

İpek Kağıt

From Philanthropy to Business “Development”

A. Abstract

This case study explores how a corporation, through partnership, can mobilise creativity and reinforce dynamics to support development in line with the Millennium Development Goals and Human Rights. İpek Kağıt Tissue Paper, the object of this study, is one of the 38 companies of the Eczacıbaşı Group. Eczacıbaşı is a leading Turkish industrial group with a combined net turnover of \$2.8 billion in 2006 and more than 8,500 employees. It has a strong tradition of social development through the establishment and support of non-profit institutions in culture and the arts, education, sports, scientific research and public policy. This tradition reflects the personal vision of the founder of the Eczacıbaşı Group, Dr. Nejat Eczacıbaşı, who firmly believed that every investor had a duty to use a portion of the wealth generated by his or her business to improve the community.

According to Turkish Ministry of Health data, since 1996, approximately 589,000 people in Turkey caught diseases caused by excretion, such as typhoid fever, dysentery and jaundice. Although health has not been a major focus of human rights issues in Turkey, Article 25 of the Universal Declaration of Human Rights states that “everyone has the right to a standard of living adequate for their health and well-being...” This is the mission of the Solo Primary School Personal Hygiene Education Project, which aims to contribute to the achievement of better health and higher living standards by teaching primary school students throughout the country the fundamentals of personal hygiene.

With support from health faculties and government agencies, İpek Kağıt has organized short but focused hygiene courses to primary school children aged eight through eleven. The project creates awareness about the importance of personal hygiene not only through the usage of tissue paper, but also through hand washing and proper toilet hygiene. As of January 2007, the Solo Primary School Personal Hygiene Education Project had been implemented in a total of 5,043 primary schools throughout Turkey, carrying its message to nearly 4.3 million students.

Through the project, İpek Kağıt has shown that, by implementing the core values of the Global Compact and by understanding the Millennium Development Goals, businesses can embrace Corporate Social Responsibility (CSR) by reinforcing dynamics that support and respect the protection of internationally proclaimed human rights while contributing to their own long-term profitability.

B. Company Profile

Founded in 1969, İpek Kağıt is a 50:50 joint venture between the Eczacıbaşı Group and Georgia-Pacific. Headquartered in Atlanta, USA, Georgia-Pacific is one of the world's leading manufacturers and marketers of tissue, packaging, paper, pulp, and

building products and related chemicals. The Company employs approximately 50,000 people at more than 300 locations in North America, South America and Europe.

The Eczacıbaşı Group was founded in 1942 by Dr. Nejat F. Eczacıbaşı. It operates in six business areas: pharmaceuticals, building materials, consumer products, finance, information technology, and welding technology. Headquartered in Istanbul, Turkey, the Group has extensive distribution coverage, reaching over 90 percent of the nation's sales points. Eczacıbaşı is one of the leading Turkish industrial groups with a combined net turnover of \$ 2.8 billion. The Group has made international partnership a central component of its growth strategy and has nine international joint ventures and around 50 cooperation agreements with international parties. CSR is an important part of the Eczacıbaşı Group's corporate culture, primarily reflecting itself in the group's many philanthropic activities and community involvement programs. Eczacıbaşı has a long history of supporting many NGOs involved in culture and the arts, education, sports, scientific research and public policy. İpek Kağıt shares the business strategy and corporate culture of the Eczacıbaşı Group.

İpek Kağıt achieved net sales of \$167 million in 2006, manufacturing a wide range of bathroom tissue, kitchen towel, napkin, handkerchief and facial tissue products. İpek Kağıt exports to markets in Europe, the Middle East, Central Asia and the Caucasus. As the leader of the tissue paper market in Turkey, İpek Kağıt has seen its flagship brand SELPAK become synonymous with the word "handkerchief" for many native Turkish speakers. The Company aims to develop new sales channels and start a \$ 125 million investment in the coming three years.

