APPLYING SHARED VALUE PRINCIPLES TO IMPROVE GLOBAL HEALTH

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On December 3–4, 2015, the National Academies of Sciences, Engineering, and Medicine’s Forum on Public–Private Partnerships for Global Health and Safety (PPP Forum) will hold a public workshop on Exploring Shared Value in Global Health and Safety. The workshop is intended to examine the relationship between shared value creation and meeting the health and safety needs of communities around the globe, and to illuminate the impacts and implications of an increased movement toward shared value creation for all global health and safety stakeholders, especially corporations, but also nongovernmental organizations, government agencies, foundations, academia, and civil society. The PPP Forum was launched in late 2013 with the objective to foster a collaborative community of multisectoral health and safety leaders to leverage the strengths of multiple sectors and disciplines to yield benefits for global health and safety. The Forum workshops are an opportunity to share lessons learned and promising approaches and discuss how to improve efforts going forward in areas of global health and safety promotion that have been prioritized by the Forum members. Exploring Shared Value in Global Health and Safety is the fourth public workshop of the PPP Forum and it is reflective of the growing impact of shared value creation on the work and activities of the Forum members and the global health community more broadly. This paper is intended to provide a brief background on the concept of shared value, the application of shared value principles to health, and the potential for increased positive impacts on health if more companies apply shared value principles. It is presented as a draft for discussion purposes.

What is Shared Value?

Perceptions of the role of business in society are changing (Murray, 2015). Increasingly, as expectations change both internally and externally, companies are seeking opportunities to yield greater business value from their social investments and also to enhance their competitiveness by meeting societal needs. Such opportunities and their benefits were articulated in 2011 by Michael Porter and Mark Kramer as creating shared value (Porter and Kramer, 2011). Since then, a global movement within the corporate sector to identify opportunities to align core business strategies with the needs of society has accelerated. Highlighting this growing movement, in 2015, Fortune magazine published its first Change the World list to illuminate companies that have embraced shared value principles and are “doing well by doing good.” Companies that are creating true shared value are using their core capabilities and competitive advantage to address a wide range of social challenges, including those in the environmental, agricultural, and financial sectors. For example, Walmart, the world’s largest retailer, is partnering and working with its suppliers to eliminate waste and create sustainability throughout its supply chain, cutting costs while reducing environmental impacts. The global consumer goods company Unilever has trained farmers to grow crops responsibly and now relies on sustainable sources for more raw materials.

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than half of the agricultural materials in its supply chain; the company’s most sustainable products are its biggest drivers of growth. Mastercard is partnering with governments and pioneering financial inclusion projects to move vulnerable individuals out of the cash economy and provide access to formal financial services, expanding the company’s consumer base while creating financial stability for individuals and families (Murray, 2015).

While such initiatives and opportunities have garnered greater attention since Porter and Kramer’s 2011 article, the concept and implementation of company-wide initiatives that realize the business benefits of tackling social challenges are not new. Some pioneering companies recognized these win–win opportunities, establishing and continuing to benefit from long-standing initiatives with principles similar to shared value, but under the banner of different names. The global consumer products company PepsiCo implemented its Performance with Purpose strategy more than a decade ago to carry out its vision of strong long-term financial performance by integrating social and environmental sustainability into its business strategy, leaving a positive imprint on society and the environment (PepsiCo, 2013). Other companies, such as Novo Nordisk, follow the triple bottom line strategy, measuring not only their corporate profit and loss, but also how socially and environmentally responsible the company is throughout its operations (Novo Nordisk, 2015). In addition to corporate initiatives both under the banner and related to shared value creation, there has been a growth in organizations developed around similar principles. These social enterprise organizations range from micro-, small-, medium-, and large-sized businesses that are established specifically with the goal of generating positive social or environmental outcomes while generating financial returns (UNGC and The Rockefeller Foundation, 2012). Related, in the investment sector, impact investing, the placement of capital with the intent to create benefits beyond financial return, has been on the rise (UNGC and The Rockefeller Foundation, 2012). Together, the growth in social enterprise and impact investing has been referred to as the development of an impact economy based on the paradigm that the goals of financial and social success are not at odds, but rather complement, propel, and inform each other (Aspen Institute, 2011). All of these approaches are premised on the same principle of realizing financial benefit by addressing societal needs.

