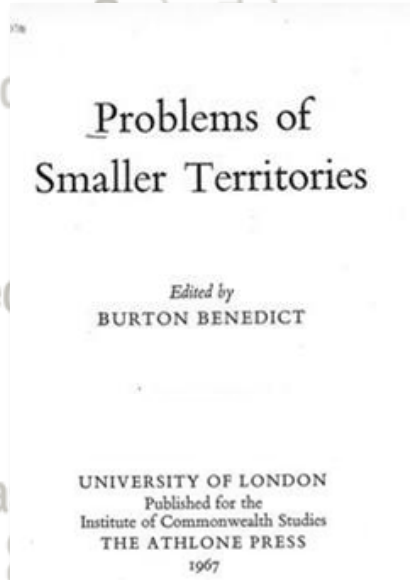


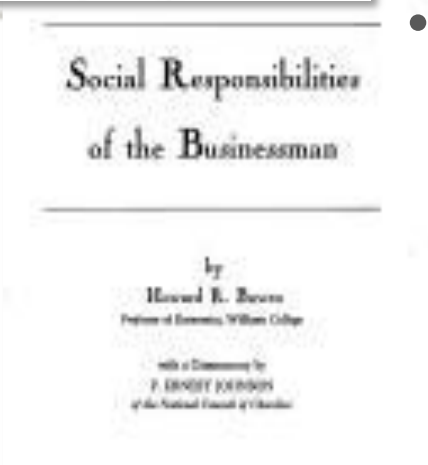
Islands in the Sun...



- I³ Study: Islands, Innovation, and Institutions (Peterson, 1995; 2001, 2006; 2010)

- Islands and Island development
 - Viability and vulnerability
 - Volatility and vitality

- Institutions and Innovation
 - Governance and Sustainable Development
 - Institutional Framework for Sustainable Development? (UN RIO+20, 2012)
 - Core institutional capabilities for societal innovation in Caribbean island states?



The Arguments

- *Economics*: formal and informal institutions are crucial to understanding economic performance (North, 1990).
- *Political science*: the density and scope of citizenship are the foundations for the widespread dissemination of information and social trust, thereby creating the conditions underpinning effective governance and economic development (Putnam, 1993).
- *Sociology*: the state of societal development is dependent on both the capacity of its public institutions and the nature of state-society relations (Evans, 1995).
- *Business*: there is competitive advantage to corporate philanthropy, and (corporate) strategy and society need to be in alignment for sustainable growth (Porter & Kramer, 2002)



The Evidence

- The importance of institutions for sustainable development of island states (Brautigam & Woolcock, 2001; Briguglio et al., 2008; Sutton, 2008; UNESCO, 2011; World Bank, 2000).
- All other factors being equal, institutional capabilities are the prime factor for societal innovation and island resilience (Peterson, 2010)
 - The ***formal and informal (voluntary) rules and relationships*** that influence, contextualize and mediate governance and sustainable development in Caribbean island states
- Growing compelling evidence of the **positive relationship between corporate social performance and corporate financial performance** (Cochran, 2007; Carroll & Shabana, 2010; Porter, 2011; Waddock & Graves, 1997; Wu, 2006).



Reality Check

“Over 70% of CEOs agree that CSR creates value...”
(McKinsey, 2009)



*“Make sure everything is done ethically...
Within reason, of course”*

Stakeholder
Business
Ethics
Shareholder
Design
Transparency
CEO
SRI
Shared
CSR
Organizational
Sustainability
Impact
Corporate
Trust
Creating
Value
Investing
Capitalism
Conscious
Media
Case
Jobs
Philanthropy
Engagement
Governance
Socials
Economy
Ethics
Shareholder
Design
Transparency
CEO
SRI
Shared
CSR
Organizational
Sustainability
Impact
Corporate
Trust
Creating
Value
Investing
Capitalism
Conscious
Media
Case
Jobs

On the CSR Runway

Stakeholder
En
Gover
Soc



13th Annual

Excellence Awards

IN CORPORATE PHILANTHROPY

ainability
Organizational
Corporate
Trust
Agency
Corporate
Trust
Jobs

Global Sustainability SCORECARD

Food

15.8

Average number of menu items per market containing at least 1/2 serving of fruits or vegetables. Up from 9.9 in 2006.