Table 1: Facts about the Eczacıbaşı Group as of end-2006

Turnover	\$2.8 Billion
Growth Rate by USD / NTL	11% / 19%
Exports	\$490 Million
Investments	\$146 Million
Planned Investment 2007-2009	\$450 Million
Number of Employees	8,500

C. Proper Chronology Account:

The Millennium Development Goals led to the largest gathering of world leaders in history committing their nations to improve the livelihood of the world's poorest and most vulnerable regions through global partnership in eight general areas, including education and health. These are the areas of focus of the "Solo Primary School Personal Hygiene Education Project", which aims to "prevent diseases caused by excretion and halt the spread of these major diseases." By organizing short but focused hygiene courses to primary school children aged eight through eleven, the project creates awareness about the importance of personal hygiene not only through the usage of tissue paper, but also through hand washing and proper toilet hygiene. Consequently, the project supports the sixth Millennium Development Goal, which is to combat HIV/AIDS, malaria and other diseases.

1. Statement of the Problem:

During the preparation of this case study, the British Medical Journal reported that 11,341 of its readers worldwide voted "sanitation" as the top medical advance since 1840.¹ According to the Turkish Ministry of Health, over the last 10 years approximately 589,000 people in Turkey have been subject to diseases caused by excretion, such as typhoid fever, dysentery and jaundice, diseases which in most instances could have been prevented by the use of toilet paper and correct personal hygiene methods. Furthermore, while the tissue paper consumption rate in Western European countries is 15 kg per capita, tissue paper consumption in Turkey is exceptionally low with a consumption rate of 1.3 kg per capita.

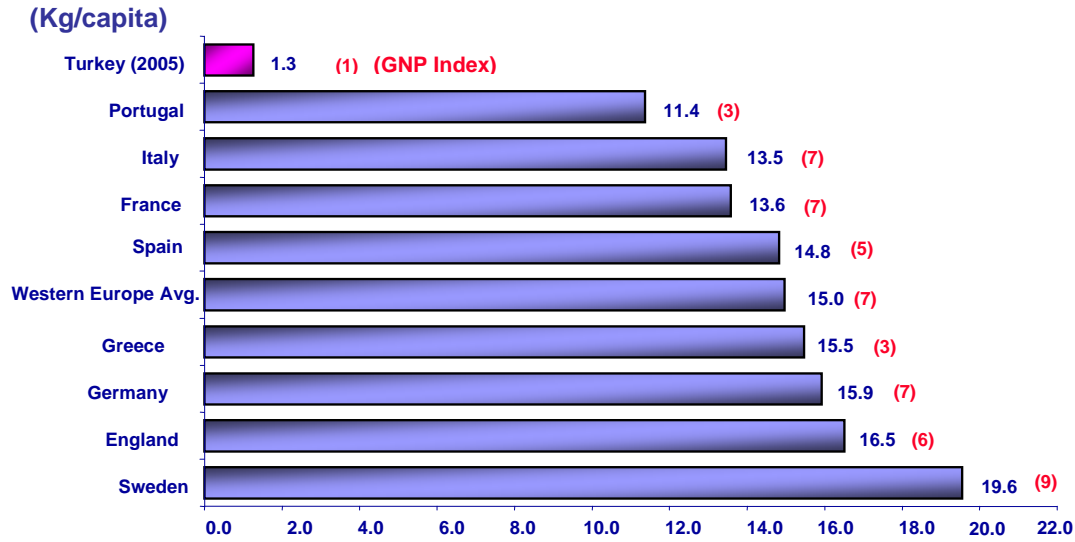
Toilet paper is one of the basic products of tissue paper, and has the same low level of consumption. The average annual consumption of toilet paper in Turkey is 580 grams per capita, approximately 8% the European average of 6.9 kg. Moreover, while only half of all families in urban areas use toilet paper, the number falls to one-third in rural areas. Research conducted by the Faculty of Medicine of Dokuz Eylül University in 1997 shows that the usage of toilet paper greatly increases toilet hygiene when supported by washing hands.²

Within this context, the main goal of the "Solo Primary School Personal Hygiene Education Project" is to increase primary school children's knowledge about general and personal hygiene principles in order to prevent diseases caused by excretion. Apart from improving health, however, increasing awareness and knowledge of hygiene principles should lead to rising toilet paper consumption in Turkey and thus contribute to the long-term sustainability of İpek Kağıt. In this way, the project provides mutual benefit for all parties.

