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1. Introduction: The EoM journey

When Sharing (Mutuality) drives business performance, greater value is created than through profit maximization – and we can prove it.

The Economics of Mutuality (EoM) journey at Mars, Incorporated began early in 2007, when one of the three Mars family shareholders asked Mars CEO Paul Michaels and CFO Olivier Goudet what the right level of profit should be for the company. This was an astounding question coming from a shareholder, as most shareholders in the world today would define the ‘right’ level of profit as the maximum that can be extracted from a value chain and distributed to them as dividends.

Catalyst, as the internal think tank of Mars, was subsequently asked to look at this complex issue – with both moral and social dimensions beyond the purely financial – and at two corollary questions posed by the CEO and CFO regarding whether there is a relationship between profit and growth, and if there exists an optimum profit level to ensure resilience and durability over generations. In investigating these questions, Catalyst found no causal relationship between profit and growth – only between past profit and future profit. Accordingly, it proposed that the very definition of the prosperity Mars and other companies generate should not be confined to the narrow financial performance metrics used by businesses today, but instead should address the holistic value we all create and / or destroy across the three pillars (3Ps) of performance / people / planet within the business ecosystems.

While Catalyst quietly went much deeper into the topic in 2007-08, the October 2008 global economic meltdown generated intense discussion across the world about whether Milton Friedman’s ‘Chicago School’ model of financial capitalism dominating business for the last 40+ years – whereby the sole social responsibility of business, to paraphrase Friedman, is to maximize profits for distribution to shareholders – has reached its natural end. Such debate gave Catalyst’s nascent new business model research program – ‘The Economics of Mutuality’ – great forward momentum that, in turn, led to formalizing this work as a series of experimental business pilots across different Mars segments.

The initial pilots followed a three-day internal symposium in April 2009 to introduce the concept of EoM in the Mars global headquarters in McLean, Virginia for Mars family (the shareholders), the Mars Management Team, and other key business managers. Speakers at this pivotal event included thought leaders from different disciplines and organizations. The outcome was an initial full-scope pilot in the relatively modest Mars Drinks (coffee) segment to create and test new non-monetized metrics to help business better manage and measure the new forms of ‘capital.’ These forms of capital were: human, expressed at the individual level through well-being in the workplace; social, expressed at the community level in terms of trust, social cohesion, and capacity for collective action; natural, measured through a resource efficiency approach, focused on natural resource inputs rather than an outputs-driven approach focused on emissions; and shared financial capital, expressed in terms of ‘who gets what’ along the value chain, adjusted for purchasing power parity, investment, risk, etc.

The next section outlines these pilot programmes. Section 3 then explores the metrics developed for and through these programmes.
EoM Pilot studies

Since 2010, Mars Catalyst has explored the economics of mutuality through a series of pilot studies and investigative work streams. This has included pilot studies in the Wrigley Gum segment in East Africa and Vietnam, as well as the Philippines, partnering with both the Gum and Chocolate segments. There are current plans to expand to Indonesia, as well as to the Mars Chocolate segment in Ivory Coast, and across four Mars business segments in order to identify the true drivers of wellbeing within the Mars corporate culture. The case the EoM programme in Kenya, Maua, is discussed in greater depth in the Maua Teaching Case Study.

1.1 The First Pilot – Mars Drinks (2010-11)

The 24-month long Mars Drinks (coffee) pilot concluded at the end of 2011. The pilot was divided into 5 separate, interrelated work streams covering performance / people / planet across the entire coffee value chain, from farmer to consumer. The context for the pilot – and for all subsequent work to date – was that a strong culture of action, with a plethora of mutuality-related initiatives across the enterprise.

Mars, however, like most others in its industry, had a comparatively weaker culture of measurement, with few metrics beyond financial ones. This limits comprehension of what it means to truly ‘make a difference to people and the planet through performance’ – the stated goal of the broader Mars corporate objective at that time – and without metrics to assess the impact of related initiatives, companies pursuing such aims are necessarily self-limited. The objectives in the Drinks pilot, therefore, were fourfold: 1) To provide robust metrics and methodologies to mutuality-related initiatives at Mars, demonstrating that it is possible to account for the holistic performance of Mars across the 3Ps, including how the company creates mutual benefits across its value chain; 2) Identify levers that its economic performance can leverage to activate the wealth creation in the social and environmental parts of the business ecosystem; 3) To help management determine the ‘right’ level of profit that is consistent with the objectives; and 4) To communicate in a way that is meaningful to stakeholders.

