Plugging the Capacity Gap: Human Capital Management Framework to Support Millennium Development Goals

Abstract

Public, private and voluntary corporations approach the problems highlighted by the 2000 UN General Assembly's eight Millennium Development Goals (MDGs) in diverse ways. Cross sector research and interviews with a variety of corporate social responsibility officers, point to both gaps and innovative approaches when dealing with major social issues. The purpose of this paper is to offer the Human Capital Framework as a way to align corporate responsibility initiatives with the eight UN Millennium Development Goals. Those goals are:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop global partnerships for sustainable development

It is hoped this discussion will lay the groundwork for effective implementation.

Introduction

Globalization as the Backdrop of the Millennium Development Goal's

Shanty towns and huts jostle for space between soaring skyscrapers in smog-filled cities. Imported luxury cars narrowly avoid hitting the poor and destitute who implore them for aid. These images, and the statistics that follow, illustrate the ills the MDGs and their predecessor activities attempt to combat. Globalization, while facilitating the flow of capital, labor, knowledge and technologies, within and across economies, also throws the failures of political and social regimes into sharp focus. Many are marginalized and disempowered by the changes globalization has wrought. Attaining the MDGs by 2015, as mandated by the UN (UN General Assembly, 2000), is fast becoming a burning moral and eco-political issue.

The MDGs are part of a trajectory of post World War II reconstruction "packages." In the 1960s and 70s, and well into the 1990s, international and bi-lateral policies and programs focused aid to reduce poverty in parts of Asia and Africa (Committee on Poverty Reduction, 2003). Now the MDGs call us to address pressing social problems that threaten to dilute the last century's enormous gains in science, business and technology.

The Committee on Poverty Reduction (2003) cites grim statistics. More than 50 countries have become impoverished since the 1980s. The number of those living in poverty has increased by more than 800 million. More than half a million women have died in childbirth or during pregnancy. The growing percentages of impoverished and imperiled

people, in emerging economies, such and India and China serve as a sobering counterpoint to the encouraging (over 8% of GDP) growth rates.

The intersection of businesses, governments and individuals are critical and obvious areas to develop and execute strategies aligned to MDGs. It is apparent that businesses in an interdependent global system cannot just provide jobs, goods and services to meet business needs. Far from being on the margins, CSR efforts are now an integral part of the business and public policy discourse. Corporate Social Responsibility (CSR) challenges corporations to behave as responsible citizens of local and global communities and many are tee'ing up. Almost 81% of FTSE 500 companies publish a CSR report. More than 50% of the largest US companies have a department or sub-department working on CSR issues. Indeed, CSR efforts can gain more significance, and have a more decisive and positive impact, if corporations in all sectors engage in policies and practices that meet or shorten the timeframes established by MDGs.

Corporate Interventions in Achieving MDGs

The need for corporations to address humanitarian, infrastructure or environmental issues in the global economy is growing. A significant measure of a corporation's brand lies in its reputation as a socially responsible citizen. Business managers generally agree that conducting socially responsible business in all sectors is good for business. For instance, IBM's corporate responsibility webpage asserts:

> At IBM, our commitment to corporate citizenship and social responsibility extends throughout the company. Whether we are conserving energy and natural resources, ensuring a safe and healthful workplace, or working with our suppliers to develop sustainable global markets, we apply our extensive innovation resources and expertise to solve some of the most pressing global issues (IBM Corporate Responsibility webpage – http://www.ibm.com/ibm/responsibility).

CSR efforts have made great strides in the past decade. From the ad hoc annual volunteer day programs of the past, to the expansive citizen-centered responsibility programs of today's corporations, there is a range of efforts to improve global education, health, and for environmental and infrastructural sustainability. Ben and Jerry's social mission illustrates these initiatives, calling upon the organization to use "business to improve the quality of life of [in] a broad community—local, national, and international" (Ben and Jerry.com, April 2007).

The Human Capital Framework

Widely used by organizations to enable organizational objectives via workforce management, the Human Capital Management Framework (Office of Personnel Management, 2007) includes strategies and techniques to assess, develop and align the individual with corporate goals. These same principles and techniques can be applied to CSR efforts once aligned with the MDGs. This is already happening in certain areas, applying some elements of the Human Capital Framework to reducing poverty, illiteracy and disease with varying results. If corporations undertook a consistent and robust

application of the Human Capital Framework linking workforce efforts with MDG goals, the results could be quite solid.

Applying technology in Human Capital Management to manage CSR efforts provides economies of scale to managing workforce performance, assessing talent and standardizing processes. Technology will facilitate real-time assessment and analysis for informed decision making by providing information about producers, suppliers and services, and enabling global conversations between businesses.