¹ BMJ readers choose the "sanitary revolution" as the greatest medical advance since 1840. Ferriman, *BMJ* 20 January 2007; 334: 111

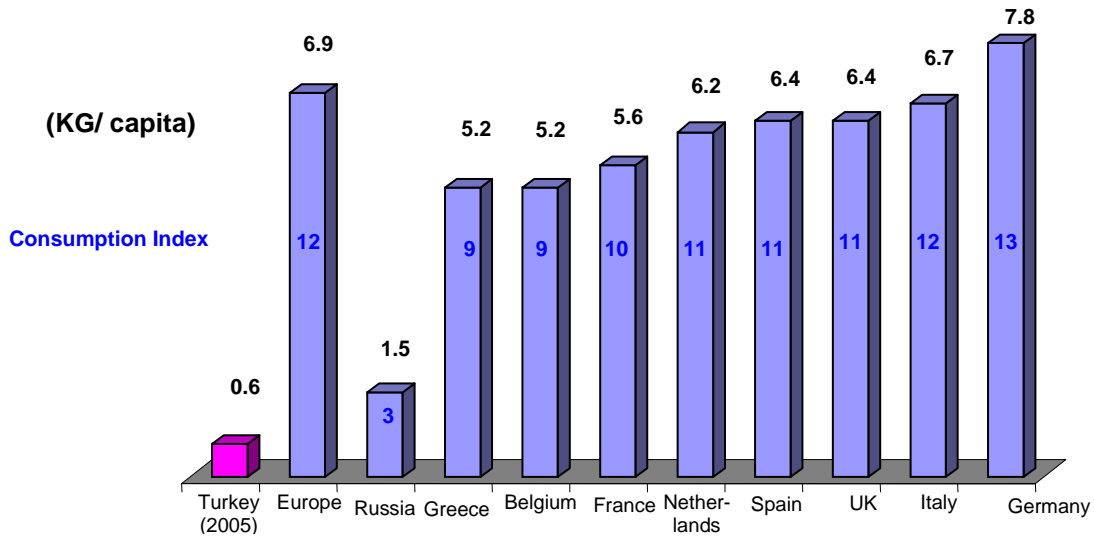
² Research done for İpek Kağıt – Dokuz Eylül University "Research of the effects of using toilet paper on hand hygiene"

Table 2: Per capita consumption of tissue paper in European countries



*WORLD TISSUE MONITOR, 2004

Table 3: Per capita consumption of toilet paper in European countries



*Georgia Pacific data, 2004

2. Identification of Drivers:

İpek Kağıt has been a supplier and marketer of tissue paper since its establishment in 1969 and is the key actor of the tissue paper market. As the market leader, the Company's mission is to increase the consumption level of tissue paper. İpek Kağıt's regular consumer research, which it uses to track changes in consumer expectations and plan its marketing activities, clearly reveals the main reasons for low toilet paper consumption in Turkey. Qualitative research using focus group methodology carried out by an external

research company – Bileşim International Research and Consultancy – in Gaziantep and Kayseri in November 2000 on the reasons for using/not using toilet paper revealed that people who do not use it were deterred by:

1. economic reasons;
2. not being in the habit of using toilet paper;
3. not being educated properly by their parents about personal toilet hygiene; and
4. religious reasons.

Those people who started to use toilet paper at a certain point in their life cited the following reasons for changing their habit:

1. sample distribution and advertising; and
2. the health of their children.

Overall, the results indicated that more people in Turkey would use toilet paper if they were familiar with using it and saw it used around them, which reflects the general lack of awareness about this issue. Moreover, no awareness has been created through the education system.

To find out the sources of information in Turkey about using toilet paper, İpek Kağıt scanned the curriculum of the “Life Knowledge” course taught at the primary school level and compared course materials and methods in European Union (EU) countries. These studies showed that, in EU countries, personal hygiene principles are taught through songs and games in kindergartens. Although it is easier to increase children’s level of knowledge and awareness in primary school, the same topic is taught in Turkey on a limited scale and only in the third grade.

3. Key Internal and External Players:

İpek Kağıt is both the developer and sponsor of the project. In this respect, the main responsibility of the Company is to create the project team with clear roles and responsibilities and provide the required finances, as stated in detail in the project financing section. It is the organization seeking solutions and strong at partnering. İpek Kağıt has a clear agenda to look for a solution and embed partners with each other to attain the goal of the project, which is to improve health by increasing children’s knowledge about general and personal hygiene principles. Partners include the Faculty of Medicine of Dokuz Eylül University, who provide necessary research, and the Turkish Ministry of Education, which provides governmental approval.