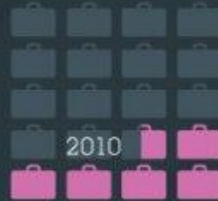
By March 2012, fruit will be included in every Happy Meal served in US and Latin American restaurants.

People

28.1%

of Worldwide Top Management (VP & Up) are Women.

Up from 26.4% in 2006.



We've been training and developing our employees for 50 years at our

7 Hamburger Universities.

The average restaurant manager completes the equivalent of more than one semester of college in the U.S. from Hamburger University.

21:00 credit hours

Credits from HU can be transferred to many public and private schools toward a two or four year degree.

99%

of fish globally, are sourced from Marine Stewardship Council Certified Fisheries.



And 99% of wild caught fish comes from fisheries with favorable sustainability ratings.

50%

of Company-Owned Restaurant Managers are Women.

Up from 46.2% in 2006.



96% of company-owned restaurants have certified **MANAGERS**

Giving

McDonald's supports Ronald McDonald House Charities in multiple ways.



\$170 million raised since 2002

Countries all around the world have helped raise money during McHappy Day and Give a Hand events.

\$27 million

Projected 2011 customer contributions from U.S. restaurants.



More than 30 countries recognize us as a Great Place to Work



i'm lovin' it®



strategically
Initiative
environment
central
free
conducted
profits
definitions
many
new
operations
shows
Labor
par
law
survey
link
beeb
arguments
Organization

IEV
important
large
stakeholders
Corporate
article
Journal
variety
Pohle Cadbury's
successful
development
society
transparency
Cadbury
interaction
target
accountable
School
University
time
University
Cocacola
social
economic
found
make
Hittner
integrated
strategies
sustainable
empowered
environmental
Karnani
possible
increasing
comments
related
Ethical
consistent
concerns
estimated
money
stays
links
ethical
social
economic
found
make
Hittner
integrated
strategies
sustainable
empowered
environmental
Karnani
possible
increasing
comments
related
Ethical
consistent
concerns
estimated

responsibility
strategy way
Wall
engagement
Affair
term
relationships
communities
International
concept
shortages
view
constantly
increase one
company
activities
transparent
expected
year
engage
interesting
also
Sustainability
constructive
responsible
discussion
future
corporate
sustainability
amount
positive
businesses
wide
economy
resources
responsible
discussion
future
corporate
sustainability
amount
positive
businesses
wide
economy
resources

Beyond Definition

- There are over 370 definitions of “Corporate Social”
 - Corporate Social Responsibility (CSR)
 - Corporate Social Responsiveness (CSR)
 - Corporate Social Performance (CSP)
 - Corporate Social Investment (CSI)
 - Corporate Citizenship (CC)
 -
- Core elements
 1. Stakeholder *relationships* (Shareholders, Employees, Community, Government, NGO)
 2. Environmental *responsibility*
 3. Community *revitalization*



Concept in Evolution

- CSI 1.0 – Social Consciousness and Advocacy
 - Civic rights, Community responsiveness
 - Philanthropy, Charity
- CSI 2.0 – Ethics and Governance
 - Financial, Environmental, and Consumer scandals
 - Transparency and Disclosure (Compliance)
- CSI 3.0 – Social innovation and sustainability
 - New Business Models, “Shared Value”
 - Social Entrepreneurship
 - Eco-preneurship, Green communities



The State of CSI in the Caribbean

- CSI policies and practices in
 - Aruba
 - Barbados
 - Cayman Islands
 - Jamaica
 - St Lucia
 - Trinidad & Tobago



Stakeholder
Business
Ethics
Shareholder
Design
Transparency
CEO
SRI
Shared
CSR
Organizational
Sustainability
Impact
Corporate
Investing
Creating
Trust
Value
Jobs
Case
Media
Conscious
Capitalism
Philanthropy
Engagement
Governance
Socials
Economy
Economic