Not all corporate initiatives to address societal needs fall within the rubric of shared value creation or related initiatives that integrate social and financial benefits. Corporate philanthropy and corporate social responsibility (CSR) are other ways in which companies contribute to societal needs, yet they are not integrated into the core functioning of the business. Despite not being integrated into the core business activities, companies addressing social needs through philanthropy and social responsibility still seek to align their philanthropic and CSR activities with their business purpose and value, including improving their operating environment, meeting the needs of communities in which they operate, and addressing the values of important stakeholders (Rangan et al., 2015). There is different strategic value in philanthropic, socially responsible, and shared value initiatives and many companies invest in initiatives across these domains, either through coordinated or more siloed approaches (Rangan et al., 2015).

**How Has Health Featured in Shared Value?**

Health care, pharmaceutical, medical device, and other companies in which health is seen as core to business have identified shared value opportunities to promote and improve health globally (FSG, 2012). Within the health sector, some companies are leading the way and demonstrating shared value creation
by addressing and improving the health of individuals and populations around the globe. Leading companies in this area include GE; Medtronic; Eli Lilly and Company; Becton, Dickinson and Company (BD); and Discovery. GE, Medtronic, Eli Lilly and Company, and BD have invested in developing and marketing products that are low cost and high quality, and provide expanded access to consumers in low- and middle-income countries and underserved communities (FSG, 2012). The insurance company Discovery has focused on promoting wellness and positive health behavior change within its consumer base through the health promotion program, Vitality (Porter et al., 2014). Through these initiatives, health-sector companies are realizing financial benefits along with positive impacts on health. However, as recognized by the World Economic Forum, to tackle the current complex global health challenges, “the mobilization of social forces and people outside of health systems is critical, as it is clear that chronic diseases are affecting the social and economic capital globally” (WEF, 2010, p. 3). Outside of the traditional health sector, health has not been a major focus in shared value discussions. This is despite opportunities for all companies to positively impact health through at least one if not several of the following domains: their core products and services, their employees, and the communities in which they operate and have a consumer base. Although limited, the examples of companies outside of the health sector that are focusing on health through shared value creation are notable. PepsiCo’s *Performance with Purpose* strategy includes improving the nutritional profile of its products while reducing operating costs in the process. Eleven companies from diverse sectors—AIG, Anheuser-Busch InBev, AT&T, Chevron, Ericsson, Facebook, IBM, iHeartMedia, PepsiCo, Ryder, and Walmart—have individually recognized their shared interest in improving road safety globally and have come together to establish *Together for Safer Roads*, a private-sector coalition dedicated to using their core capabilities and resources to make meaningful changes in road safety through initiatives aligned to the United Nations (UN) Decade of Action on Road Safety (Goldberg et al., 2015).

In addition to limited inclusion in shared value discussions, health also has not featured prominently in sustainability and integrated corporate reporting and the development of related indices. Sustainability reporting is used by companies to report on their nonfinancial performance, typically focused on environmental, social, and governance (ESG) factors. Integrated corporate reporting is used by companies to integrate ESG factors along with financial information into business and investment decisions. A recent review of the literature has shown that the integration of ESG factors into company performance and investments has yielded either neutral or stronger long-term gains (Vanderseil et al., 2015). Sustainability and integrated reporting also serve as tools for companies to publicly communicate their ESG impacts. Companies producing such reports cut across sectors and industries, for example, the technology company Intel and the consumer product company Nestlé both have robust corporate reports to communicate their performance on ESG factors. Reporting on health metrics has largely been absent from sustainability and integrated corporate reports, despite the impacts of workplace health on employee productivity and corporate performance across all sectors and the impacts of the core products and services produced by many sectors on the health of consumers and communities. Some companies, such as Discovery, have started including health in their corporate reporting and are encouraging uptake by others. The evidence linking health and productivity to corporate performance is summarized in the following section as well as the potential for companies across sectors to influence health through their products and services, illuminating the value of including health in sustainability and integrated reporting along with ESG factors.
How Can Companies Address Shared Value in Health?

