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# COMPANIES TRANSFORMING PERU: INCREASING COMPETITIVENESS THROUGH CORPORATE PURPOSE

Peru's private sector has an important role to play in tackling the nation's development challenges and in increasing public trust. This activity promotes a business approach that enhances companies' profitability while simultaneously addressing social problems.

## HOW DOES THE ACTIVITY WORK?

This activity centers around promoting an approach to business called Shared Value. The concept of Shared Value was first introduced in a *Harvard Business Review* article by Michael Porter and Mark Kramer, "Creating Shared Value." They described "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress."

USAID supports the Peruvian Institute of Business Administration (IPAE) Asociación Empresarial to train executives to not simply engage in corporate philanthropy, but to focus on social problems as core business opportunities. Such an approach yields societal benefits in the direct pursuit of profits. Businesses that pioneer new strategies and markets by addressing Peru's development challenges will be recognized annually in a list of companies that are transforming Peru. IPAE Asociación Empresarial's

media partners will communicate the Shared Value principles and publicize awardees in order to build awareness and expand the community of companies driving social change.

The business sector will be instrumental in overcoming some of Peru's most complex challenges: poverty, endemic corruption, deficient infrastructure, inequitable access to state services, and environmental degradation. Maintaining high standards of corporate integrity, while contributing to and prospering alongside society, can help restore faith in Peru's institutions. Through this activity, USAID is part of an innovative alliance that links government, civil society, and corporations by providing business-strategy guidance, skills development, and reputational incentives for companies to do well by doing good.

## WHAT RESULTS ARE EXPECTED?

- Private sector leaders are trained on the Shared Value business approach
- Print and broadcast media publish articles and interviews that promote the connections between societal and economic progress.
- Increasing numbers of companies embrace the Shared Value concept and form a community of like-minded companies committed to the mutual benefit of society.
- Peruvian higher education business programs adopt the model as part of their curriculum.
- Companies that demonstrate commitment to the transformative approach are recognized by well-publicized annual awards.
- The brand images of participating companies benefits from award recognition
- IPAE Asociación Empresarial develops its own capacity to manage the program independent of donor and consultant support.
- Private-sector assets are brought to bear on critical social and environmental problems and momentum builds around business integrity.

## PROJECT INFORMATION

**IMPLEMENTER:** Peruvian Institute of Business Administration (IPAE) Asociación Empresarial, supported by the Peruvian Frieda & Manuel Delgado Parker Association (AFMDP)

**COMPONENT DURATION:** 11/27/2020 to 11/26/2024

**USAID FUNDING:** \$400,000

**LEVERAGE:** \$1,174,000

**LOCATION:** Countrywide

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