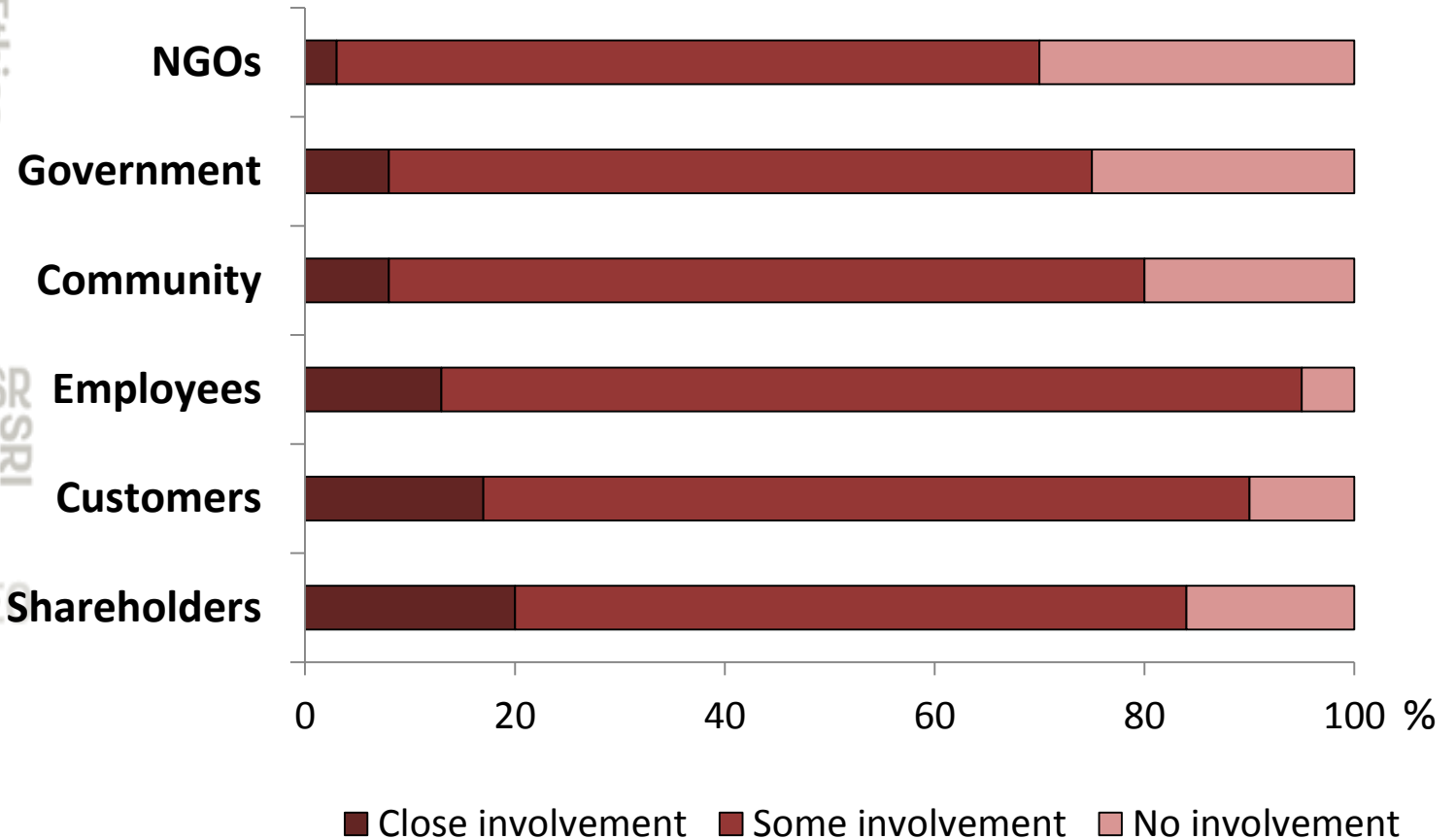
General CSI Trends

- Not a priority (to participate)
- Lack of awareness and understanding
- Image focused (reputation)
- Community sponsorship/donations
- Ad-hoc, unstructured, reactive
- Lack of strategic relationship management with key stakeholders
- Except for disaster management, environmental responsibility not seen as a key priority



