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The author of this paper aims to describe, analyze and explain the motivation behind corporate-NGO partnerships, as well as provide and insight to the mutual benefits, success factors and potential threats which arise through the collaboration, with a focus on the economic and social and environmental perspective of its impacts.
“Now when you pick a paw-paw
   Or a prickly pear
   And you prick a raw paw
   Next time beware
Don't pick the prickly pear by the paw
   When you pick a pear
   Try to use the claw
   But you don't need to use the claw
When you pick a pear of the big paw-paw
   Have I given you a clue?“

- The Bare Necessities, Terry Gilkyson
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ABSTRACT/SUMMARY:

**Purpose** - This paper aims to describe, analyze and explain the motivation behind corporate-NGO partnerships, as well as provide and insight to the mutual benefits, success factors and potential threats which arise through the collaboration, with a focus on the economic and social and environmental perspective of its impacts. Additionally, a case study of a best practice partnership will be examined to determine how these partnerships are formed, what impact they have made, how is this impact sustained, as well as how the impact is measured and what external and internal success factors are in order to assess the gap between theory and practice if it exists.

**Design/methodology/approach** – The author approaches the topic by conducting primary research through case studies of best practice corporate-NGO partnerships for comparison with existing theoretical research of corporate-NGO partnerships.

**Findings** – The paper identifies types of cross-sector partnerships and their development, as well as actual external and internal success factors needed to create long-term strategic corporate-NGO collaborations and the value added/impact created within the partnership.

**Research limitation/implications** – The paper demonstrates the importance of corporate-NGO partnerships and the recent increase of these collaborations in tackling issues and challenges of sustainable development, as well as how corporates and NGOs contribute capabilities and assets where the other is lacking to achieve complete strategic alignment in order to be most effective.

**Practical implications** – This paper demonstrates the increase in cross-sector partnerships which aim to create sustainable development through their collaboration and how this impact is achieved.

**Keywords** – corporate social responsibility, corporations, cross-sector, development, non-governmental organizations, shared value, strategy, sustainability

**Paper type** – Professional thesis
Corporate – NGO partnerships in creating Sustainable Development

ABBREVIATIONS

CSR  Corporate social responsibility
CSP  Cross – sector partnerships
EDF  Environmental Defense Fund
ENGO  Environmental non – governmental organization
GEMI  Global Environmental Management Initiative
NGO  Non – governmental organization
SD  Sustainable development
TCCC  The Coca Cola Company
UN  United Nations
WWF  World Wildlife Fund
1. INTRODUCTION

Throughout the past years corporate-NGO partnerships have emerged in addressing sustainability issues and challenges\(^1\). The two different types of organizations, who once collided with each other, now play an important role in creating sustainable development together. NGOs have moved away from their traditional social roles while the company’s interest in corporate social responsibility (CSR) has increased and they are seeking new strategic alliances which move away from their traditional philanthropic practices.

Cross-sector partnerships are complex and can include numerous parties, as well as various different types of partnering organizations. The thesis focuses primarily on those collaborations between corporations and NGOs. Many multinational corporations (MNC) and effective NGOs have recognized the potential benefits these partnerships can generate. In such partnerships both parties contribute capabilities and assets where the other is lacking. Corporations who are operating and entering developing countries can face challenges in the economic and social/environmental sense. Therefore, corporations must find new ways to adapt their business models to fit the market, facilitate and deliver value. NGOs can offer the intangible resources that corporations are missing, including reputation and legitimacy, access to market and local expertise, access to civil society players and etc. Contrary, corporations can offer NGOs an increase in their managerial skills and financial resources, while providing a more global reach and leveraging action. In this way, corporations and NGOs can complete each other and create new innovative models to tackle sustainability issues and develop long-term strategic alliances.

