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ZURICH FINANCIAL SERVICES (UKISA) INDIA PROGRAMME
CREATING VALUE THROUGH CORPORATE COMMUNITY INVOLVEMENT

Ali King gently pulled on the brake lever and brought her bicycle to a halt. The traffic had not been too noisy and she heard the phone ring quite clearly. King realized the nature of the call immediately – it was another person interested in finding out more about the Zurich Financial Services India Programme, of which she was the manager. Ali smiled as she spoke to the enquirer, thanked her for the call and politely said that she'd be in a better position to talk in an hour or so once she had arrived at the office and cleared her in-tray of necessary paper work.

As she put the phone back, King mused over the irony of her situation. She had regularly received calls from people interested in the programme that had heard about it from friends or read about it in the Corporate Social Responsibility (CSR) press. Within the company, however, certain people were not so enthusiastic about the scheme

"Why is it that middle management has such difficulty understanding the India Programme?" Ali thought to herself. "The assignees seem to love it, our partner Non-governmental Organisations (NGOs) are greatly appreciative of the assistance that we bring them, the programme has been in place for ten years and I often receive calls from outside the company from people who are interested in finding out more. So why is it that on numerous occasions silent barriers seem to go up whenever I talk to line managers about the programme? What can I do to motivate them to assist me more? How can I demonstrate the value we are creating? How can we develop the scheme to avoid these problems in the future?"

Matthew Farmer, Research Assistant, prepared this case under the supervision of Professor Johanna Mair, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. December 2003.
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As she pedalled her way through the last couple of miles to work she also thought about the bigger picture. Zurich Financial Services (ZFS), like much of the insurance industry, had been experiencing difficult market conditions in recent years. A series of events including floods, a pension review and a bear market in the world's stock exchanges had made the first years of the 21st century difficult; the company had also paid out some US$900 million of damage claims in relation to the September 11th 2001 attacks in New York and Washington. The combination of these events meant that ZFS took a number of actions to strengthen its balance sheet and there were lay-offs throughout the company.

All this seemed a long way from the sunny fields of Southern India, where Ali spent nine weeks each year helping coordinate the India Programme, a training and development initiative open to team leaders and managers at ZFS throughout the UK.

King knew that she would soon have to write a three-year business plan for the programme as the year was coming to an end and it was time to review it once more. She was not too concerned that the programme would be completely cut but she was keen to see it develop and to get everyone in the company, including middle management, to really value it. As King changed gear and accelerated along the final straight to the office, she wondered what to write.

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Zurich Financial Services

History of the company

Zurich Financial Services was created in 1998 through the merger of BAFS (the divested insurance operations of BAT Industries) and the Swiss company, Zurich Insurance. Zurich Insurance's roots can be traced back to 1872 when it was formed as Switzerland Transport Insurance.

The merger initially spawned the existence of two holding companies, Allied Zurich, with 47% of the company owned shares, and Zurich Allied, with 53%, although these were later combined to form one holding company in 2000. The 'Allied' part of the initial holding company names came from Allied Dunbar – a life assurance business previously owned by BAT Industries. BAT, otherwise known as British American Tobacco, began diversifying into insurance during the 1970s due to the increasing pressure and long-term outlook of the tobacco industry. In 1984 the company acquired Hambro Life Assurance in the UK, renaming it Allied Dunbar. By the time of the 1998 merger with Zurich Insurance, BAT had divested its insurance operations, which included Allied Dunbar and Eagle Star (a British-based general insurance business) to form BAFS".

Allied Dunbar's interest in community involvement

Allied Dunbar enjoyed a good reputation for community involvement and corporate philanthropy. This was in part due to the influence of a former director of the company, Joel Joffe. Joffe was South African and earlier in his career had been a defence lawyer for Nelson Mandela. He was also involved with Oxfam, an international charity with an emphasis on poverty reduction in developing countries. One consequence of the influence of his leadership was that Allied Dunbar used 15% of funds ear-marked for charitable causes (approximately 1.25% of pre-tax company profits at that time) to assist international projects, something that British-based firms traditionally did not directly support with their charitable activities.

The company also had a tradition of involving staff in its community programs. A number of different committees and staff funds had been established, which employees organised on a voluntary basis. Their remits were to gather suggestions for contributions to the community, agree upon their disbursal, involve staff where appropriate/possible and assess the impact that the contributions made.

Contributions were made on a case-by-case basis or were based on long-term assistance mechanisms called 'partnership initiatives'. One partnership initiative had involved assisting a locally based charity called Action on Disability and Development (ADD) that focused on assisting disabled people in developing countries. The partnership initiative with ADD had come to an end in 1993. However, there was a feeling in Allied Dunbar that it would be good to continue the relationship as a means of making an international contribution.

At that time there were a number of separate entities within the company with an interest in an overseas programme. A collection of individuals with responsibilities to several of these entities decided in 1993 to push the idea forward. The Allied Dunbar Charitable Trust took ownership of the project and seconded Linda Perry for nine months to work full-time on a proposal.

Although Perry had worked in resourcing, she was also the chair of the Staff Overseas Charity Fund, which gave small grants to overseas initiatives that supported the 'poorest in society'. Perry had worked as a teacher in Kenya with Voluntary Services Overseas (VSO) early in her career and, following six years employment with Oxfam, had a demonstrable interest in economic development. In her opinion it was "the combination of overseas experience, her role with the Charity Fund and personnel/ training experience" that led to her appointment.

India Programme history – Establishing the programme

One of the first decisions Perry and the Charitable Trust executive team (which she reported to) faced was 'where' to establish a programme. "Various criteria were important in our choice," recalled Perry. "These included staff security, a well established infrastructure for NGOs, widely spoken English and a stable political climate." Although Allied Dunbar had operations in Pakistan at the time, India was finally decided upon as the target destination because it was felt that there would be much wider acceptance of female assignees in India than in neighbouring Pakistan or Bangladesh. At that time Latin American and African countries were ruled out because of general political instability and the prevalence of the Spanish language in the former.

To support the decision and to identify specific projects where they could make an impact, Perry made two trips to India in 1994. Perry identified a range of organizational development needs among Indian NGOs such as continuity and growth; efficiency of financial, physical and human resource utilization; and outreach (delivering benefits to as many people as possible).

Perry also identified that organizational development (often called capacity building) involved various key elements such as changing traditional funder-funded relationships to true partnerships, management training, and sharing of best practices. As these elements were 'traditionally avoided' by funding agencies, Allied Dunbar felt that by addressing these issues they could make a significant impact and continue the objective of funding 'less popular causes.'

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