1.2 Sharing Economic Benefits (Shared Financial Capital)

This performance work stream analysed data from the Drinks segment to gain complete understanding of how value is shared – adjusted for purchasing power parity – across the entire value chain of a single brand of Alterra coffee, to reduce supply chain volatility, ensure its sustainability, and to provide Mars with a stronger platform going forward. This work revealed that value distribution across the coffee value chain – from farmers to distributors – is more steeply skewed than in other major commodities, posing challenges to the segment about mutuality and supply chain sustainability. Catalyst developed a simple protocol to understand and benchmark the ‘as is’ value sharing situation in coffee, identifying areas in the value chain where intervention may be appropriate to foster greater mutuality, and highlighting where benefits of partnering with Mars are not reaching farmers. These findings could help Mars establish ‘Shared Economic Benefit’ as a key performance indicator (KPI).

1.3 Nurturing Social Capital @ the Origins (Social Capital)

With massive international development aid over decades largely failing to improve impoverished commodity farmers’ quality of life, this work stream created and tested
a business scalable means to measure social capital (trust / social fertility and cohesion / capacity for collective action, etc.) in coffee growing communities in tropical areas. Catalyst ran detailed household surveys in Papua New Guinea, Tanzania, and within more limited parameters in Peru, determining qualitatively and quantitatively how to define and measure social capital in these strongly contrasting cultures.

A major breakthrough was achieved in isolating a small number of common variables that account for approximately 80% of the social capital of communities (with about 80% accuracy) using a quantitative survey instrument that is business scalable and was benchmarked against qualitative ethnographic findings. In Drinks, which has many supplier options, social capital measurement can help determine where there is enough social fertility to sustain a rise in quality of life of farmers. For Chocolate, with fewer supplier options, YoY measurement of social capital can help determine the effect of interventions and could be used to hold local managers accountable for delivering social capital, just as they would cash, headcount reductions, etc. And through social capital ‘mapping,’ it may be possible to determine what type of intervention could have more impact for raising social capital intentionally.

1.4 Wellbeing@Work (Human Capital)

With the broad objective of helping to ensure that all people in the value chain, including associates, distributors, roasters, etc., value working in the Mars business more than elsewhere, Catalyst set out to determine the various components of wb@w and then to understand via data analysis the metrics what would be most relevant and actionable for Mars. Catalyst researchers utilized internal HR data on all the Mars Drinks associates, surveyed select associates to address gaps in data, and conducted clinical interviews to further inform and enrich the findings. Using the latest analytic techniques, Catalyst and its academic partners isolated three actionable variables in Drinks (changing line manager / engaging line manager / status) and determined that Prospect Of Upward Mobility (POUM) and the evolving perception of status constitute the most fertile ground for focus. The aim is to provide the human resources function with the means to make wb@w a KPI in Mars internal reporting over time.

1.5 Compelling Consumer Story (Consumer Capital)

After determining that 65% of individuals exhibit spontaneous generous behavior without any economic rationale, this workstream leveraged the opportunity this fact offers to build a brand story for Alterra that delivered a unique, clear, credible, compelling principles in action (PiA) message within the Mars Drinks vision. Using the latest ethnographic techniques (‘Brand Archeology’), Catalyst deciphered Alterra’s DNA and developed a protocol to assess the relevance / attractiveness / credibility of PiA-infused brand stories, while respecting brand heritage. Catalyst believes this approach can have wide application across Mars brands, and that there is a unique opportunity to build social content into new brands from the outset that will give such brands competitive advantages going forward and that could make the company’s business model more sustainable over time.

1.6 Doing More with Less from the Planet (Natural Capital)

Here Catalyst explored how to optimize efficiency of natural resource inputs across the coffee value chain, with the objective of being more ‘good’ vis-à-vis the planet as a complimentary pathway to other sustainability work aimed at making Mars less ‘bad.’ Catalyst tested on a single brand, Alterra Colombia, and an approach, Factor 4. Factor 4 theorizes that growth can be significantly increased, quality of life
enhanced and use of natural resources halved by optimizing inputs, such as water / air / topsoil erosion / biotic and abiotic materials, via application of new technologies. By concentrating on these input metrics, Catalyst researchers were able to identify where the majority of each metric was coming from. For example, packaging accounts for 75% of the 146 gr. of abiotic material used in one Alterra Colombia pack. This could help Mars Drinks understand where to target investment in technology to most efficiently and effectively reduce the input if this metric is applied (in this case, biodegradable packaging that can withstand the high heat levels in brewing). The inputs framework could help make Mars distinctive on the planet and is consistent with Mars principles, such as efficiency.