1.1. Thesis objectives

This thesis will discuss the importance of cross-sector partnerships in creating long-term sustainable development. The objective of the thesis is to describe, research and analyze strategic corporate-NGO partnerships who partner with the goal of creating long-term sustainable development. The thesis aims to provide a theoretical framework of these partnerships by conducting secondary research. Within the theoretical framework, insights as to what motivates these partnerships, how they are formed, what mutual benefits are gained,

\(^1\) This is the original text of the graduate thesis for the graduate MBA program on the Zagreb School of Economics and Management, under the mentorship of DOC. DR. SC. Kristijan Krkač, and committee DR. SC. Hrvoje Maljak and DR. SC. Valentina Pirić which was defended 25/05/2018 in Zagreb and is published with the permission of the Zagreb School of Economics and Management.
what factors are needed for a successful partnership and how their impact is measured will be provided. Another objective of the thesis is to analyze best practice corporate-NGO partnership case studies throughout the economic and social/environmental perspective. This will provide an insight to what actual impact was made through the collaboration, as well as what actual success factors are needed for the partnership.

The primary purpose of the thesis is to compare the theoretical framework with case study results using “pattern matching” in order to assess the gap that exists between theory and practice.

The thesis objectives are the following:

1. Define the subject, methodology and objectives of the thesis
2. Define key terminology
3. Explain why cross-sector partnerships are key to creating sustainable development
4. Provide a theoretical framework of how and why corporate-NGO partnerships collaborate
5. Analyze corporate-NGO partnership case studies
6. Compare case study findings with researched theory
7. Create new corporate-NGO partnership success framework to assess the gap between practice and theory.

1.2. Thesis structure

The thesis is structured into four sections with a total of fourteen chapters. These four sections include: Introduction + Methodology (chapter one and two), Theory (chapters three to eight), Analysis (chapter nine and ten) and Conclusion (chapter eleven) Following the introduction section, where the thesis objective, definition of the problem and structure of the thesis are stated is the methodology section. The methodology part will consist of the thesis hypotheses and provide an outline of the methodological foundation used, with an explanation of the research design, including what primary and secondary research methods (data collection) are used, as well as limitations of the research conducted.

Afterwards, the theoretical section follows. Within these chapters a theoretical foundation is underlined. Here, key terminology will be defined, insights from both the corporate and NGO perspective will be provided, as well as what motivates these organizations to partner and what
types of cross-sector partnerships currently exist. Furthermore, a framework for creating partnerships and delivering value will be included with a theoretical examination of measuring partnership performances through performance and success indicators.

The analysis section presents the analysis of a best practice corporate-NGO partnership case study. The analysis will start off with a brief presentation of partnering organizations and an overview of the selected case study, whereas the case study will be analyzed throughout the economic, environmental and social perspective of the impact; respectively what value was created within these partnerships. After analyzing the case study, results will be analyzed, with an emphasis on partnership external and internal success factors, as well as its impact. The purpose is to provide a comparison of the theoretical partnership framework and performance and success indicators, with those of a best case practice in order to create a clear and realistic overview how partnerships can successfully be created to increase sustainable development. The analysis will indicate other important success factors and expand that which theory has presented and/or have not taken into account if a gap exists.

The thesis will finish with the conclusion. Here the main findings of the research will be presented, alongside with the comparison of other research made within the field and recommendations for further research. In addition, after the conclusion; appendices, list of tables, graphs and figures and bibliography will follow.

2. METHODOLOGY

For the purpose of the thesis both primary and secondary research is conducted. The thesis starts with secondary research (existing theory within this field) so that a clear understanding is made of what these partnerships are and to answer questions of “why” and “how”. It is very important to distinguish the two organizations, as they differ in terms of characteristics, goals, motivation and structure. The research will generate a theoretical background and framework of corporate-NGO partnerships, which will later in the thesis be used for comparison with case study results.

This thesis therefore provides an in-depth analysis of the Coca-Cola Company and World Wildlife Fund: Freshwater Conservation Initiative case study, on how to make these collaborations work successfully in practice with the goal to complement existing theory. One
key element for these partnerships to succeed and be effective is that they are created in a strategic and systemic way; respectively both parties must achieve strategic alignment. The research therefore highlights all relevant aspects for successful partnership creation and effective impact (phases of formation, external and internal success factors, performance and impact measurement etc.). This will also define any gaps that exist between theory and practice, if such exist. Understanding how corporate-NGO partnerships are implemented in practice, contributes to the existing insufficient research conducted in this field, expands that which theory hasn’t covered and generates a better understanding of the mechanisms used to create innovative solutions for sustainable development.