In addition to creating true shared value through their core products and services, companies are positioned to positively impact health and increase corporate performance through investments in their employees and the communities in which they operate and have a consumer base. The size, scope, and sector of the company are contributing factors to the potential impact companies can have in each of these domains. This section summarizes the current evidence linking corporate performance to investments in employee and community health and the potential impact on the global burden of disease and injury if companies apply shared value principles to the development and dispensing of their core products and services.

Companies Can Positively Impact the Health of their Employees

All companies regardless of sector or size have the opportunity to improve the health of their employees. There is a growing evidence base that company investments in effective workplace health promotion strategies can not only improve the health of employees, but also the financial performance of companies. Effective programs have been shown to increase employee health, reduce health care costs, enhance workplace productivity, and increase long-term financial performance (Burton et al., 2005; Fabius et al., 2013; Goetzel et al., 2014; Grossmeier, 2015; Malan et al., 2016; Naydeck et al., 2008). Companies with healthier employees will spend less on medical costs and associated absenteeism and employee turnover, and comprehensive health promotion programs have been shown to lower the rate of health care cost increases (Chapman, 2005; Danis et al., 2007; Hodge and Martin, 2008; Linnan et al., 2007; Mills et al., 2007; Naydeck et al., 2008; Pelletier, 2009). Employee health has been shown to be a predictor of worker productivity with cumulative effects of the benefits of improved health on improved productivity (Burton et al., 2005; Grossmeier et al., 2015). Thus, measuring the full costs of worker health risks requires integrating health care costs and productivity costs (Loeppke et al., 2007). In terms of long-term financial performance, companies that have been recognized for creating effective environments for improving the health and safety of their workforce have been shown to yield greater value for their investors in the United States and South Africa (Fabius et al., 2013; Malan et al., 2016). A growing body of evidence is showing promise that integrating workplace health promotion with workplace safety promotion strategies can yield significant benefits on health and company performance (Loeppke et al., 2015). The association between investments in workplace health promotion and both positive employee health and the company’s financial performance has been shown to depend on the implementation of effective evidence-based health promotion strategies (Goetzel et al., 2014). Many workplace health promotion strategies that are not evidence based, adequately resourced, and culturally supported have not been successful in achieving health and financial benefits (Goetzel et al., 2014). To realize the benefits of investments in employee health and wellness, best and promising approaches need to be understood and applied. For example, recognizing the business value of investing in its employee health, the global consumer products company Procter & Gamble (P&G) operates its workplace health strategies under the Vibrant Living initiative, which reflects the importance of the wellness, productivity, and innovativeness of employees. P&G has measured

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2 Resources on effective approaches and elements of workplace health promotion strategies include the World Health Organization Healthy Workplace Framework and Model and the National Institute for Occupational Health and Safety Essential Elements of Effective Workplace Programs and Policies for Improving Worker Health and Wellbeing.
increases in self-reported well-being among the employees using the company’s health services and programs. Despite the growing evidence on the link between workplace health promotion and company benefits, company investments in related strategies and programs are often viewed as costs rather than investments.

The potential impact of corporate engagement in effective workplace health promotion is significant when considering the size of the global workforce. Based on 2012 data from the International Labour Organization, globally, 43–67.5 percent of the population participates in the labor force (percentage range based on regional distribution). However, the potential impacts and the benefits to companies vary depending on the related costs of health coverage and health services by country as well as the make-up of the labor force and associated occupational health and safety risks by sector. Factors such as the gender ratio of the labor force participation and the status of employment vary significantly based on region and income status of countries (see Figure 1 and Table 1). Initiatives such as RAISE Health are establishing the business case for corporate engagement in worker health in emerging economies and within corporate supply chains. Forward-looking companies are realizing the business value in addressing the health of these workforce populations. It is worth noting that employment itself has been shown to enhance health when compared to unemployment. The potential for companies to positively impact the health of workers while realizing benefits for the company’s performance are significant. However, in terms of the global workforce, the size of the potential impacts and benefits require a detailed understanding of the worker population needs and the context in which the workers are embedded.