1.7 The Ivorian Cocoa Pilots on Social Capital (2012-13 / 2014-15)

In 2012-13, then again in 2014-15, Catalyst conducted two field pilots to recognise and measure social capital in a number of cocoa farming communities in Ivory Coast. These pilots confirmed the pattern in cocoa discovered across the related pilots in coffee of trust, social cohesion, and capacity for collective action accounting for over 80% of what constitutes social capital, and in yet another geography with a distinctively different cultural context. Moreover, the research team achieved another major breakthrough through its Ivorian work. From the two cocoa pilots, Catalyst was able to prove a correlation between the amount of social capital in a farming community and that community’s economic output, making social capital a potentially critical element in any intervention aimed at increasing output along with sustaining quality of life enhancements. Further research is required if causality is to be established.

1.8 The Wrigley Kenya Pilot (2012-2013)

While the overarching objective of the Economics of Mutuality program at Mars is to help the business transition from a profit maximization model to a holistic value optimization model across the 3Ps, Catalyst’s EoM pilot with Wrigley in Africa within this broader framework has helped establish a set of new metrics – across the value chain of gum – that is:

- populating the aforementioned 3P framework;
- increasingly relevant and actionable, thereby making a difference in the way management leads the business in Africa;
- helping to inform business decisions at the business unit level.

Building on learnings from Catalyst’s Mars Drinks Pilot, the Wrigley Africa pilot was comprised of five independent, but inter-related workstreams covering the 3Ps in the Kenyan market, with the exception of the Compelling Story for the Benefits of Chewing workstream, which was moved to South Africa due to comparative market conditions (see section 1.12 below). In order to develop relevant and applicable insights, these workstreams focused on business applicability and were carried out by Catalyst in full partnership with the Wrigley associates with direct responsibility over the region.

1.9 Sharing Economic Benefits

Understanding how business impacts partners across the value chain – from beginning to end – is fundamental to ensuring Mutuality in business practices. This is especially important when the value chain includes relatively disadvantaged parties, such as small farmers and lower income suppliers or small distributors in emerging countries. This workstream analyzed the value chain of Wrigley gum products sold in Kenya in order to define a set of metrics to assess how the economic benefits created across it are shared among its participants. These metrics
can be used to drive mutuality across the value chain, ultimately contributing to ensuring its long-term sustainability.

Catalyst mapped the gum value chain for Kenya, and completed an analysis of the economic benefits captured by each type of actor in the value chain at different levels of granularity. It was discovered that — unlike the Drinks Pilot — it is not possible to convey the level of mutuality in a value chain with a single quantitative value, and thus Catalyst built an expanded framework to better capture shared benefits in this more complex value chain. The framework consists of metrics plus qualitative data.

1.10 Unlocking a Successful and Sustainable RTM at the Middle of the Diamond (MOD)

Unlocking a successful and sustainable route to market required the construction of a business ecosystem that addresses the needs of individuals, their communities, and the need for new institutions. It also necessitated a rethink of the metrics, incentives and accountability systems used to support, measure and reward long term success. To develop metrics that will help integrate business performance and social impact in ‘Base of the Pyramid’ (BoP) business initiatives.

This work stream – which evolved into the Maua programme and is the subject of the case study – focused on the interaction between social impact and business results. This programme also experimented with existing and new route to market (RTM) innovations that leverage informal distribution and sales channels to sell through multiple fragmented or unorganized shops. In addition, it has leveraged Catalyst’s social capital measurement tool to 1) help identify weak social links (tied to trust, cooperation and collective action) along the RTM and 2) assess the social fertility of the business environment to help guide the Mars RTM investment strategy. Well-being metrics, moreover, are being used with social capital as part of the monitoring and evaluation of the program on each value chain partner, beginning with the Maua entrepreneurs, to track impact over time.

1.11 Using Social Capital to Drive Decisions

This workstream adapted the breakthrough social metrics approach (i.e., social capital—the social fertility / level of trust / value of relationships in communities—survey instrument and methodology) developed by Catalyst for the Drinks pilot to assess and measure the social capital of associates and contractors at the Wrigley Nairobi factory and offices to better understand the nature of their social capital and what interventions might be most successful in enhancing it.