Diagnosing the Problem

The stark social challenges highlighted by the MDGs give corporations a sense of the global landscape and potential avenues for alignment. However, in order for there to be comprehensive alignment, it would be wise to understand the inherent structural challenges that bog down CSR discourse, and prevent a comprehensive alignment with the MDGs. Challenges for attaining the MDGs through CSR efforts can be organized around the following overarching themes:

- Donor and Recipient Motivations
- Incoherent Approaches
- Marginalization Problems
- Customization and Compliance Tensions
- Governance and Accountability Shortfalls

Donor and Recipient Motivations

Must business interests and socially responsible business practices be mutually exclusive? A key challenge to most CSR efforts is how the motivations for CSR activities are perceived by recipients. Most corporations view socially responsible business practices as important to they way they do business and practice what they preach, aware that socially responsible business practices enhance a company's brand value. Others just give it less importance in their strategic hierarchy and still others provide lip service.

In addition, recipients of corporate social assistance may develop a dependent relationship with the provider or donor company. This type of relationship between donor and recipient corporations may set up an expectation that in order to do business in a locale, most corporations must provide money, services and/or products as a goodwill gesture first, before business can be carried out. Further, the prospect of receiving a steady stream of CSR funds, may encourage corporate actors in transitional economies to focus solely on creating ways to get the monies offered without any real desire to leverage this benefit to help their local economies. Consequently, donor and recipient entities engage in cynical "what's in it for me" relationships, without keeping their end of the corporate social bargain and thus doing little to create an environment for attaining MDGs (Engineers Against Poverty, 2004).

Partial Approaches

The motivations described above can be partially attributed to the complex nature of the UN's Millennium Goals and competing corporate priorities. In addition, Corporations apply profusion and sometimes limited or partial approaches to MDG issues, which

although well meant, can further stymie efforts to engender momentum for achievement of the MDGs. These approaches can be broadly typified as:

- The Neighborhood Approach - Organization are motivated to be good neighbors and may narrowly assist the communities where they are established, or where they work and may/may not apply their skills to the larger community or wider global issues, which can be more their niche or where they may be more suited.
- The Infrastructure Development Approach - Organizations are involved in developing infrastructure in emerging economies (to better leverage their products and manufacturing bases and enhance services), without thought to impact on the neighborhood or community sentiments.
- Social Problems Elimination Approach - Organizations lend assistance and expertise to combat societal ills, without understanding the local/regional environment, or track the impact of their efforts, or fail to make the change stick.
- Fiscal Contribution Approach - Organizations distribute a percentage of their profits to benefit other companies and causes, without requiring proper governance or accountability in return and thus block their own endeavors.

Regardless of how the issue is sliced and diced the broad, multi-targeted, and sometimes random, nature of corporate initiatives, makes it difficult to develop a clear roadmap to solve the same issues highlighted by the MDGs. As the current crisis in Darfur, Sudan, and the October 2005 earthquake in Northern Pakistan demonstrate, a comprehensive approach to managing providers and recipients of assistance is significant for delivering humanitarian aid (Banerjee, 2006). Scaffolding concepts like the Human Capital Framework support the undertaking and achievement of large societal initiatives and that's why they can be adopted by corporations to achieve success in meeting CSR goals.

Marginalization Problems

Growth oriented strategies aimed at poverty eradication and other MDGs highlight inequalities in benefits distribution gained from globalization (Human Development Report, 2005). A critical focus of CSR initiatives should be on those adversely impacted by growth. Omitting certain sections of society from the rewards of economic prosperity, results in a less than robust civil society, increasing social injustice and the erosion of basic human rights, since those with the least benefits have little or no voice in the eco-political theater. In actuality, civil societies have the experience and networks to promote, inform, and conduct activities targeting MDGs. Those at local levels responsible for executing social and economic development will be best positioned to include the disenfranchised in the design and execution of a CSR program's benefits. Moreover, increased focus on those adversely impacted will help develop a more robust civil society. It is clear that the nexus of civil society, governments and business needs to be strengthened (Committee on Poverty Reduction, 2005).

Customization and Compliance Tensions

Adapting CSR programs to local needs with the desire to make a difference, while keeping business objectives in mind and following national and international regulatory protocols, creates an inherent tension in achieving CSR as well as, MDGs goals. A corporation's power to stimulate economic growth by providing jobs and services, their

ability to influence national and international business and social practices, and their ability to impact individuals and communities must be taken into account when developing CSR programs. Complying with national and international governments, while customizing efforts to meeting local needs is a balancing act for corporations.