NOTE: CIS = Commonwealth of Independent States; EU = European Union.
Companies Can Positively Impact the Health of Communities

While the evidence base linking corporate benefits to investments in effective workplace health promotion strategies is growing, there is also a case for business investments in community and population health, particularly in the communities where they operate and maintain a consumer base. Poor health negatively impacts companies as increased health care costs for their workforce reduce profits, and increased out-of-pocket health expenses diminish the purchasing power of their consumers. Based on a recent environmental scan, companies that are investing in community health and other community-level programs that promote health have cited benefits to their companies from such investments as enhanced reputation in the community where they invest, increased cost savings for the company, and attracting new talent and retaining employees that are drawn from healthier communities (HERO, 2014). Additionally, companies may gain from investments in community health by learning from communities and identifying market trends and opportunities for new product and service development (Oziransky et al., 2015). The potential benefits for communities from business investments in community health include managing budgetary constraints, building capacity, leveraging technological capabilities, and reducing potential negative impacts of business practices (Oziransky et al., 2015). Recognizing that the health of the communities in which it operates contributes to the health and productivity of its employees, the Dow Chemical Company has developed a community corporate health strategy that extends its workplace health promotion programs into communities with the objective of improving population health and thus lowering health-associated costs and increasing employee productivity (HERO, 2014; Oziransky et al., 2015). The Campbell Soup Company has identified investments in community health partnerships to reduce obesity and hunger as an opportunity to learn from communities, identify market shifts toward healthier food options, and better position its products to meet consumer needs (Oziransky et al., 2015). Business investments in community initiatives that can positively impact health and improve company performance are not limited to direct investments in health. They extend into initiatives addressing the social determinants of health, including improved community safety, education, energy use, job skills training, community economic development, and affordable housing (Pronk et al., 2015). For example, P&G operates its Children’s Safe Drinking Water
Program, which has delivered more than 9 billion liters of clean water globally since its launch in 2004 as a philanthropic rather than an integrated business initiative; however, P&G still benefits from return on its investment in the program through employee recruitment and retention, opportunities to gather data and learn about potential consumer markets in low- and middle-income countries, and demonstration of innovation.

**Companies Can Positively Impact Health through their Core Products and Services**

While companies can positively impact health and improve their performance through investments in effective workplace health promotion strategies and community initiatives, companies additionally can promote health and prevent disease and injury through the direct and indirect impacts of their core products and services. Companies outside of the health sector with products and services that influence health, such as food, beverage, and tobacco companies, have the potential for significant impacts on health by focusing on health-promoting rather than health-harming products and services. An analysis of potential health risks and benefits across a company’s value chain can reveal the full health impacts throughout its business functioning, including R&D, manufacturing, sales, product use, and disposal (HERO, 2014). Through their core products and services and value chains, collectively companies reach billions of people with the potential for significant impacts on health. To demonstrate the potential impacts of companies on health through their core products and services, the following matrix (see Table 2) outlines opportunities for companies to positively impact health based on core business function by industry sector and category of disease. The industry sectors included in the matrix represent the sectors from which the Fortune 500 companies are drawn and the categories of disease are based on the major disease groups used to categorize the Global Burden of Disease. The matrix is not intended to be an exhausted compilation of all potential opportunities for companies to improve health, but rather illustrative of current and potential opportunities for companies to improve health globally by identifying where shared value opportunities could potentially be realized based on their core products and services and an analysis of impacts and opportunities across their value chain.

Based on the background and evidence summarized in this paper, participants at the workshop and the broader business and health sectors are challenged to consider:

- What risks to health and health outcomes can be better addressed by reformulating corporate products and services to more effectively promote health?
- What would the cumulative impact on the future burden of disease and risk be if more companies across sectors applied shared value principles to their portfolio of products and services, their employees, and the communities in which they operate and maintain as a customer base?
- What hampers progress? What would accelerate progress?
### Table 2: Current and Potential Opportunities for the Corporate Sector to Reduce the Global Burden of Disease by Industry Sector and Category of Disease