Wrigley also asked Catalyst to look at communities surrounding sites being considered for the next Wrigley Africa factory, so that insights could be surfaced about how much trust, social cohesion, etc. exists comparatively in each community. This could serve as another variable for Wrigley to consider in the site selection process, not just in Kenya, but in other parts of Africa going forward. Due to a lack of time and team resources, Catalyst has had to postpone this work, though it remains promising for other geographies and may be addressed in future research. In the interim, Catalyst did deliver a paper on social capital to Wrigley to help build its business case for how it will decide where to site new factories in Africa as an initial social capital deliverable based on lessons from previous pilots.
1.12 Creating a Compelling Story – The Benefits of Chewing (moved to South Africa)

Ultimately, the objective of this project was to invent, test and implement a set of new metrics that quantify the ‘people’ benefits that gum consumption can bring to consumers, with a particular focus on the oral care benefits of sugar-free gum. However, to deliver on that objective Catalyst needed first to craft a credible brand story for the company’s Oral Care brand that delivers a unique, clear, and compelling message with a focus on people. Catalyst began to determine whether metrics can be set for the positive difference that can be made through Wrigley products and related activities via 1) the Wrigley Oral Healthcare Program, 2) the Wrigley Foundation and 3) ‘Doing Good Marketing’ Oral Care initiative.

The team hit an early roadblock in this workstream due to market conditions in Kenya, so it was shifted to South Africa, which offered a more promising environment with more available local Wrigley resources. Wrigley and Catalyst made the decision to shift to South Africa after a survey revealed that the Kenyan market is still in the very early stages of development in terms of cause marketing, limiting the opportunity for lessons in this area. The team conducted an in-depth review of ‘Doing Good Marketing’ practices in South Africa covering Wrigley oral care programs, and activities conducted by other brands, focusing on case studies of how brands can change social behaviors. This workstream was eventually suspended due to limited resources and a need to focus Catalyst’s efforts on other EoM piloting areas, though it may be revisited in future research plans.

1.13 Measuring Well-being at Work

Within the scope of the EoM pilot with Wrigley Kenya, the objective of this project was to conduct a study to measure the well-being of the associates and Uplifters at the Nairobi office and factory, respectively, to better understand the factors driving wellbeing, and to identify those interventions that might enhance it.

The team designed a survey instrument for assessing Wellbeing @ Work in the Wrigley business sites in Kenya and tested it via focus groups prior to running the full survey to ensure it was calibrated for local conditions. The survey instrument included elements to assess the existence of social capital both inside and outside the workplace. As noted above, Catalyst’s local survey team – led by an NGO partner, Opportunity International – completed data collection for the survey, achieving a surprisingly high voluntary survey interview rate among Wrigley associates of over 95% (though volunteer rates among contractors was much lower), thereby improving the quality of much the data behind the analysis that was eventually delivered to the business.


Mars Catalyst piloted two route to market programmes in Kenya and the Philippines. The Kenyan case, concerning the Maua programme, is described in depth in ‘Maua Teaching Case.’
2. Measuring the Economics of Mutuality

As part of the economics of mutuality project, Mars Catalyst has invested in establishing universal indicators and metrics for measuring mutuality. To do so, the Mars Catalyst team focused on shared financial, social, human (well-being), and natural capital. The focus on the social metrics, rather than strictly financial performance, engaged the conceptualisation of mutuality as not only shared financial benefit but also a more holistic benefit, with impacts across an individual’s economic and social life. Conceiving mutuality as extending beyond financial exchange to cover the full value a corporation creates across multiple capitals also created opportunities for highlighting benefits that had previously not been measured, such as social capital formation.

This expanded view was designed to shift focus from a profit maximisation model towards one of ‘holistic value optimisation’ across the capitals. Unlike so-called ‘triple bottom line accounting,’ however, the Mars metrics are not monetized, as reducing People and Planet metrics to a dollar equivalent, in the view of Catalyst’s researchers, would not only overvalue one form of capital – financial – but would necessarily reduce the accuracy of the metric. It is unlikely, for example, that a suitably accurate conversion to dollars of variables such as POUM in human capital or capacity for community collective action in social capital could ever be found, even if this were a desirable approach.

