is the business in a financial position that will let it experiment? Are there wins for business that can come out of YEL activity? One reason that The Body Shop is sponsoring Speak Out is because youth are an important client group and its employees are young; the Canadian bank became involved because it wanted to undertake meaningful activity to respond to what the public thought it should be doing in order to improve its image with customers and the government.
- **Learn about a businesses’ reputation and affiliations:** Is the business a member of a business association such as Business for Social Responsibility? Does it undertake philanthropic activity on children’s issues?
- **Learn what key decision-makers think:** What are the top operational issues and is there a potential connection to YEL issues? Do leaders care about children’s issues? Do they have a strong sense of social responsibility?

Many of the cases demonstrate the importance of promoting business engagement if possible through business people themselves. Business likes high specificity: clearly defined roles, responsibilities and outcomes, including what is in it for them. Although civil society emphasizes the importance of co-development of proposals, business responds best with a deal on the table to spur discussion. The product might turn out quite differently than the original deal, but it is best to have something clear up front to demonstrate the way you are thinking.

Discussions might best be held in the business environment—it is their environment where they feel comfortable. In India this has led to emphasis upon service organizations like Rotarians; in Zambia the work grew out of university classes and conversations around business ethics. “Summit-like” events tend to only engage the already committed. More targeted events to convene a modest number of businesses and other organizations that might develop linkages are likely to have more impact.

There is also the possibility of building relationships with organizations like Business for Social Responsibility. To build such relationships it is often best if there is a special initiative that relates to their goals, new research to report, or a panel proposed for the organization's membership meetings of (mainly business) people who can speak to issues. Find out what the topics of interest are and how you can contribute to them, rather than expect them to immediately move to your agenda.

6.7 Promote Corporate Citizenship Strategies

Recommendation 10

Define YEL issues systemically, and build a strategy for a systemic approach from a business perspective.

The corporate citizenship framework is currently the framework that is being most intensely developed conceptually by a few major companies. While this framework did not come out strongest in the cases, it holds perhaps the greatest promise for making the types of changes that are needed to really address YEL issues. This is because it can produce a substantially bigger impact. For example, rather than improving school-to-work in a given school, the U.S. and Cisco cases are impacting entire school systems; similarly, Global Alliance is affecting an entire production system. And the Canadian and Indian cases can be viewed as addressing problems with the entrepreneur development system (or the lack of it). Although the Zambian case currently deals with only one store, it might well develop into a strategy to improve supply chain systems more broadly.

These systems might be on an industry, geographic, or issue basis. Cisco is part of an industry that is having difficulty finding qualified people to support its growth. The India and Canada cases are geographic. With Nike the Alliance is dealing with an issue of connecting a production system more coherently.

6.8 Support Global-to-Local Connections

Recommendation 11

Identify strategies to connect global corporations to local disadvantaged youth.

Before Seattle, Washington, and Prague, many global businesses were already struggling with how they could become more meaningfully engaged with local communities. Those events have heightened interest in the issue. In an editorial accompanying its September 23, 2000 cover story titled "The Case for Globalization" *The Economist* stated that "The protesters are right that the most pressing moral, political and economic issue of our time is third-world poverty." (*Economist* Editorial, 2000: 9) In that same month the American magazine *BusinessWeek* asked the question "Is business too big?" in reference to the growing role of businesses in society.

There is no known answer to globalization's accompanying problems of the increasing inequality of wealth distribution, and global businesses' accountability to its multiple stakeholders including local communities where they operate. However, an increasing number of companies realize these issues are a problem and are trying to think about what to do and how to respond. One problem is that we still do not have the right intermediaries, or at least not enough of them nor enough variety with the right characteristics. One corporate need is to have intermediaries that have a geographic reach similar to the corporations'—one reason that Nokia partnered with IYF as an intermediary is that both organizations operate at the global level and therefore interaction can produce greater mutual benefits. But we also need to develop beyond our traditional sense of intermediary as literally being between—The Global Alliance, for example builds a network where the Global Alliance is becoming a sort of intermediary between global corporations and subcontractors' employees.

6.9 Support a Changing Role for Business in Education

Recommendation 12

Support those developing international strategies to increase integration at senior school levels of business-based training.