The conclusion will present the findings with a new success factors needed for corporate-NGO partnerships achieving a successful outcome.

2.1. Primary research: analysis of case studies

Primary research will be conducted through a qualitative analysis of a case study of a best practice partnership in order to determine actual success factors needed for forming and sustaining these partnerships, as well as how performance is measured and to what extent does their impact reach while creating sustainable development. The analysis of the case study should give an answer to the set research questions of the thesis. The case study method has attained status as a viable method for doing education research (Yin R., The case study anthology, 2004). The case study will be analyzed individually throughout the economic, social and environmental perspective. It will be investigated through gathering multiple data online, from documents (reports) and archival records to ensure the validity and reliability of the analysis. Results of the case study will then be grouped together and analyzed throughout comparing the theoretical frameworks of corporate-NGO partnerships with the findings from case study to assess the gap between theory and practice. The analytical technique used will be “Pattern matching”. According to Robert Yin, pattern matching is one of the most desirable analytical techniques when researching cases (Yin, 1984). Patterns observed will be compared to those in the theoretical framework. The selected case study can be found in Table 1.

<table>
<thead>
<tr>
<th>PARTNERSHIP</th>
<th>CASE STUDY</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>The Coca Cola Company and World Wildlife Fund</em></td>
<td>Freshwater Conservation Initiative</td>
</tr>
</tbody>
</table>

Table 1: Selected case study
2.2. Secondary research: literature research

Secondary research will be conducted by reviewing key foreign and domestic literature in fields of business, corporate social responsibility and nongovernmental organizations. Secondary research will be used to prepare a theoretical ground and understanding of cross-sector partnerships, their formation and for further analysis of the case study.

2.3. Previous research

As stated previously, research specifically conducted in the field of corporate-NGO partnerships is limited. The research that has been collected for the thesis is professional and scientific literature in the fields of business strategy, nonprofit organizations and corporate social responsibility. The literature that will be used in this thesis are books, articles, professional journals and other resources found on the internet as well.

Firstly, there is Corporate Social Responsibility by David Crowther and Güler Aras and will be used for defining what corporate social responsibility is. The authors give a complete overview of what corporate social responsibility is, what issues arise and how it is incorporated in strategic decision making. Secondly, The Management of Non-Governmental Development Organizations by David Lewis will be used. Here, the author offers a comprehensive review of existing theory, examples and detailed case studies of challenges NGOs face in management. Another book by Vezzoli and Manzini will be used frequently, called Design for environmental sustainability. For providing an understanding of corporations with a focus on the strategy aspect, books such as: Strategy: Competitive Strategy: Techniques for Analyzing Industries and Competitors by Michael E. Porter, and The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment by Robert S. Kaplan and David P. Norton will influence the thesis research. Michael E.Porter provides a foundation into strategy with a disciplined structure, while Authors Kaplan and Norton offer an approach to performance management and how to design a performance management process for consistent and sustainable results. Concerning the field of corporate-NGO partnerships, Alliances for Sustainable Development: Business and NGO Partnerships by L. Berlie will be used. The author outlines the fundamentals of these partnerships, as well as how to manage these partnerships. In addition, the The Journal of Business Ethics and Journal of Management on the theme of business-NGO partnerships will have impact on the research. Other important
scientific articles, guidelines and reports will as well be used as a source of data for both primary and secondary research from online journal databases.

2.4. Hypotheses

The thesis will be testing five hypotheses concerning corporate-NGO partnerships.