This work on capitals also connected to the broader proposition that a business model whereby mutuality drives performance actually creates greater holistic value (including profit) than a purely profit maximisation approach. The Maua business results, discussed in the Maua Case Study, demonstrates this. As mutual benefits were viewed as encompassing social benefits, the connection between social capital formation and productivity became relevant. As described above, Catalyst research has found correlations between social capital endowments and productivity or earnings, hypothesising that these gains were the product of greater cooperation. This relationship also implied that a positive effect on social capital, for instance through programme participation, could initiate a virtuous cycle of increasing productivity. As such an investment in social capital would be both mutual and produce mutual benefits (‘win-win-win’ across the value chain).

The next two sections review Mars Catalyst’s work on the social capital and well-being at work, which Catalyst refers to broadly as human capital. Catalyst also conducted studies on natural capital; these are not directly related to the Maua case and are thus included in Appendix II. These studies relate to the Maua case as they are both the

2.1 Social Capital Metrics and Results

The literature on economic development distinguishes two families of sources of growth that can be broadly defined as the proximate and ultimate sources of growth. The former refers to the physical capital investments (e.g. machines, tools and equipment, technology transfer), human capital investment (e.g. education and training, health) and knowledge-based productivity. While strongly influential in the economies of the northern hemisphere, they are nearly absent in small-scale farming communities in the tropical areas where the key input are land and labor. In order to understand sources of growth in these locales, attention is needed to geography, culture, and institutions. Research on institutions, defined by North (1991) as
humanly devised constraints that structure political, economic and social interactions,’ argues that they are more important determinants of growth than geography. Institutional constraints include formal rules (constitutions, laws, property rights) in Western economies; in developing countries, informal restraints (custom, traditions, patronage, norms and attitudes) play a more prominent role. Accordingly, economic analysis should take into account systems and levels trust, norms of reciprocity, networks and forms of civic engagement; these can be broadly included into the concept of social capital.

Several definitions of social capital have been given over the last twenty years; we have employed those that allowed us to theorise within the EoM framework. The World Bank defines social capital as ‘institutions, relationships and norms that shape the quality and quantity of a society's social interactions,’ while the following definition by Fukuyama (1999) captures many of the key intuitions:

Social Capital can be defined simply as an instantiated set of informal values or norms shared among members of a group that permits them to cooperate with one another. If members of the group come to expect that others will behave reliably and honestly, then they will come to trust one another. Trust acts like a lubricant that makes any group or organization run more efficiently.

Or, as Fafchamps and Durlauf have proposed (2006) ‘Social capital as the efficiency of social exchange’ pointing out the fact that ‘an important role of social capital is its ability to ameliorate potential inefficiencies caused by imperfect information (actors don’t know about each other or they don’t trust each other). When formal institutions are absent or weak, interpersonal relationships can facilitate search (e.g. through social networks) and trust (e.g. through repeated interactions).’

Like physical capital, social capital can be accumulated, earns a return, and requires maintenance because of depreciation; like human capital, it can depreciate with non-use but not with use. However, it cannot be ‘owned’ by an individual, nor can it be traded. It is more like a ‘public good’, i.e. non-rival (if you’re using it other people still can use it) or, more precisely, a ‘club good’, because it is partially excludable (you can prevent others from having access to it). Social capital yields positive externalities to members of the club through transfers of knowledge and technologies as well as by facilitating collective actions, which may be achieved, for instance, by shared trust, norms and values. Measuring social capital has been done both at the macroeconomic level, see for example the World Value Survey question: ‘Generally speaking would you say that most people can be trusted or that you cannot be to careful in dealing with people?’ and at the microeconomic level in tropical rural communities. A non-exhaustive list of indicators includes: number of memberships in voluntary associations, index of participation in decision making, survey answers to questions on the level of collective actions, characteristics of the groups, and indices of trust.

Mars Catalyst’s work on social capital has been focused on three main objectives. First, to devise a simple and practical system of metrics to help Mars to assess the socio-economic fertility of the communities in which the Company operates. This has been achieved through the creation of a modified World Bank Social Capital Assessment Tool (SoCAT). Secondly, to measure the impact of the Company’s development programmes and interventions on the social capital of these communities by taking seriously into account traditionally omitted factors like trust, norms of reciprocity, networks and forms of civic engagement. And, thirdly, to assess the relevance of social capital on the value that the Company creates in the ecosystem in which it operates and its relationship to economic output. Mars Catalyst studies have been able to advance these objectives and work on on-going through
the Maua programme. Regarding the development of a parsimonious and stable measure of social capital, the Catalyst team was able to identify a small number of dimensions, usually three, that can account for about 80% of the variance contained in the social capital survey data. Surprisingly, the structure of ‘the social capital space’ is similar across study sites located in Ivory Coast, Vietnam, Papua New Guinea, and Kenya.