Of all the core concepts involving business in YEL, the school-to-work issue has the longest history. Much is written on this model, and there is a strong emerging consensus about its utility; it is more a question of understanding how to do it. The emerging consensus is that government should move from its focus upon the generic training of youth while employers should move from focusing mainly upon employees in terms of training, to integrate the two. In countries like Germany there is a long history of this integration, but even here expansion is in order. On the one hand, government training must focus upon specific jobs as the U.S. and Cisco academy models do; and on the other hand business must have a broader vision about training for its employees—as demonstrated with the Global Alliance's work—beyond a narrow definition of short-term self-interest.

However, the way to take action in this domain is not clear. The International Labor Organization has taken some leadership on this issue, and the best role of others might be to coordinate with it to support local application of its work.

7 Conclusion

Creating strategies that engage business in youth employment and livelihood must be based in the energy of particular leaders in business and institutionalized as a particular business organization's work. Different businesses will have very different motivations to become engaged as the four business and society frameworks demonstrate. Institutionalization must take account of the core competencies of the business, government, and civil society sectors, and avoid expecting a sector to do something that another sector can do better. Intersectoral strategies will dominate, although business should have a leading role if it is to be effectively engaged.

There are many models, and many more will undoubtedly be developed. This stimulates optimism about the need to both expand business engagement and the need to greatly increase the scale of the engagements. There are some strategies that are already well into expansion, replication, and adaptation on a global level. Cisco and the Prince's Trust model described here in the Canadian and Indian cases are the best example of this, while the United States case presents a model well developed on a national scale. Australia presents an example that is at an early stage of replication and adaptation. Some, like the Global Alliance, are developing their model with a broad global strategy as an integral model component. Others like the Thai example, have matured locally but a broader geographic application still is to be developed. And it is probable that there are many local initiatives at an early stage of development of new approaches that have potential for broad application, as shown here with the Zambian case.

If the scale of opportunity and need is to be effectively addressed, these models should be developed, expanded, replicated and adapted much more quickly. Speedier development and larger-scale activity would be aided by applying a collaborative and more rigorous development approach, educating people about options, providing modest additional development support, and connecting those who develop models to those that would like to adapt their models or scale them up.

Appendix A: Stages and Services in Developing Intersectoral Collaboration

Adapted from: The Collaboration Works, www.thecollaborationworks.com

Stage One: Preparing the Ground

A) Identifying the options: Researching opportunities

Activities: Stakeholder research, opportunity analysis, strategic planning

Collaborations involve significant resources, so it makes sense to take the time to analyze the opportunities and put a plan in place to develop them. Assess the potential benefits of collaboration with regards to a specific industry, group, issue or geography. Identify actual capacity to realize the multi-sector potential based upon institutions, attitudes, policies, leadership and skills. By identifying impediments, your organization can plan how to achieve the potential results while addressing the problems.

B) Creating the right environment: Education for effective collaboration among sectors.

Activities: workshops, presentations, seminars, publications

Most individuals and organizations are simply unaware of the benefits of collaboration among sectors or lack the skills to realize them. The sectors simply do not interact enough to learn about one another, explore how they might work together, overcome stereotypes and build trust. Help organizations or groups of organizations from the same sector to safely explore available opportunities before talking to another sector. Also, help people explore some of the opportunities which exist specifically for their organizations.

C) Getting the idea off the ground: Convening and facilitating the stakeholders.

Activities: Partnering processes, workshops, events

Once organizations know the benefits of sectoral collaboration, convene the parties and establish the collaborative action plans. The tone and trust of the initial stage of collaboration will influence the collaboration for its duration. Guide the development of specific opportunities in a safe way and at an appropriate pace and scale. This might involve a series of face-to-face small meetings, stakeholder workshops, or high profile events. It might also involve use of a large group intervention technology, such as Future Searches, which can influence whole systems, or facilitate smaller inter-organizational exploratory meetings.

Stage Two: Achieving the Goals

D) Moving the collaboration along: Improving the performance.

Activities: Strategic planning, evaluations, environmental analysis, crises interventions, organizational analyses

After joint initiatives are undertaken and initial success is achieved, there is almost always both increased potential for further joint ventures and, of course, unforeseen problems. To overcome lethargy in relationships, address crises and adapt successes to new locations or issues, these activities are needed. Through planning events and environmental analysis, collaborators identify new opportunities and strategies, undertake new projects, increase the number of players, or replicate success. An evaluation can more closely assess the benefits and outcomes of relationships. Activities such as workshops or analyses of structures and meeting interactions can assist collaborations work through crises.