Links with other organizations have also been established. For example, the Company provided “training for trainers” to AÇEV³ members, who implemented the project in Diyarbakir. In this city in southeast Turkey, AÇEV redirected the project to focus on a different target group, mothers, thereby creating a multiplier effect for the program. In 2004, Eczacıbaşı Pharmaceuticals Manufacturing, another Eczacıbaşı company, implemented the project in its local community of Lüleburgaz, a town in

³ AÇEV, the Mother Child Education Foundation, has been a strong advocator of educating mothers.

northwest Turkey, reaching approximately 15,000 students. For this project, İpek Kağıt provided an experienced trainer and the learning materials used in the hygiene classes.

4. Description of Process:

İpek Kağıt initiated the project with MPR, one of the pre-eminent public relations companies in Turkey. Together, they determined and contacted their main project partners: health education faculties around Turkey, such as Marmara University in Istanbul and the Ministry of Education and its directories in 26 cities around Turkey, and assigned each of them a significant role. These partners carried out three vital steps that have shaped the project cycle and made it one of the central components of the Company's business practice since 2002.

The first step was to design the format and tools of the hygiene classes. These hygiene classes – the main activity of the project – take around 15 minutes, during which the trainers explain the steps of the sanitary and the hand cleaning processes. MPR and İpek Kağıt formulated the hygiene classes with the support of academics from health education faculties. The final design of the materials (cartoons, presentation boards and brochures) were prepared by the consultancy company with the input of trainers selected from health faculties.

Government agencies have provided legitimacy to the project by presenting İpek Kağıt with an approval letter through the local governor before each programme. For its part, İpek Kağıt sends progress reports to the Ministry of Education after each project implementation, a bureaucratic procedure that has not been changed by the recently signed protocol between İpek Kağıt and the Ministry. Although these bureaucratic processes can be seen as negatively increasing the tasks of the project, they also create a channel for sustained governmental involvement, thus guaranteeing a social audit mechanism. Since March 2006, the project's printed materials include the logos of the Ministry of Education and the Directory of National Education as well as the Solo logo, an important step that has given the legitimacy of the public authorities to the project's aim of working for the greater benefit of society.

The second step was the preparation process that took place before each programme. This cycle included the selection and training of trainers and the pilot implementation, which was done in order to check the effectiveness of the preparation process. Completing this cycle, trainers were ready to conduct the targeted series of hygiene classes for that phase of the project. To date, this process has been carried out nine times to facilitate classes in a total of 5,043 primary schools in 26 cities, which represents 61% of all primary schools and 57% of all primary school students in Turkey.

Lastly, after the implementation in each city/region, İpek Kağıt organized an evaluation meeting to measure and monitor the effectiveness of the project and sent an official report to the Ministry of Education to inform them about the implementation figures. The distribution of free samples was organized to sustain the learning processes of students, as a project-improving activity. Between October and December 2005, trainers distributed samples after the courses in Malatya. Subsequently, they visited 310 homes to see if children shared the content of the program and the free samples with their

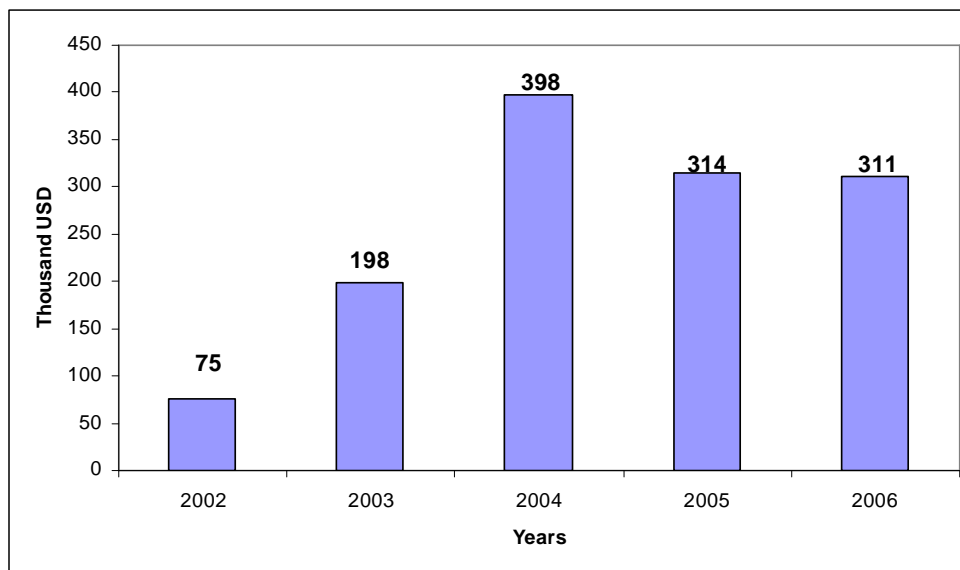
families. Initially, the results were interesting: 80% of the students had mentioned the project to their mothers and nearly half of these students had also shared the brochures and the importance of toilet paper usage for personal hygiene. The Company also organized public relation activities, enabling it to reach 59.6 million people through 149 appearances in the media.⁴