Governance and Accountability Shortfalls

A lack of macro governance, or the challenge of "arms around the program," both necessitates and inhibits proper governance to steer CSR efforts. On one hand, too much governance and regulation can be detrimental to the entrepreneurial spirit fueling CSR endeavors. On the other, the largely "self-governing" nature of the CSR field, with diverse measures and success factors, points to a lack of clear roadmaps and accountability measures. Lawsuits, and the intervention of US courts in multinational business practices, clearly show a need for governance and social responsibility protocols in conducting global business (Schrage, 2002). The accountability issue is even more significant in light of deteriorating living standards, health care and infrastructure.

The proliferation of standards and protocols that have emerged in the last decade, have established a quasi code of conduct for CSR efforts, but they are difficult to enforce and can be variously interpreted (Goodell, 1999). For example, many sporting good companies abide by international law and even provide better incomes and working conditions, by local standards, to their workers and yet they have been publicly faulted for exploiting labor and engaging in unethical business practices (Schrage, 2002).

International organizations now have to consider a set of competing issues: both the liability and feasibility of conducting business that meets local needs but also abides by international principles. However, employing business practices that embody social and ethical considerations often tend to transcend local requirements and contravene local needs. The enormity of the MDG challenge clearly hinders as well as points to the need for holistic frameworks that measure performance and results (Thomas, 2006).

The Human Capital Management Framework: An Alternative Response

The issues above highlight the obstacles to achieving a cohesive corporate response to problems specified in the Millennium Development Goals and the failure of the world community to alleviate them. If we are to succeed in achieving MDG objectives, then alternatives must be identified for a transformation of global corporate and humanitarian practices.

Multinational organizations such as IBM and Accenture, and public sector corporations, such as the US Office of Personnel Management (OPM), the Canadian Development Institute and the US Department of Defense, have adopted a Human Capital Management Framework to manage the workforce. A Human Capital Management Framework enables these organizations to align their human resources with their organizational goals.

A Human Capital Management Framework provides CSR with an analytical scaffold upon which to build and shape efforts towards MDGs. This framework supports:

- An approach for CSR efforts in attaining and possibly exceeding MDG goals
- A roadmap to enable the right activities, by the right people at the right time, and
- A basis to evaluate and improve corporate management of CSR efforts

The key pillars of the Human Capital Management Framework are:
- Strategic Alignment
- Focusing on Competencies
- Creating Governance and Accountability
- Investing in Citizenship
- Learning and Knowledge Sharing
- Creating Global Performance Management Structures

The following descriptions will show how these pillars can be customized to align with Millennium Development Goals and explain how the framework can be a structural guide for aligning CSR activities with the Millennium Development Goals.

Strategic Alignment

Include MDG goals in the vision, mission and strategic objectives of the organization. Align the human capital resources, processes and technology around one or more of the Millennium Development Goals. Integrating MDGs that fit with CSR goals for giving in all the company's strategic plans, such as budget, programs, operations, etc., ensures the company's focus on these initiatives as part of their long term strategic plans.

Based on Corporate offerings and expertise select on one or more MDG and focus on a particular region/sector so that corporate giving strategies are aligned around other sectoral/geographical efforts. For instance, organizational clusters, aligned around MDG #1, Poverty Reduction, and MDG # 6, HIV/AIDS prevention in a particular region or geography, such that Governments and recipients in those regions and geographies are active partners and members of the cluster, using a mix of organizational, bilateral (UN, IMF, World Bank) local and regional resources (see Figure 1).
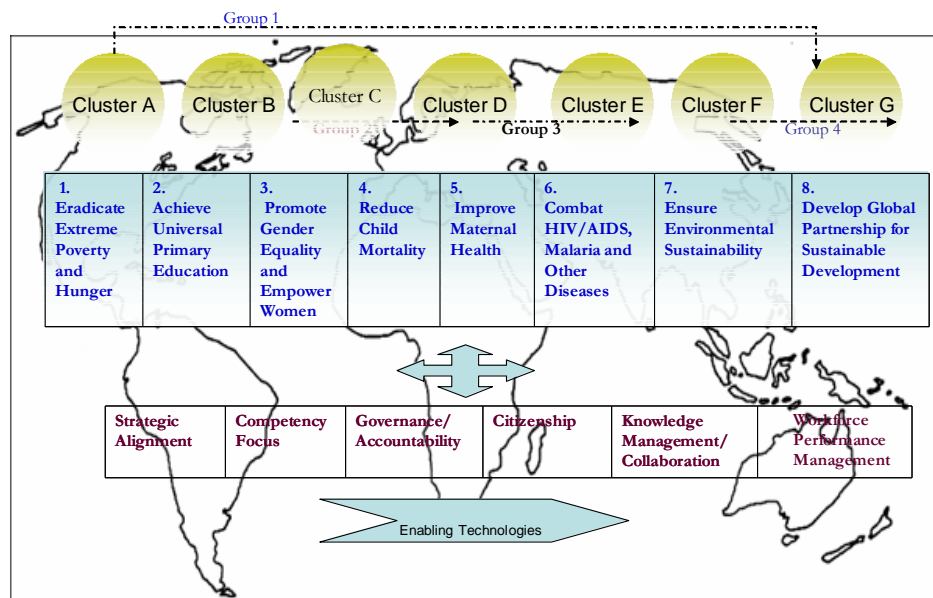
Application of a Human Capital Management Framework to Millennium Development Goals