The research completed by Catalyst and its academic partners has also shown that social capital is positively correlated with the economic output across three studies: cocoa farmers communities in Ivory Coast (2012, 2014) and small-scale retailers in Vietnam (2013). Although the data does not establish causation, Catalyst found a positive correlation between social capital and economic output. For example, in the first study conducted in Ivory Coast (2012), the data analysis shows that social capital, in particular the dimension of ‘Trust’, is positively correlated to productivity. On average, the individual productivity is higher for farmers who are connected to their community through: (i) group membership or networks and (ii) trust-based relationships. These correlations were robust to differences in individual and plantation characteristics. A second study conducted in Ivory Coast in 2014 confirmed the results obtained in 2012. Furthermore, the 2014 survey included a set of endogenous variables focused on the modification to farmers’ agronomic practices. Although the analysis is incomplete, Catalyst anticipates that: (ii) the productivity is higher for farmers who have modified their agronomic practices in the last three years and (iii) there is a causal impact of social capital and the decision to adopt a new agronomic practice.

The third study, focusing on small-scale entrepreneurs in the informal retail sector in Vietnam, identified a correlation between social capital and economic output. The data modeling showed that structural social capital, and more specifically the dimension of ‘collective actions’, is positively correlated with increased profits and both formal and informal access to credit. Specifically, the model showed that the probability of having ‘increased earnings’ is monotonically increasing with the dimension of participation to collective actions and vice versa for the probability of having ‘decreased earnings,’ which decreases monotonically with the participation to collective actions. These results are robust to differences in the control variables above specified.

2.2 Well-being at Work (Human Capital) Metrics and Results

A second key area of research for the EoM programme has been regarding job satisfaction and well-being at work, including expanding metrics to involve more than just pay or even formal arrangements. The economic, psychological, and sociological literature has illustrated many non-conventional sources of well-being, such as reciprocity, procedural utility, income interactions, social networks, and purely psychological determinants of well-being at work. The evidence and knowledge that has been accumulated during the last 30 years has expanded the common view about well-being at work to include less conventional sources:

Conventional sources of well-being at work / job satisfaction:
- Wage, working hours, job locations, tasks to be performed in the job, type of contract
- Tenure, required skills, formal hierarchy and organization

Unconventional sources of well-being at work and job satisfaction:
- Procedural conditions: the manner in which the outcome is attained
• Social interactions: comparisons, cooperation or competition, trust and social capital
• Corporate identity: language, values and beliefs shared by associates
• Psychological determinants: loss aversion, endowment effects, status quo bias

Contrary to the focus of conventional measures, unconventional sources of well-being at work and job satisfaction are not part of the contract and maybe less easily observable. Unconventional sources play an important role in shaping the satisfaction of workers and, consequently, their incentives to exert effort and their willingness to remain in or quit the firm. Because of their subjective nature, their impact on well-being at work may also depend on specific individual socio-demographics such as age, gender, education or family status. This investigation on the dimensions of well-being at work in the context of Mars started as a collaboration between Mars-Catalyst and the Paris School of Economics. Surveys of Mars Associates have been carried out since 2008, including samples up to 2,000 individual. In 2013, a voluntary survey was conducted with the Kenya Wrigley division, involving 150 individuals (55% of division). The focus on subjective measures of well-being at work places emphasis on the varied, personal experiences of work, rather than simply remuneration – an important dynamic in the Maua programme.

The approach used was to consider internal engagement and job satisfaction survey data (Gallup Q12) as a proxy for indicators of wellbeing at work and look for patterns relating these indicators to employees demographics (e.g. age, gender, family status) and employees job description (e.g. employee hierarchical position, work division, working hours, monthly salary). The relationships between wellbeing at work indicators and working conditions as potential drivers were quantified through multilinear regressions controlling for demographics. Mars Catalyst distinguished between intrinsic and extrinsic drivers of well-being at work; the latter are considered ‘actionable’, meaning that the company can affect them to improve wellbeing. The former include gender, age, family status, etc.; the latter include wage, status, promotion, tenure etc. Drivers to wellbeing at work can be further classified as those that are self-centered and those that are group-centered. Self-centered drivers are determined by the employee status, human capital (e.g. education, skills), the prospect of upward mobility in terms of wage and status (POUM effect). The group-centered drivers are instead related to the corporate identity and culture, corporate social responsibility programmes, and the employees’ social capital (described in terms of trust-based relationships among employees and between employees and the management).