<table>
<thead>
<tr>
<th>TYPES OF COMPANIES*</th>
<th>CATEGORIES OF DISEASE*</th>
<th>NCDs</th>
<th>Injuries – intentional and unintentional</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health Companies</strong></td>
<td><strong>Communicable, Maternal, Neonatal, and Nutritional Diseases</strong></td>
<td>Lower treatment burden; Improve treatment access and health literacy</td>
<td>Increase access to care by developing innovative cost effective treatment models and reducing re-admittance</td>
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<tr>
<td><strong>Pharmaceutical</strong></td>
<td>Reduce incidence through vaccine development, prevention, and access; Lower treatment burden; Improve treatment access; Improve health literacy</td>
<td>Increase access to care by developing innovative cost effective treatment models and reducing re-admittance</td>
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<td><strong>Health Care Services</strong></td>
<td>Increase access to care by developing innovative cost effective treatment models and reducing re-admittance</td>
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<td><strong>Medical Devices and Equipment</strong></td>
<td>Reduce incidence through development and access to safer products</td>
<td>Reduce incidence through earlier and more effective diagnostics; Increase access to and use of medical devices and products</td>
<td>Reduce incidence to and use of medical devices and products; Reduce incidence through development and access to safer products</td>
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<td><strong>Health Insurance</strong></td>
<td>Lower preventative risks by incenting healthy behaviors and early screening and detection</td>
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<td>Lower preventative risks by incenting healthy behaviors and early screening and detection</td>
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<td><strong>Consumer Goods</strong></td>
<td><strong>Food and Beverage</strong></td>
<td>Reduce burden of undernutrition through development of products to address micronutrient deficiencies</td>
<td>Reduce incidence and burden through product reformulation and marketing and labeling of products</td>
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<td><strong>Retail</strong></td>
<td>Reduce incidence and burden by focusing retail on health promoting products and reducing sales of health harmful products</td>
<td>Reduce incidence and burden by focusing retail on health promoting products and reducing sales of health harmful products</td>
<td>Reduce incidence and burden by focusing retail on health promoting products and reducing sales of health harmful products</td>
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<td><strong>Telecommunications</strong></td>
<td>Reduce incidence and burden through development of mobile- and web-based technologies; Increase access and reduce costs of care through to mobile payment services</td>
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<td>CATEGORIES OF DISEASE*</td>
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<tr>
<td><strong>Communicable, Maternal, Neonatal, and Nutritional Diseases</strong></td>
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<tr>
<td><strong>Transportation – Manufacturing</strong></td>
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<td>Reduce incidence and burden through innovation in safety standards and products</td>
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<td><strong>Entertainment and Media</strong></td>
<td>Improve health literacy through targeted campaigns and media</td>
<td>Improve health literacy through targeted campaigns and media</td>
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<tr>
<td><strong>Financial Services</strong></td>
<td>Increase access and reduce costs of care by providing widespread access to savings and loans</td>
<td>Increase access and reduce costs of care by providing widespread access to savings and loans</td>
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<tr>
<td><strong>Transportation – Logistics</strong></td>
<td>Improve access to treatment and care through transport logistics</td>
<td>Improve access to treatment and care through transport logistics</td>
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<tr>
<td><strong>Insurance</strong></td>
<td>Increase longevity by incenting healthy behavior (life insurance)</td>
<td>Increase longevity by incenting healthy behavior (life insurance)</td>
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<td><strong>Technology Products and Services</strong></td>
<td>Reduce burden through access to tools for monitoring and adherence; Reduce incidence and burden through medical research and development</td>
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<td><strong>Chemicals</strong></td>
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<td><strong>Construction</strong></td>
<td>Improve access and quality of care through infrastructure development</td>
<td>Improve access and quality of care through infrastructure development</td>
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<tr>
<td><strong>Tobacco</strong></td>
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<td>Reduce incidence and burden through development and marketing of tobacco products with potential reduced health risks</td>
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<td><strong>Extractives</strong></td>
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<tr>
<td><strong>Energy</strong></td>
<td>Increase access to care by developing inexpensive alternative energy sources</td>
<td>Increase access to care by developing inexpensive alternative energy sources</td>
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</table>

* The three categories of disease were taken from the Global Burden of Disease Study. The types of companies were taken from Fortune 500 rankings.
REFERENCES


Linnan, L., B. Weiner, A. Graham, and K. Emmons. 2007. Manager beliefs regarding worksite