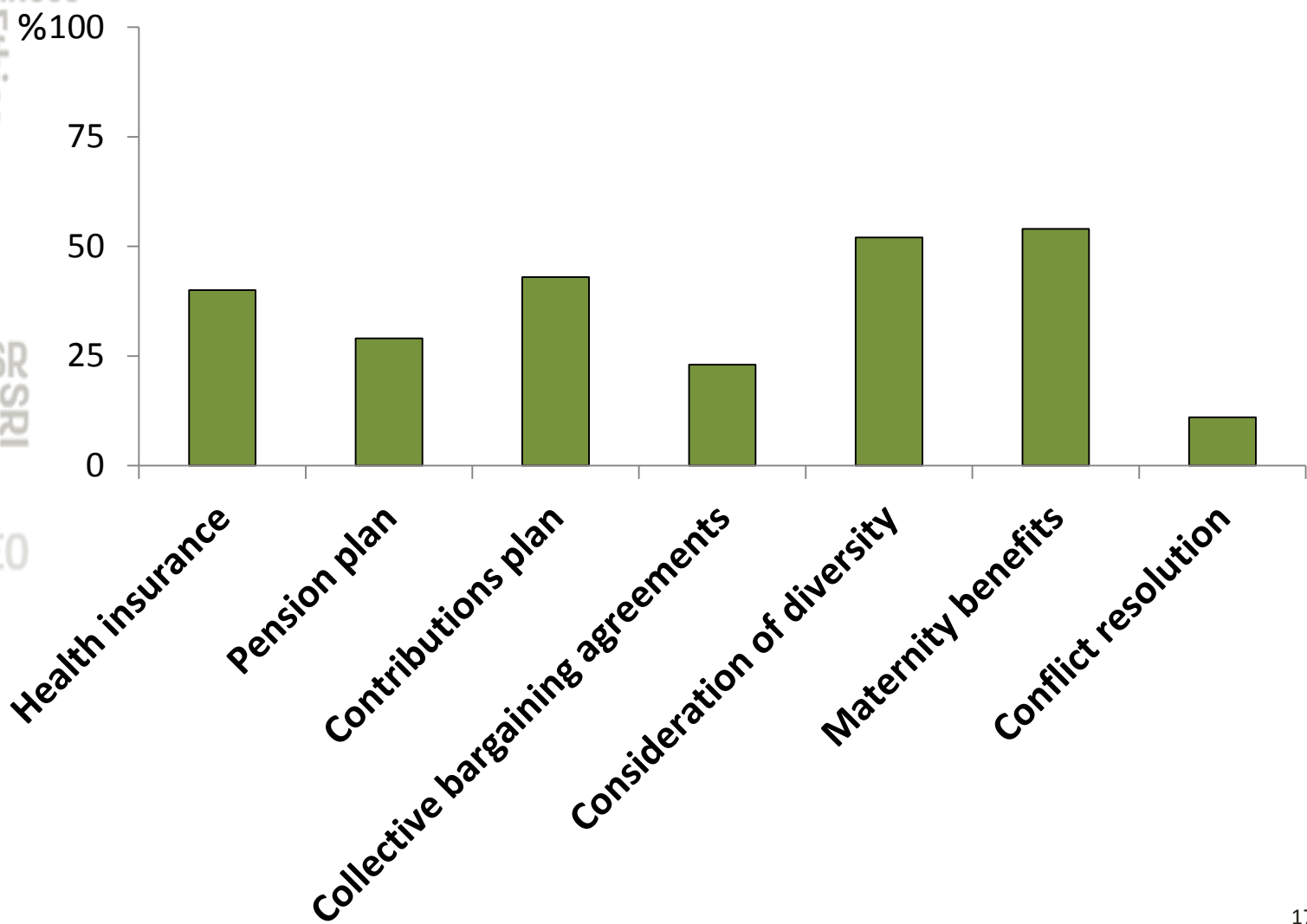
Stakeholder Relations

Stakeholder
Business
Ethics
Shareholder
Design
Transparency
Sustainability
SRI
Shared
CE
Governance
Engagement
Philanthropy
Capitalism
Investing
CR
Corporate
Socials
Economy
Media
Conscious
Value
Case
Jobs
Impact
Organizational
Trust