Fig. 1

The concepts highlighted above are being tried by diverse groups. Pilot programs, such as MIT's Poverty Action Labs, already focus their efforts around specific MDG goals and test their effectiveness with randomized trials. Or they follow the Epicenter Strategy of the Hunger Project, which concentrates on grass roots efforts to combat hunger around a "cluster of 10 to 15 villages within a 10km radius, with a population of approximately 10,000 people, that come together to meet basic needs" (The Hunger Project, 2007). However, these activities are part of a comprehensive framework which supports, promotes and organizes the activities making them different from past programs.

Organizing Around Competencies

The framework centers CSR/MDG activities on each organization's core competence, aligning the appropriate skills and capabilities with the MDG issue. Competency, according to the US Office of Personnel Management, "is a measurable pattern of skills, knowledge, abilities, behaviors, and other characteristics individuals need to perform work roles or occupational functions. A competency approach will assist communities and individuals who are both partners in, and recipients of, CSR efforts. Applying a competency approach to recipient communities enables partnerships, since both donors and recipients are working towards mitigating problems facing the community.

Each organization's core competency, such as information technology, learning and education will be assessed, targeted and focused on the problem, with the possibility of lateral and vertical collaboration across corporations. Similarly, the core competency of the target groups and communities will be mapped to tap into local knowledge and skills and appropriately pair them to the competencies that the corporations can bring to bear on the particular MDG:

- Mapping corporate level competencies to highlight the organization's core competence
- Inter-organizational competency assessment to compare organizational strengths and capabilities to ease aligning CSR efforts with MDG objectives
- Understanding of the types of competencies and leadership skills required to address issues raised for each MDG
- Mapping the competencies of those providing services/expertise and those receiving them

Creating Governance and Accountability

An overarching accountability and governance structure provides a standard that can be adapted to meet specific cluster and local requirements. Taking a page from the work of Douglas North (2003), who states: "It is also important to include within the governance regime the local system of governance, values and their interaction with the behavior of economic and political entrepreneurs and organizations – for the country's success in terms of its long-term economic growth, enhancement of human welfare, and societal development." Codes of conduct, governance standards and other established guidelines

for corporate and individual behavior should be part of the governance and accountability structure.

Those responsible for managing CSR efforts to attain MDGs should be accountable for successes and failures. Diffuse accountability will lead to diffuse results. Objectives, measures, methods and processes should be clearly stated, and the stakeholders involved in the process should be aware and involved in the efforts. Values and principles for success, like any other strategic human capital goals, should be documented and communicated for review by relevant decision-makers. Resulting recommendations should also be documented and distributed. The outcomes are intended to provide:

- A governance framework to guide corporate actions
- A system of standard measurements and metrics
- Enhanced transparency and accountability.

Investing in Citizenship

One criticism leveled against CSR efforts is the lack of affiliation or investment in corporate CSR programs in vulnerable economies. Pressure to increase margins and promote profits in shorter and shorter time-frames clash with the evolving nature of socially responsible activities. Corporate affiliations with MDGs in developing economies can address the civil society challenges that sometimes trip up CSR/MDG efforts. Affiliation is the key to successful promotion of MDG objectives. National governments and corporations are often culpable in the de-stabilizing of vulnerable communities. These communities are often dislodged from their traditional means of sustenance. There is a perception that national and international corporations are lax in discharging their obligations as corporate citizens and it is important to redress this factor.