The results of the analysis showed a consistent pattern for Mars Associates across all Mars divisions and across all the countries where Mars has an established presence. The ‘actionable’ drivers retained from the analysis can be summarized as follows.

• ‘Walk the talk’: How employees align and embrace the corporate vision, identity, culture, and business strategies. As an actionable insight, it promotes the setting up of metrics to account for how Mars can deliver results consistently with the strategy and how they are aligned with the company’s vision.

• Prospect Of Upward Mobility Effect: The literature on wellbeing at work distinguishes between two different attitudes facing inequality such as wage
distribution. There are egalitarian cultures that are averse to inequalities, while others that consider inequalities more as source of opportunities to move upward the wage or status scales. The literature calls the latter Prospect Of Upward Mobility (or POUM effect). Upward mobility can have different meanings, such as career moves and opportunities to learn and grow and can be managed with some intentionality. When the POUM effect is present, people accept a greater differentiation of wages inside their firm as long as they hope to progress upward in the wage distribution. The POUM then can be a positive driver of wellbeing at work, provided the company creates a working environment where opportunities of upward mobility really exist. At Mars the POUM effect seems to prevail over the aversion to wage inequalities.

- **Status**: It gives a symbolic value to the job (power, prestige) and is a recognized source of wellbeing at work. At Mars, status matters and the forthcoming implementation of a different system of job levels is a unique opportunity to act on the wellbeing at work space.

- **Tenure**: At Mars, reported wellbeing at work increases with tenure, not necessarily in the same division.

- **‘The line manager effect’**: Analysis reveal that changing line manager has a detrimental effect on the wellbeing of her direct reports and that an engaged/satisfied manager positively impacts the wellbeing at work of her direct reports. Also, the wellbeing at work is greater in smaller divisions and teams.

- **Corporate socially responsible behavior**: Socially responsible initiatives positively impact the employees’ wellbeing at work, even when they are perceived as profitable.

- **Social capital**: A strong link between specific within-firm social capital and trust with wellbeing at work.

In conclusion, at Mars there are a manageable number of components driving wellbeing at work, including corporate values, status, line manager effect and POUM, that can be given a ‘wage-equivalent’ for benchmarking purposes, controlling for wage effect. They are actionable items that, being stable across divisions and countries, can be consistently used as metrics for wellbeing at work across the whole company. While Maua participants are not Mars employees, and thus drivers of wellbeing would need to be reinterpreted for the Maua context, this attention to non-wage elements of work satisfaction and performance have informed the Maua programme. Measures of subjective wellbeing have been taken on a quarterly basis. Findings from the qualitative interviews reinforced some of the findings of the wellbeing at work programme, including the importance of good relationships with supervisors, in this case Maua Field Officers, and the POUM effect, which emerged through participants’ positive evaluations of their ability to increase their earnings and advance within the programme.

### 2.3 SBS Mutuality in Business Programme

This focus on social capital and the metrics of mutuality at Mars was complemented by work on the concept of mutuality by Said Business School researchers. Their working paper identified mutuality as fundamentally relational and concerning the content and conduct of interactions between a company and its employees, partners,
and broader community. It established a framework describing intensifying degrees of mutuality, beginning with its absence (exploitation) and continuing through fair bargaining, cooperation, and flourishing/co-creation. While the review drew from a range of theorists and literatures, it was particularly influenced by Sen’s work on freedoms; his approach to human development focuses on capabilities and how resources are important for opening up human possibilities, not simply as inputs for achieving basic needs.