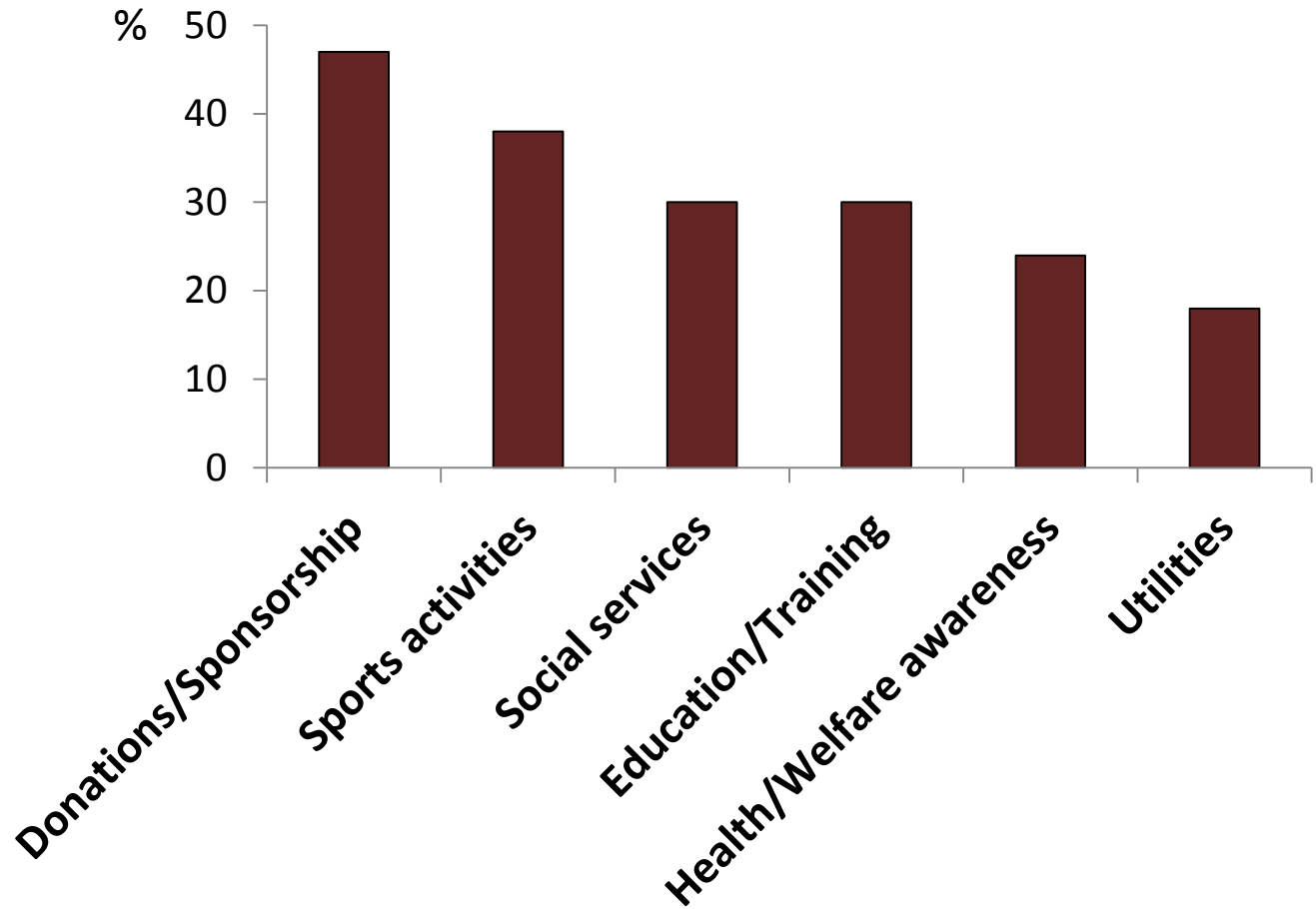


Employee Relations

Stakeholder
Business
Ethics
Shareholder
Design
Transparency
CEO
Sustainability
Organizational
Corporate
Trust
Creating
CR
Investing
Impact
Capitalism
Conscious
Value
Media
Case
Jobs
Shareholder
Engagement
Philanthropy
Socials
Governance
Economy