- The citizenship pillar is the community-facing role of CSR in the Human Capital Framework. Corporate citizenship speaks to rights and obligations and the imperative of giving back. Some key initiatives could include: a *citizenship report card* that measures the collaboration between organizations for MDG attainment
- An MDG retirement and savings plan program
- A forum for all corporate employees to share ideas and innovative thinking to improve the corporate consortia concept

Learning and Knowledge Sharing

Knowledge sharing across corporate boundaries, and seamless collaboration within and between sectors, is efficient. Conscientious reporting highlights accomplishments and points to what else needs to be done. This type of corporate involvement can bring attention to less than robust or languishing MDG issues. Corporations can bring a whole range of knowledge-sharing mechanisms to the problem with social networking, pod casts, online communities, forums and onsite partnering. As a corporate consulting article on collaboration put it, "Two heads are better than one. Ten are better than two. It's no secret that collaboration is a powerful tool when it comes to making things happen. When people connect, the wheels turn faster; ideas come more quickly; and opportunities open up" (Kerner, 2007).

Through knowledge sharing the small voices of marginalized civil society members can be heard. It generates a momentum for growth and reform. And just as corporations can leverage knowledge from each other via knowledge management and collaboration tools, these tools can also be used to assimilate and disseminate local wisdom. Small, grass root-level civil society groups, that have difficulty accessing information, are unfamiliar with either CSR or MDG projects. Their precious reservoir of local knowledge and wisdom is often not incorporated into CSR programs.

Knowledge management programs could include:
- A benchmarking program on best practices in sustainable development by cluster or groupings
- Corporate MDG electronic hubs that manage and share information on MDG work undertaken by these clusters of MDGs corporations and regions. This is similar to 02 Global Networks for maintaining quality of life while fostering environmental sustainability; or EDIFICE, the European electronic hub, for companies interested in telecommunications and electronics.
- Online training courses and social networking sites such as wikis, blogs, and e-meeting forums, to name a few
- Road shows and town hall meetings that are CSR forums for CEOs, CIOs, employees and recipient stakeholder representatives

Creating Global Performance Management Structures

Performance management is a key component of the Human Capital Management Framework. Fostering a culture that includes one or more MDGs in the company's vision will give corporate goals further gravitas. Cascading these objectives to motivate and reward teams and individuals will embed the CSR framework in the operations of the organization. The former concept is similar to the Ben & Jerry Corporation's concept of a company having both an organizational mission *and* a social mission. A recommendation is for a governance forum of HR officers from cluster organizations to review metrics and performance from a corporate perspective and calibrate the work to the reality on the ground. Communicating objectives can be done by appointing a chief CSR officer responsible for conveying the requirements and expectations. Effective "social" performance management to achieve MDG goals could include:
- Communicating MDG performance objectives
- Creating HR Governance forums
- Undertake team and individual roles/responsibilities
- Initiate rewards and recognition
- Emphasize intra and inter-company collaboration via knowledge management processes
- Bringing diverse performances and outcomes together requires a set of patterns in management and responsibility. The overwhelming issues that the MDGs seek to tackle require both established procedures and out-of-the-box responses.

In summary a Human Capital Management Framework has established as well as innovative processes. Here are several ways it can help corporations met and align with Millennium Development Goals:

- It assists organizations to move in concert, while customizing responses as relevant and appropriate.
- It provides a clear set of goals and progress indicators that move from the individual to the organization and groups of organizations.
- It's an holistic organizational framework that encompasses strategy, process, people, technology, innovation and responsibility.
- It provides continuous learning as well as the idea of as organizations meld and share knowledge around their key competences and capabilities
- It's a call to national and local communities and governments to step up and own responsibility to care for their local and national geographies.

As Sam Palimisano, CEO of IBM stated at a recent business leader gathering: "I believe this requires nothing less than a new employer/employee 'compact' – a model that recognizes the profound shift in power that's taking place: away from companies and institutions, and toward individuals and communities. This will require a whole new kind of humility for enterprises and their leaders. And it will also require a new level of ownership and personal responsibility among individuals. Both of those shifts will involve major culture change" (Palmisano, 2007).

Conclusion

The Human Capital Management Framework doesn't pre-empt other methods but it does present a holistic way of directing corporate social responsibility with a greater possibility of achieving a sustained level of performance and results. It is a framework that for establishing a way to incorporate and achieve the Millennium Development Goals across corporations and sectors from a "people" perspective. It allows for a clear framing of the issues with indicators for success. It encourages thinking about MDGs from a conceptual and operational perspective. In the end, our achievements are only as good as the least successful among us. The Human Capital Management Framework provides a platform to link corporate social endeavors with individual social responsibility delivering good and services to those who need it most.

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