a. Project Finance

İpek Kağıt supports the entire budget of the Solo Primary School Personal Hygiene Education Project, which totaled \$1,296,000 between 2002 and 2006. Most of these costs were related to training, evaluation meetings and the printing of materials. The cost of the training includes the fees of trainers, many of whom are new graduates of health education faculties. Between 2002 and 2006, the project employed a total of 217 trainers during the “hygiene class” phase of execution. Trainers represented 32% of total costs, and İpek Kağıt will add another 30 trainers per year in the coming years. Additionally, it must be acknowledged that the costs of İpek Kağıt employees are not included in the project budget, although they are working on the project as well.

The tables below show annual costs and student coverage over the period 2002-2006. In analyzing these tables, we observe interesting results. First of all, although there seems to be a decrease in the total budget from 2004 to 2005, average costs per student increase. This result reflects the focus of the project in 2005 on smaller cities, which initially increase project costs per student. Even in 2005, however, the average cost per student was only 41 cents, which is an extremely low cost for eliminating illnesses caused by poor hygiene while also creating product awareness.

Table 4: Project Budget in US Dollars



⁴ Report numbers by Ajans Press a leading media monitoring leading company.

Table 5: Number of Students reached

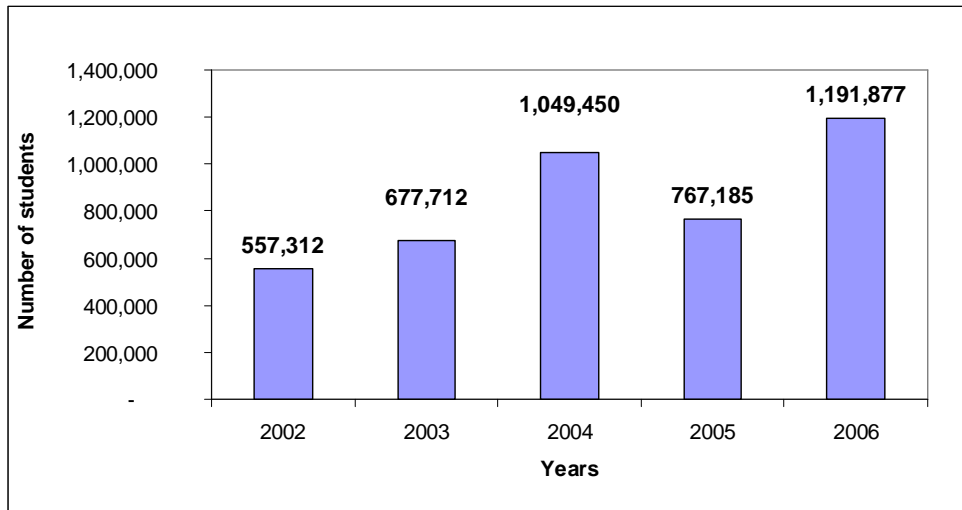
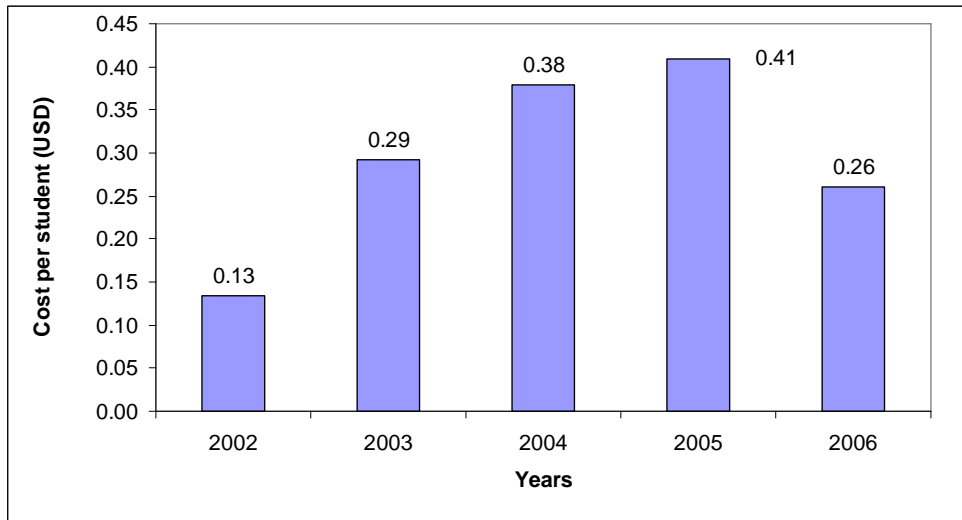