The research emphasised mutual relations as not only having to do with the distribution of resources (‘distributional justice,’ e.g. a fair wage, a fair price, shared financial capital), but also the distribution of power (‘procedural justice’). In the business context, making the distribution of power more equitable could involve empowering employees to make decisions regarding their work, sharing information, and voice or substantive consultation. In the international development literature, the importance of distributing power more evenly has lead to the fluorescence work around participatory and community-led development. These approaches contrast with ‘top down’ programmes that give few opportunities for communities to define their needs, provide feedback on the programme (consultation), or, more radically, become involved in the creation of the programme itself (co-creation).
3. Conclusion: Moving forward with Mutuality

There is a widespread demand for change in business practices, which has intensified after the 2008 economic crisis. Progressive corporations increasingly recognize that not only the rewards, but the risks in Friedman’s market model are unequally distributed. The Economics of Mutuality and Mutuality in Business offer a new model which examines how the benefits and risks of commercial activities can be shared between all of those engaged in a business, improving the lives of those at the Bottom of the Pyramid while not only avoiding damage to profit margins, but potentially increasing profitability.

This study confirms a mounting evidence base that prioritizing employees’ wellbeing at work need not undermine profitability. Furthermore, considering both the quantifiable sources of job satisfaction (most obviously wages) and less conventional, less easily quantifiable sources, including procedural conditions and social interaction, can actually work to the advantage of employers and employees. While evidence for this has been building for thirty years, this study demonstrated a correlation between the social capital of the most vulnerable employees and economic output, benefitting their employers.

Combined with the recognition that corporate identity contributes directly to wellbeing at work, this offers an opportunity to develop a new corporate culture, focusing on those areas of actionable drivers of wellbeing at work in a way that could improve long term, sustainable outcomes for all. From the initial findings of the Mars Mutuality project, it appears that optimizing holistic values across the Corporation so that its practices benefit Performance, People and Planet is possible. Further research is required into the ways in which the social capital of the most vulnerable employees can be developed with support from the Mars Corporation, but this project goes some way towards demonstrating that such a social programme not only need not conflict with profitability, but can increase it.
Said Business School

Said Business School at the University of Oxford blends the best of new and old. We are a vibrant and innovative business school, yet deeply embedded in an 800-year-old university. We create programmes and ideas that have global impact. We educate people for successful business careers, and as a community seek to tackle world-scale problems. We deliver cutting-edge education programmes and ground-breaking research that transform individuals, organisations, business practice, and society. We seek to be a world-class business school community, embedded in a world-class university, tackling world-scale problems.

Mars Catalyst and the Economics of Mutuality programme

Mars’ approach to business has been guided by Five Principles – Quality, Responsibility, Efficiency, Freedom and Mutuality for a long time. Together they inform and guide the actions of all Mars associates every day as they do their jobs and interface with the outside world.

The origins of the Mutuality principle go back to 1947 when Forrest Mars Sr, who led and grew the business through the 1920’s to the 1960’s, wrote a letter to all the then 500 associates of the company that said that the sole purpose of the company was to create a mutuality of benefits with all stakeholders that the company touched from suppliers to customers as well as governments and competitors and not naturally associates and shareholders. This far-sighted thinking, that the company could only be successful if everyone around the company was being successful, has been a cornerstone of our business philosophy ever since.

Mars has therefore always been interested in how it can best live up to this principle and find new ways to drive mutuality with all stakeholders it touches. This led, a number of years ago, to Mars leadership tasking Mars’ economic research unit, Catalyst, to start new work into unexplored territory for business to identify critical drivers of mutuality and to develop and test through business pilots new metrics and management practices that can help boost mutuality in business situations. This work has been called the Economics of Mutuality.

This work has established promising links between increasing social, human and natural capital (that can be measured with simple & stable metrics) and thereby increasing financial capital – demonstrating how a company can do both good and well at scale. A number of pilots have now been completed in the area of micro-distribution, the employees of Mars and in agricultural development that suggest that these relationships are true in different places and situations.

The Oxford Mars partnership

On the back of these promising findings, a multiyear partnership with Oxford University’s Said Business School was established in 2014 to focus on the development of a business management theory for the Economics of Mutuality with corresponding teaching curriculum, new management practices, and case study research. The research programme has combined the pursuit of normative questions – what is mutuality and how should it be enacted? – with grounded, ethnographic research on current thinking and practices. This has led to the development of field experiments and case studies examining how large corporate actors conceive of and pursue responsible business practices, and how these relate to their financial and social performance. The broader idea being to demonstrate that businesses based on mutuality, that look to ensure all stakeholders are successful, can be more successful than businesses that focus on just their shareholders.

The intent going forward is to continue to research this topic and create a broader platform where other companies and academic institutions can share their learnings and experiences to advance the collective understanding of how to drive mutuality in business.

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