

## CSR case studies



### GKN plc

GKN's founding values from the 18<sup>th</sup> Century still influence how the Group's businesses express their corporate social responsibility today.

#### ● The company

GKN is a leading global supplier to the world's automotive, off-highway and aerospace manufacturers. GKN provides technology-based, highly engineered products to virtually all of the world's major manufacturers of light vehicles, agricultural and construction equipment, aircraft and aero engines. Almost 40,000 people work in GKN companies and joint ventures in more than 30 countries. In 2005 GKN achieved sales of £3.6 billion and profit of £203 million.

GKN traces its roots back to 1759 and is one of the oldest companies in the UK. It has been incorporated in its present form (originally as Guest, Keen and Nettlefolds) for over 100 years. This longevity has not been achieved without recognising the need, in pursuing its objectives, to take account of the interests of a range of stakeholders including customers, employees, shareholders and communities.

As early as 1820, Josiah Guest opened a school for the children of his employees. In the following year around 200 boys and 100 girls attended it. Further initiatives followed and were consolidated by Lady Charlotte Guest who funded a new school at Dowlais in South Wales in 1855, offering places for 650 boys and girls and 680 infants. Also in the mid 19th century, the Guest business was instrumental in bringing fresh water and sanitation to the town of Merthyr Tydfil and the village of Dowlais.

GKN's core business has changed significantly and also many times over its history. To achieve change in such a sustainable way has required a confidence in its ability to deliver quality in everything it does - in its products and processes, in its technology and innovation, through its employees, and through its reputation. GKN believes that corporate social responsibility (CSR) initiatives help to underpin that quality and achieve the company's objectives of providing customers with world-class products and services, safeguarding shareholders' investment, looking after its workforce, and upholding the Company's long-standing values.

This case study focuses on how GKN's values manifest themselves through the differing responses of its businesses to community issues around the world.

#### ● The drivers

GKN's values, which have not altered despite the fundamental changes to the business over the centuries, drive the company's approach to CSR.

#### ● Taking action

What follows in this section is a description of some of GKN's CSR initiatives in the area of community involvement. These demonstrate the diversity of approaches employed across the GKN Group all of which uphold the company's values. GKN's approach to this aspect of CSR is not prescriptive; the corporate strategy allows subsidiaries freedom

to develop programmes that are relevant and specific to the local communities in which they operate. Examples from three continents are given to highlight this.

*In the UK* - A key focus of GKN's community activity is education. In particular, it has for a number of years been an active supporter of three highly practical programmes which operate at primary, secondary and tertiary levels of education and encourages young people to develop careers in engineering or in business: Young Enterprise, The Royal Academy of Engineering - Engineering Development Trust Programmes and The Technology Tree. The programmes are notable for the active involvement of students in project activities and for the high standard of learning opportunity offered to young people. GKN subsidiaries in the UK play an active role in these programmes, providing projects, placements, and engineering and general business support.

*In Thailand* - On the morning of 26 December 2004, more than 5,000 GKN employees across the Asia Pacific region were among the millions worldwide who were shocked by the first news of the Asian Tsunami.

Thierry Ehrhardt, Plant Director of GKN's plant in Rayong in Thailand, said: "All we knew at first was that a big wave had hit six provinces in the south – it was only the following day that we heard that many people had died. Then we learned that many more thousands had lost everything - they had no clothes, no shelter and nothing to eat."

More than 200 people work for GKN in Thailand and their response was immediate. Food, clothes, cooking utensils and money were raised and a GKN team was despatched to Suratthanee, one of the affected areas, more than 900 kilometres away. Then they learned that a small fishing village in the region of Ranong, which was a further 200 kilometres away, had not received any assistance and more aid was despatched from Rayong.

The experience for the GKN aid workers was harrowing and they found themselves distributing aid for the living as well as helping to buy coffins for the dead.

Across the Asia Pacific region there were other spontaneous responses to the tsunami. In Malaysia, the families of several employees lost their homes in the coastal area of Kuala Muda and a donation drive among employees was matched by GKN. Funds were prioritised for the families of GKN staff. In India, all employees contributed one day's salary and GKN again made a matching contribution. In China, donations from employees and their company made a large contribution to relief efforts and, in Australia, employees decided to forego their annual Christmas bonus. On behalf of the Group, GKN plc made a donation of £100,000 to the Disasters Emergency Committee, and many Group companies and their employees around the world have raised money for tsunami relief funds.

Apart from the immediate response, the employees in Thailand have continued their work and more than 12 months later are still engaged in the reconstruction of buildings and the provision of fishing boats to reinvigorate the local community's economy.

*In India* - GKN Driveline India has teamed up with a local NGO, Pranab Kanya, to provide informal education to underprivileged children of migrant workers at nearby brick kilns. At local facilities provided by Pranab Kanya, GKN Driveline India is funding the cost of teaching and assistance, refreshments and stationery. Some 50 children receive teaching in English, Hindi, elementary mathematics and general knowledge. GKN employees also help out at the facility and assist with the provision of better classrooms, uniforms and basic computing skills.

*In Mexico* - GKN Driveline Celaya has a "Social Participation Program", one very successful element of which is "El Pueblito", established in 1987, in which employees' families can participate in workshops with diverse activities such as cooking, beauty care,

playing musical instruments, drawing, weaving, painting, ceramics and playing sports. “El Pueblito” also has a nursery school for employees’ children. This program was developed to address the disparity in skills that can often arise between employees and their families.

GKN Driveline Celaya provides students with internships where they can gain work experience through involvement in company projects. It also hosts visits and conferences at universities to share GKN’s organisational culture and knowledge.

For personnel and their families, GKN Driveline Celaya organises sports events and they have access to the company’s own gym. It also organises many celebrations throughout the year, such as a day of the child, rewards and recognition, an annual family event, a Christmas card workshop and birthday parties.

The community receives support throughout the year from the company with donations of teaching material for schools, building materials, support for homeless children and the elderly, and support for schools for people with disabilities.

● **The business benefits**

Helping to support engineering education initiatives in the UK underpins the skills base by encouraging young people to pursue a career in engineering and, in the longer term, provides GKN with a wider talent pool from which to recruit future employees.

In Mexico, by recognising and addressing the disparity in skills which can arise between employees and their families, GKN assists in defusing potential stresses in the home environment, leading to a more settled and motivated workforce. In addition it also helps the economy in that it teaches family members new skills, which they can use in local businesses or to teach others.

The initiatives in India provide learning and development opportunities for the employees involved, and makes a valuable contribution

not only to the families of the itinerant workers but also to the local community in providing a focal point for children who would otherwise spend their days on the streets.

● **Why is it CSR?**

For GKN, there are many aspects to CSR, of which community involvement is but one. The above examples relate to GKN’s relationship with both its employees and the community in which it operates in terms of staff involvement and welfare, corporate giving, volunteering and good neighbour programmes. Such voluntary initiatives by GKN in the community and with its employees, both of whom are seen as key stakeholders in the business, are valid CSR activities.

● **What next?**

GKN will continue to encourage such initiatives by its operations around the globe. It will continue to seek to embed CSR as a way of thinking and behaving throughout the Group by way of its new Code of Conduct that has been drawn up to highlight the principles and values of the Group. The Code is published in all 22 languages in use in the Group to ensure its accessibility to all employees.

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