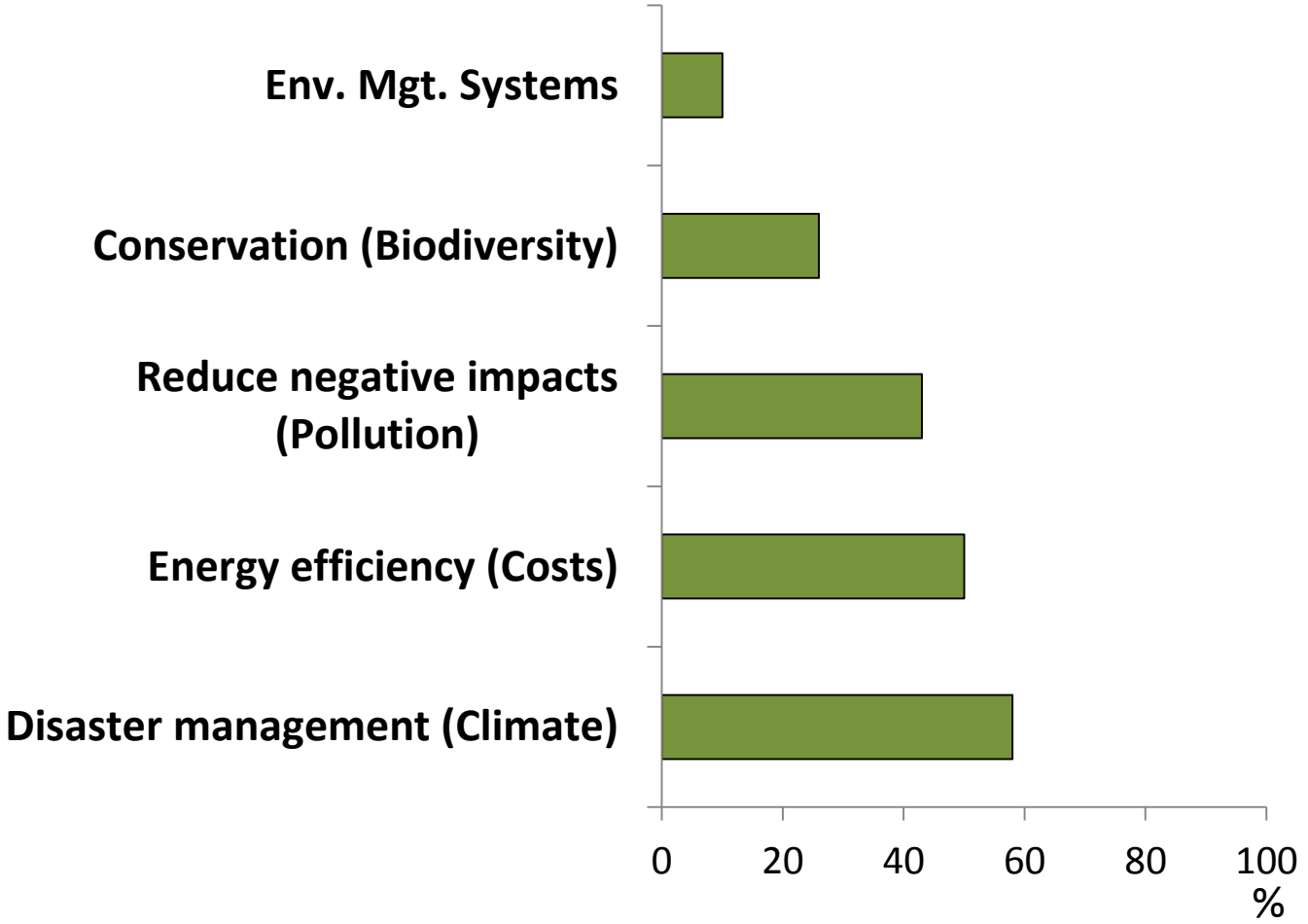


Community Relationships



Stakeholder
Business
Ethics
Shareholder
Design
Transparency
CSR
SRI
Shared
CEO
Governance
Engagement
Philanthropy
Socials
Economy
Media
Conscious
Value
Case
Jobs
Investing
CR
Corporate
Impact
Organizational
Sustainability

Environmental Responsibility



Conclusions

Do Caribbean companies **INNOVATE** to develop new products, services, and business models, while simultaneously being conscious **AND PRO-ACTIVE** in solving local/regional challenges related to **SOCIETY**...?