Table 6: Costs per student in US DOLLARS



b. Monitoring and Evaluation

The monitoring and evaluation processes can be classified in two parts. The first evaluation process involves the courses and student responses. Before each course, trainers give students a pre-test to identify their knowledge level about personal hygiene. At the end of each course, students take a post-test to see how much they learned about maintaining personal hygiene and preventing microbes that cause diseases. These tests show that, on average, 61% of the students who demonstrate an incorrect or insufficient understanding about personal hygiene in the pre-test have a significantly better understanding after the class.

The second evaluation process looks at how the project is implemented. İpek Kağıt organizes at least two evaluation meetings with trainers during each programme, where they share their experiences and ideas. These meetings have led İpek Kağıt to change the presentation of the hygiene classes from individual trainer to a computer based system, where the content of the hygiene classes will be presented by a trainer with the support of a DVD-based presentation. It has also decided to amend the content of the pre- and post-tests in 2007.

5. Challenges, Perceptions, and Responses

a. Interaction between Partners

The project is a good example of a multi-partner project, with the company acting as a leader of a consortium of partners, including universities, government agencies and NGOs. Rosabeth Kanter states that successful private-public partnerships possess six characteristics.⁵ These are: a business agenda, strong partners committed to change investment by both parties, roots in the user community, links to other organizations, and commitment to sustain and replicate results. From this perspective, the project represents a good example.⁶

The partners of the project have made a unique contribution to affect a change process. Research of Dokuz Eylül University supports the fact that both using toilet paper and washing hands are necessary in proper toilet hygiene; which is the main message of the project. Graduates from health education faculties and health faculties and universities around Turkey have also participated in the project as trainers.

Over the last three years, the Turkish Ministry of Education has built up a good record of launching educational campaigns supported by the private sector and local communities, such as *100% Support for Education; Girls, Let's go to School; and Support Computer-Based Education*. The success of these campaigns, which have raised large amounts of supplementary funds for the education system in Turkey, largely derives from the fact that Turkish society sees education as a priority for its children⁷. This fact encourages both corporate and individual philanthropic support. In the case of İpek Kağıt, we can see the same pattern of support but in another method. This method is the partnership model, in which İpek Kağıt works with different stakeholder groups, including NGOs and government agencies. One of the successes of the project is its engagement of government agencies and local primary schools. Local schools such as the Elazığ Doğukent Primary School⁸ even published the event on their school web site. More recently, the protocol signed between the Turkish Ministry of Education and İpek Kağıt created an atmosphere for the Company to engage better with local primary schools. This engagement differentiates this educational project from others, as the Company not only provides financial support but also the learning content, reflecting solid examples of the necessity of hygiene.

⁵ Kanter, Rosabeth Ross, Harvard Business Review on Corporate Responsibility, "*From Spare Change to Real Change: The social sector as Beta Site for Business Innovation*", (2003) 189-213.