E) Learning to communicate among cultures: Build mutual understanding.

Activities: Workshops, meeting analyses

The three sectors have distinct cultures; they speak with distinct languages. For example, marketing, member outreach and citizen participation programs are related terms associated with distinct sectors that have both common elements and differences that require exploring. Understanding these types of distinctions is critical to reduce confusion and increase the ability to work together. Communications skills and differences can be overcome through education and increased understanding of cultural and other differences.

Stage Three: Building Capacity for Greater Results

F) Scaling up: Expansion and Replication.

Activities: Opportunity analysis, strategic planning

Often there is potential for adapting the lessons learned in one cultural and geographic setting to another. Or, perhaps, lessons from a pilot initiative are ready to be applied on a larger scale. Expansion and replication of success requires identification of strategies that customize key lessons and recognize inhibiting factors. By doing this, you ensure growth is successful.

G) Documenting histories, analyzing lessons: Share the learning.

Activities: Custom case analysis, synthetic analysis, publications

Collaboration among sectors is generating relatively new organizational forms and processes to effectively address major issues around the world. Stories describing successes, failures, problems and the way they were addressed inspire others and provide important guiding lessons which can be adapted to many locations. Write collaborations' history and, throughout the process, raise issues that can be addressed by specialized knowledge about intersectoral collaborations. Undertake comparative analysis of collaborations within a geographic/cultural region, or on a specific issue theme, to help draw out specific lessons with synthesized analysis. These cases and analysis form the basis for broader research publications.

Appendix B: A Mutual Gains Analysis of Benefits to Business from Engagement in YEL Issues

- Workforce investment/development: Addressing YEL issues can produce better trained entry-level employees at lower cost and have lower turnover. As corporate training budgets get squeezed in the drive to lower costs, there is increased interest in finding ways to partner with others for better results. As with government's "going alone strategy" in education, corporations' attempts to create parallel systems is simply too costly. This is leading to new institutions, such as intersectoral Workforce Investment Boards in the U.S. and variations with youth councils and regional workforce planning boards elsewhere. These are usually intersectoral.

Another product of business involvement in YEL activities is increased employee satisfaction. Some organizations encourage employees to become engaged in YEL activities as a refreshing and productive break from more routine activities.

- Economic Development: The mutual gain framework is creating new intersectoral planning processes, with a youth focus emerging as a product of economic development concerns. People understand that youth issues must be addressed to ensure a good workforce and a healthy market.
- Business restructuring: As businesses merge, narrow their focus, and become leaner, they risk employee loyalty and corporate reputation if they do not find creative ways to address retrenchments/layoffs and economic dislocation. This leads some companies to reach out to NGOs to assist them to address the impact of corporate restructuring. This imperative leads them to address YEL employment issues such as with support for entrepreneurial development opportunities and community economic development initiatives.
- Social risk management: As the potential dangers of a large disenfranchised youth population become better understood, some corporations understand the threat they pose to the stable environments necessary for healthy business development. The ability for business to respond to such a situation pro-actively has precedents. For example, risk reduction and management was a major impetus to form South Africa's National Business Initiative and the Philippine Business for Social Progress many years ahead of PWBLF and BSR. Business under apartheid in South Africa and under Marcos in the Philippines understood that government was illegitimate in the eyes of the majority of citizens. If business did not build a pro-active strategy that supported and connected with the masses, and was closely associated with government elites, business foresaw it would face nationalization and other punitive measures when the government inevitably changed. With the dangers of growing unemployed youth, business is facing a similar challenge.
- Companies also face social risk on a smaller level which can be reduced through YEL activities. YEL programs can form part of public relations programs to build support for a company among key external stakeholders through building a good image. For

example, YEL support by business can influence legislators and their constituencies to favor business-positive legislation; and YEL support can influence communities where a corporation operates or wishes to operate to support a specific company plan. In terms of this paper's definitions, this is more of a corporate citizenship approach.