Stakeholder
Business
Ethics
Shareholder
Design
Transparency
CEO
SRI
Shared
CSR
Organizational
Sustainability
Investing
Corporate
Trust
Creating
Value
Conscious
Media
Case
Jobs
Capitalism
Impact
Philanthropy
Engagement
Governance
Socials
Economy

Conclusions



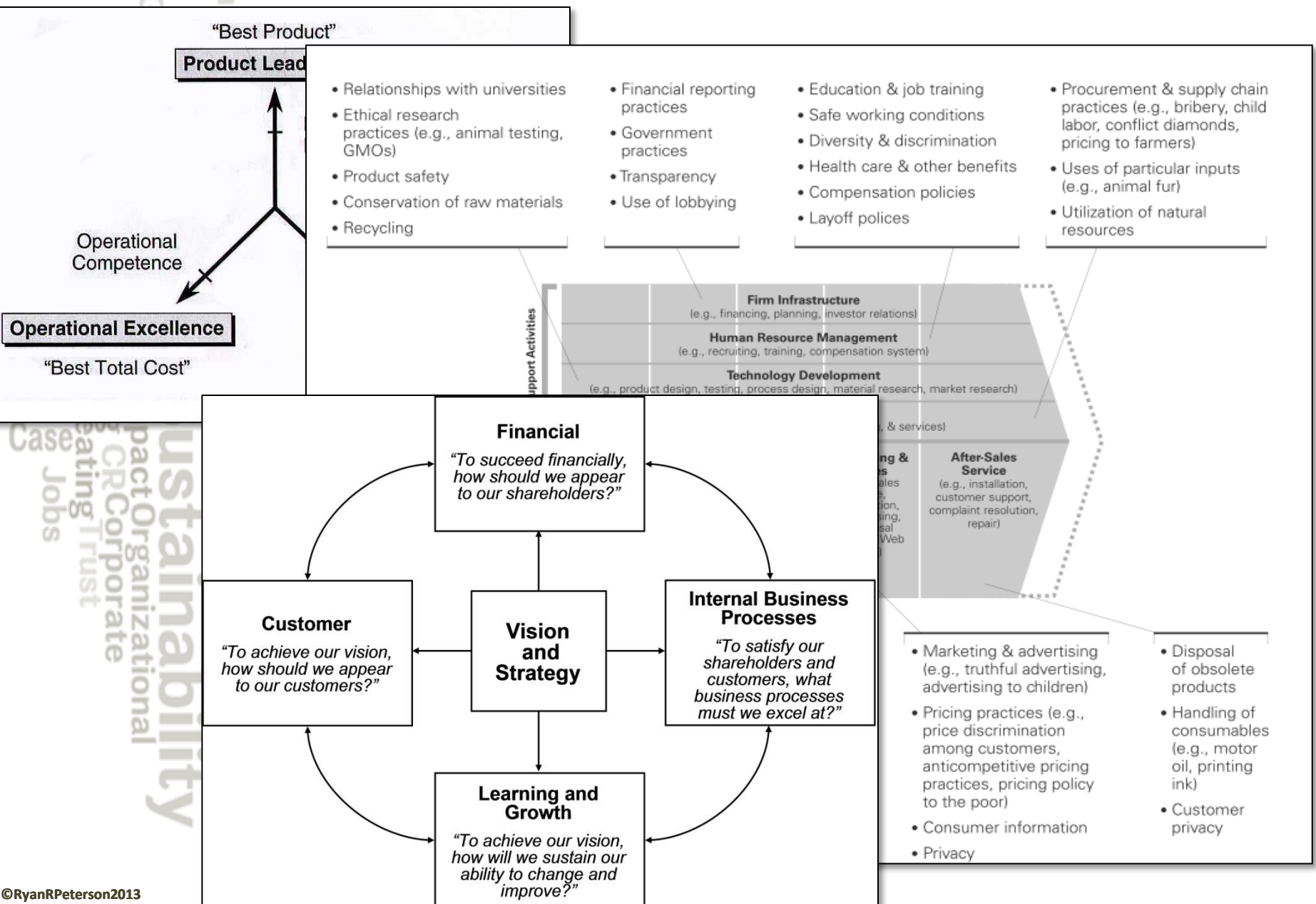
Stakeholder
Business
Ethics
Shareholder
Design
Capitalism
Investing
Creating
Trust
Sustainability
Organizational
CSR
Shared
CEO
Socials
Engagement
Philanthropy
Conscious
Value
Jobs
Economy
Media
Case

Conclusions

- Integrate with strategy
 - Define unique value propositions
 - Leverage core competencies
- Innovate business model
 - Supplies, processes, products, services
 - Value chain and network
- Involve stakeholders
 - Business (employees, customers)
 - Non-business → Government and NGOs!