⁶ *Id.*

⁷ Research of Akademetre, "Sponsorships in Turkey 2006"

⁸ School web site in Turkish <http://www.dogukentio.com/modules.php?name=News&file=article&sid=52>

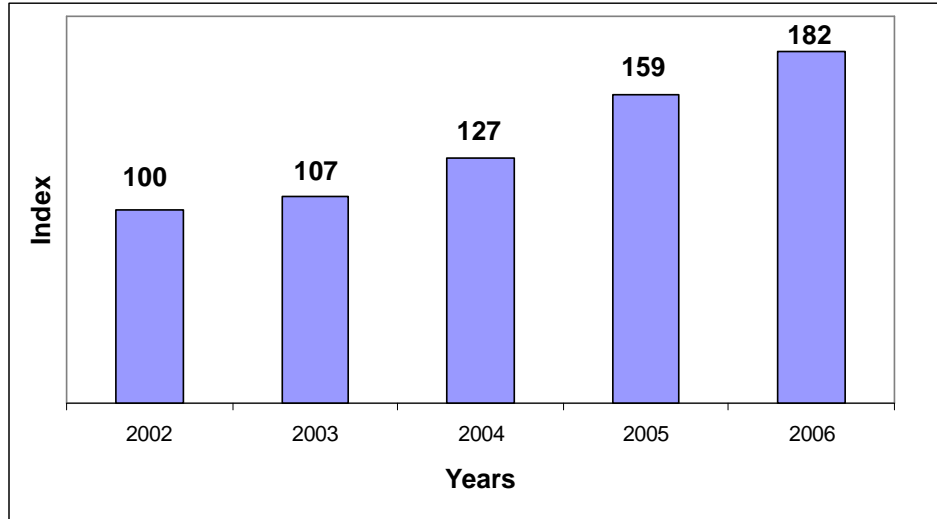
b. Results in Improving Hygiene

Since 2002, through a continuous cycle of implementation and with the participation of 217 trainers and the involvement of stakeholders, the Solo Primary School Personal Hygiene Education Project has reached 4.3 million students in 5,043 primary schools in 26 cities around Turkey. This project has increased students' awareness of and knowledge about general and personal hygiene principles, as proven by post-course testing and random research.

c. Results in Improving Business

“What is the effect of this program on the sales of İpek Kağıt?” The answer to this question is not easy as there are many factors, such as advertisements and price and product placement, affecting sales increases. However, data by AC Nielsen, an independent research company, shows that the tissue paper market in Turkey has grown very rapidly between 2002 and 2006. This data suggests that the project might have contributed to the overall increase in the Turkish tissue paper market from 2002 to 2006, which grew 80% during that period. However, we must also note that growth has also been spurred by marketing activities, such as promotion, advertising and pricing.

Table 7: The Growth of the Tissue Paper Market in Turkey⁹



2002 is the index year (2002=100)

The project has also created positive results for the Company by motivating its employees. “I was involved in the project implementation in Erzurum during my first month of employment at İpek Kağıt, and it gave me moral strength to see that I was not just working for a company with simple business goals,” says Seda Sicimoğlu, the

⁹ Measured by AC Nielsen

assistant product manager. Reaching out to 59.6 million people through 149 appearances¹⁰ in the media, the project has also created a high public relations value.

d. International Acclaim

İpek Kağıt was one of ten companies selected for the World Business Award, organized jointly by the United Nations Development Program (UNDP), the International Chamber of Commerce (ICC) and The Prince of Wales International Business Leaders Forum (IBLF). With this award, the Solo Primary School Personal Hygiene Education Project is recognized as being one of the ten showcase projects worldwide that have contributed the most towards achievement of the UN Millennium Development Goals.

D. Analytical Framework

The project holds lessons for the partners involved and for critics of companies' involvement in development and the UN's role on CSR.

Internally, the project had created a channel for İpek Kağıt to structure a business strategy with other stakeholders, such as universities and government agencies. The strategy has proven itself financially and is fully supported by the General Manager of İpek Kağıt, Baki Gökçümen, who says, *“The budget of this project is the last cost that we may economize on.”*

Although there have been several changes in the employees of partner organizations, the project has never been interrupted by these changes. This reflects the fact that the partners have a sustainable goal to continue the project and that organizational commitment is needed for a successful partnership. Additionally, the project had created an environment for government agencies to improve their experiences in sustaining partnerships with the private sector.

Many anti-CSR activists are also skeptical about corporate behaviour regarding corporate investment in public initiatives and programmes, since corporations are not elected as representative bodies. In response to this argument the project provides a forceful rebuttal. By successfully improving hygiene through cooperation with the local agencies of government and the Ministry of Education, the project shows that corporate support of human rights can be legitimate and effective when it is in partnership with governmental bodies. An organization does not have to be a governmental body in order to create positive change.