- Market development, brand image, and public relations: Disadvantaged youth are a hard-to-reach market requiring different development strategies than traditional market development. Businesses generally have to find partners to reach them effectively. Moreover, their buying power is so low it requires some proactive thinking about how to increase it to literally create a strong market demand.
- Some corporations engage in YEL issues as a way to protect (risk management) and build (market development) their corporate reputation. In some countries, this takes the form of affinity marketing and associating with YEL issues as a way of promoting a corporation.
- Supply chain development: One response to the need to develop suppliers who can produce appropriate quality and quantity on time is to create a vertically integrated corporation that includes all levels of processing—from owning farms raising crops to stores selling the product. However, with greater focus by corporations upon their core competencies, the costs of this approach are leading to vertical disintegration. Now many corporations take a more proactive approach to the development of suppliers as separate organizations, which includes extensive use of subcontractors and creating new entrepreneurs.
- Philanthropy, social responsibility, corporate citizenship: These frameworks each have imperatives that have pushed some corporations to become engaged in YEL issues. The charity imperative is still a strong force for corporations addressing YEL issues; social responsibility continues to be promoted by some; and corporate citizenship is on the rise, as is mutual gain (see above). The growing strength of these imperatives for YEL can be seen in new organizations such as Ethos in Brazil, Business for Social Responsibility in the United States, European Business for Social Cohesion, and several Centers for Corporate Citizenship.

Appendix C: People Interviewed

<u>Case</u>	<u>Organization</u>	<u>First Name</u>	<u>Last</u>	<u>Title</u>	<u>Telephone</u>	<u>Email</u>	<u>Web Site</u>
Alliance	Global Alliance for Workers and Communities	Kevin	Quigley	Executive Director	410-951-1500	info@iyfnet.org	www.theglobalalliance.org
Alliance	Nike	Harsh	Saini	Sr. Manager – Corporate Responsibility/Asia-Pacific	N/a	info@nike.com	www.nikebiz.com
Alliance	Nike	Maria	Eitel	Sr. VP – Corporate Responsibility	503-671-6453	info@nike.com	www.nikebiz.com
Australia	Foundation for Australian Youth	Ulrike	Schuerman	Executive Director	612-9357-2344	info@ayf.org.au	www.youngaustralians.org
Australia	Body Shop	Alex	McDonald	Campaigns & Trade Development Manager	612-9557-8877	info@thebodyshop.com.au	www.thebodyshop.com.au
Australia	Speak Out	Ian	Godwin	Project Manager	612-9557-8877	Virtcorp@geko.net.au	N/a
Canada	Corporate Council on Youth in the Economy	Luci	Bohac		613-231-6474	lbohac@cyf.ca	www.cyf.ca
Canada	Canadian Imperial Bank of Commerce	David	McGowan	Director – Banking Ventures	416-980-4817	info@cibc.com	N/a
Canada	Canadian Youth Business Fdn	Larry	Mah	VP – Marketing & Information Services	416-408-2923	info@cybf.ca	www.cybf.ca
Canada	Cira Consulting	Anne	Cira	President	N/a	info@attcanada.ca	N/a
Canada	International Development Research Center	Jamie	Schnurr	Sr. Research Officer	613-236-6163	jschnurr@idrc.ca	www.idrc.ca
Cisco	Business Partners for Development	Aaron	Williams	Executive Director	410-951-1563	info@iyfnet.org	www.bpdweb.org/gpyd
Cisco	CISCO Systems	Erin	Walsh	Manager Worldwide Education	N/a	info@cisco.com	www.cisco.com/warp/public/779/edu/academy
Cisco	Houteq	Nothemba	Sonkwele		27-21-850-5213	<u>n/a</u>	N/a
Cisco	Houteq		Simani	Chairperson	27-21-850-5212	info@faifa.org.za	N/a
Cisco	Cisco South Africa	Carl	Hendricks	Academies	N/a	N/a	www.cisco.com/warp/public/779/edu/academy
India	Youth Business Trust - India	Lakshmi	Venkatasen	Executive Director	91-11-463 1569	info@co.cii.ernet.in	N/a
India	UDV	Sukhbir	Puri	Sr. VP	91-20-6993896	N/a	N/a
India	HVK Systems	N.	Krishnan	Chairman	44-854-4031	hvks@bgts.chennai.net.com	N/a
India	United Resources Consultants	Bharat	Nian	President	91-20-612-3010- 613-6066	united@giaspn01.vsnl.net.in	N/a
YEL Expert	Consultant	Francis	Chigunta	Independent	N/a	fchigunta@hotmail.com	
YEL Expert-UK	Ken King Ctr of African Studies U of Edinburgh	Simon	McGrath	Professor	+44-1875-835605	kenneth.king@ed.ac.uk	N/a
YEL Expert-Uruguay	Center for Information and Resources for Development (CIRD)	Elcira	Berruti		595-21-207-3731	cird.cpk@conexion.com.py	N/a