CSI Mapping & Management



Macro Perspective on CSI

Human capital

- Health and primary education
- Higher education and training
- Social cohesion

Market conditions

- Labor market efficiency
- Financial market development
- Market size
- Goods market efficiency

Technology and innovation

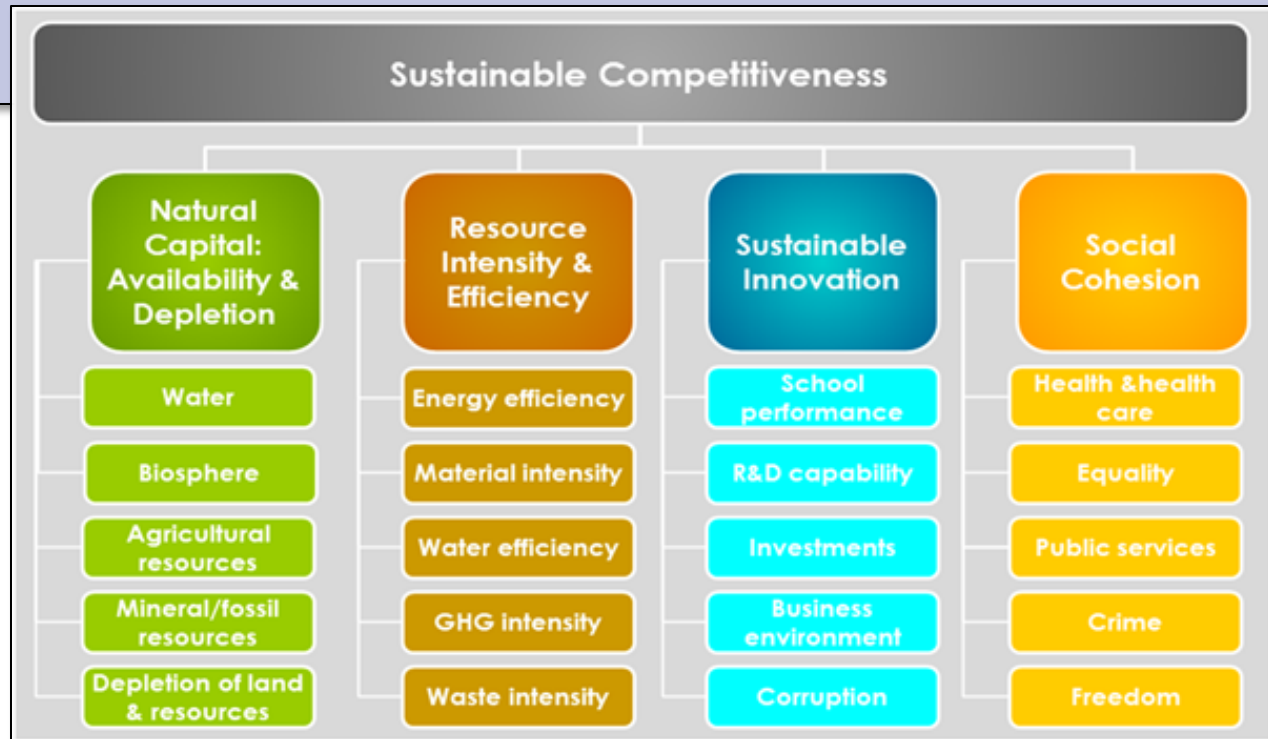
- Technological readiness
- Business sophistication
- Innovation

Policy environment and enabling conditions

- Institutions
- Infrastructure
- Macroeconomic environment
- Environmental policy

Physical environment

- Resource efficiency
- Management of renewable resources
- Environmental degradation



Questions...



"This really is an innovative approach, but I'm afraid we can't consider it. It's never been done before."

Stakeholder
Business
Ethics
Shareholder
Design
Capitalism
Impact
Organizational
Sustainability
Philanthropy
Engagement
Socials
Governance
Economy
Media
Conscious
Value
Case
Jobs
SRI
Shared
CEO
Investing
CR
Corporate
Creating
Trust

thank YOU

Prof. Dr. Ryan R. Peterson

For more information: ryan.peterson@ua.aw