The project also highlights a fundamental case of ethical behaviour. During the lectures, İpek Kağıt has ensured that the brand and company logos are shown only once to the young students. This indicates that the main motivation of the Company is to create awareness about toilet hygiene rather than advertise its brand. Thus, a company will not necessarily abuse its power when given such an influential role in society. Interestingly,

¹⁰ Report numbers by Ajans Press a leading media monitoring company.

the Eczacıbaşı Group became a member of Global Compact in May 2006, long after İpek Kağıt had launched the Solo Primary School Personal Hygiene Education Project.

Finally, İpek Kağıt's success on a business level shows that, as companies facilitate the development of humanity, they can also profit by combining human rights with corporate interests. But, this can only be achievable by partnering with different stakeholders, including NGO's, governments and the UN.

E. Background information:

Annexes:

1) Pictures from the trainings

- 2.1) Practicing hygiene class
- 2.2) With the trainers
- 2.3) Listening

2) Hygiene Class Presentation Materials

- 3.1) How should we wash our hands?
- 3.2) We wash hands, we use toilet paper
- 3.3) Posters for toilets

3) People interviewed:

Banu Pekkoç – Senior Product Manager at İpek Kağıt
Seda Sicimoğlu – Assistant Product Manager at İpek Kağıt
Meltem Okyar Perdecı – MPR Customer Director

Date of preparation 4 December 2006– 15 February 2007

Case Author: Ceyhun Göcenoğlu – Member of CSR Association in Turkey

Ceyhun Göcenoğlu met with Corporate Social Responsibility issues during his work with AIESEC, where he has been coordinating partnership projects with other NGOs and government agencies. After graduating from Birkbeck College University of London, with an MSc degree on Corporate Governance and Ethics, he became the founding general secretary of the CSR Association in Turkey for 2 years. He has been an advocator of CSR issues for the past five years, presenting papers and giving training on CSR issues. He is currently running his personal web blog to critique the business strategies and operations of Turkish companies from the perspective of corporate social responsibility issues reflected in the Turkish press.

Original Chronological Account

Research of the Faculty of Medicine of Dokuz Eylül University: “The Effect of using Toilet Paper on Hand Hygiene”	1997
Qualitative research on the reasons for not using/using toilet paper (in Gaziantep, Kayseri)	2000
Project Planning Phase	January – September 2002
Obtaining the approval of the Directorate of Education in Istanbul	September 2002
Design and production of printed materials without the Solo logo	August – September 2002
Selection of trainers* with the support of academics from the Health Education Faculty of Ankara University	September 2002
Training of trainers*	September 2002
Pilot application*	October 2002
Implementation of pilot project in Istanbul (Total number of students reached: 557,312)	October – December 2002
Obtaining the approval of the Ministry of Education	January 2003
Design and production of printed materials with the Solo logo*	February 2003
Project implementation in Ankara (Number of students 388,449; Cumulative: 945,761)	March - May 2003
Project implementation in Izmir (Number of students: 339,263; Cumulative: 1,285,024)	October – December 2003
Project implementation in Antalya, Konya, Gaziantep, Kayseri and Eskişehir (Number of students: 505,810; Cumulative of 1,790,834)	March - May 2004
Eczacıbaşı Pharmaceuticals Manufacturing implements the project in Lüleburgaz, the community where it is located	May 2004
Project implementation in Bursa, Izmit, Yalova, Adana and Mersin (Number of students: 543,640; Cumulative: 2,334,474)	October – December 2004
Project implementation in Samsun, Sivas, Trabzon, Erzurum and Van (Number of students: 269,287; Cumulative: 2,603,761)	March - May 2005
Implementation of the project in Diyarbakır by AÇEV	September 2005
Project implementation in Kahramanmaraş, Diyarbakır, Malatya, Şanlıurfa and Hatay (Number of students: 497,898; Cumulative: 3,101,659)	October – December 2005
Signing of a protocol with the Ministry of Education	March 2006
Design and production of printed materials with the logos of the Ministry of Education and Solo	March 2006
Project implementation in Istanbul and Denizli (Number of students: 738,499; Cumulative: 3,840,158)	March - May 2006
The project receives a 2006 World Business Award	March 2006
The Eczacıbaşı Group signs the Global Compact	May 2006
Project implementation in Ankara, Elazığ and Varto (Number of students: 453,428; Cumulative: 4,293,586)	October – December 2006

* These actions are repeated before every implementation.