Philippines	Children and Youth Foundation of the Philippines	Felicitas	Rixon	Executive Director	632-750-2215	info@globe.com.ph;	www.fillib.org.ph/cyfp/
YEL Expert - Portugal	Fundacao da Juventude	Maria	Geraldes	Director General	351-22-339-3530	fjuventudeporto@mail.telepac.pt	N/a
YEL Expert – South Africa	Joint Enrichment Program	Penny	Folley		27-11-834-6865	jep@wn.apc.org	N/a
Thailand	National Council for Child and Youth Development	Srisak	Thaiarry	Executive Director	66 2 255 922	ncyd@dordek.org	N/a
Thailand	PDA	Sookdhis	Tanothai	Vice-President	662-229-4611 to 28	pda@Mozart.inet.co.th	N/a
Thailand	SCS Sportswear Grp	Mr.Wiriya	.Vongveera nonchai	Chairman	66-2-322-5693 to 7	info@mozart.inet.co.th	N/a
Thailand	Ministry of Industry	Mr. Greevit	Charoenphol	Industrial Officer, Dept. of Industrial Promotion	662-202-4532	N/a	N/a
UK-int'l	Youth Business International	Richard	Street	Director of Youth-Business International	44-207-467-3600	info@pwblf.org	www.youth-business.org
UK-int'l	Prince of Wales Business Leaders Forum	Andrew	Fiddaman	Associate Director	44-207-467-3600	info@pwblf.org	www.pwblf.org
U.S.	National Youth Employment Coalition	Alan	Zuckerman	Director, Capacity Building Initiatives	202-659-1064	info@nyec.org	www.nyec.org
U.S.-int'l	IYF-General	Rick	Little	President	410-951-1500	info@iyfnet.org	www.iyfnet.org
U.S.-STW	LA Schools	Emilie	Gino		N/a	info@lauds.k12.ca.us	N/a
U.S.-STW	NAPE	Joe	Coffee		703-836-4880	jnc11@msn.com	www.napehq.org
U.S.STW	Federal Dept. of Education	Stephanie	Powers		800-251-7236	info@ed.gov	
U.S.-STW	National Association for Partners in Education	Jane	Asche	VP & Director of Field Services	703-836-4880	JaneAnnAsche@aol.com	www.napehq.org
U.S.-STW	Now at Berkley, Career Academies School Network	Susan	Tidyman	Director of Career Academies, CA	925-820-4364	info@pipeline.com	Casn.Berkeley.edu
U.S.-STW	Consultant	Bonnie	Jones	Consultant	626-918-4763	bjonesjhcc@aol.com	N/a
YEL Expert - Venezuela	Fundacion para la infancia y la juventud oportunidades	Andrea	Pereira	Gerente General	58 2 232 7271	oportunitas@cantv.net	N/a
YEL Expert - Venezuela	Fundacion para la infancia y la juventud oportunidades	Claudia	Cova	Program Coordinator	58 2 232 7271;	oportunitas@cantv.net	N/a
Zambia	Ministry of Agriculture, Food and Fisheries	Martin	Sishekanu	Provincial Agricultural Co-ordinator	260-62-21095	asveeast@zamnet.zm	N/a
Zambia	Shoprite	Charles	Bota	Regional Manager	260-1-235732	N/A	N/a
Zambia	Zambia Partnership Forum	Martin	Kalungu-Banda	CEO	260-1-774491	mkalungu@hss.unza.zm mkalungu@hotmail.com	N/a
Zambia	Zambia Partnership Forum	Kavwanga	Yambayamba	Director – Agriculture and Environment	260-1-295422	EYambayamba@agric.unza.zm	N/a

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