The hypotheses are as follows:

H1. Cross-sector partnerships are key to sustainable development.
H2. Partnerships help corporates increase the growth of their corporate social responsibility (CSR) activities.
H3. Corporates help NGOs scale faster.
H4. Corporate-NGO partnerships are established for long-term strategic objectives.
H5. Only when the partnerships are developed in a strategic and systemic way can corporate-NGO partnerships create sustainable development and be effective.

3. DEFINING KEY TERMINOLOGY

This chapter starts the theoretical framework that will be provided within the thesis and needed for the understanding and analysis of corporate-NGO partnerships and how they create sustainable development.

Within this chapter key terminology is presented. It is important to understand both the concepts of corporations and non-governmental organizations (NGOs) because both differentiate in their structure, as well as goals and objectives. Throughout indicating similarities and differences between the two organizations a better understanding and a basis of the concept of corporate-NGO partnerships is provided. Developing a thorough understanding of these two organizations and how they are structured, alongside will goals and objectives from a CSR perspective (which is discussed further in chapter four) is required so that both parties in the partnerships can benefit and together create sustainable development and a lasting impact.

Throughout the chapter a brief history with various definitions of corporations, NGOs and corporate social responsibility is presented to also address why clashes between the two have risen throughout the years. This is followed by a more detailed presentation of the two
organizations by presenting a comparative analysis of their features by a detailed presentation of the partnership itself.

3.1. Corporations

The Romans were the first to recognize the entity of a corporation. Research states that the word corporation comes from the Latin word *corpus* meaning body and a corporation acts as a body consisting of many individual people whom are authorized to act as one individual body. Over time the concept of corporations in the Roman Era formed to bodies named *collegia* and *publicani* (Holton, 2017). *Collegia* included various arts, professional and religious associations and other social clubs, including burial societies, whereas this all fell on private contributors which were needed to perform all of this, so contracts for example collecting task or constructing buildings were given to corporations called *publicani* (Holton, 2017), which eventually became corporations with numerous investors and managers, employing many across the Roman Empire. At the time, the *publicani* were highly influential, well connected, as well as well connected with scandal, and famous for their controversial tax collecting on a variety of different goods, overseen by the govenors and quickly became corrupt (Holton, 2017).

Later, by being supressed due to political shifts, new forms of corporations were born, containing a new charitable perspective. Interestingly and ironically enough, for Europe this lasted to just before the 17th century. These entities were created to build various institutions that at that time served the public such as schools, universities, hospitals and others, while their activities were monitored by the government.

It wasn’t long after those corporations became institutions with the main aim as to make profit and changed their direction of values and set of objectives. Just right after, in the 17th century when new forms of corporations were born in Spain and Portugal. Turning to a completely other direction, those companies at that time were used to maintain control over resources, trade as well as territory in continents such as Asia, Africa and South America (New Internationalist, 2002).

Is was the rise of trading corporations and a Golden Age for some, such as the Dutch. It wasn't no coincidence that others were forming their own republics either. The first stock exchange was formed by the Dutch, while stimulaniously flourishing in arts and trade. During this period
Corporate partnerships between the English and Dutch were formed to challenge the Spanish and Portuguese who at the time were in the Americas in search for gold and silver (Holton, 2017). Following this, joint–stock companies were formatted. The Dutch and English held their joint–stock companies in India to over gain dominance of the spice market (Holton, 2017). These companies were equity financed and started to otherwise become similar to the corporations we know today, they eventually started to have their own managers, employees and investors. At the time such corporations were highly influential as well, given for example that in England the Queen held a large amount of investments in the joint–stock companies pursuing business in India. Corporations started to still face ethical challenges then, as they pursued in putting profit ahead of society and national interest. This eventually lead to such as slavery and genocide within undeveloped nations, as corporations main interest became competing on the market and maintaining the natural resources they gained from the same nations. Afterwards, in the summer of 1720, the Mississippi Company burst and this caused different degrees of injuries for several economies across Europe, causing for instance England to severely limit the formation of new corporations with the Bubble Act in a period of one hundred years (Holton, 2017).

Limited liability joint–stock corporations were born afterwards, which essentially divided management and investors. This gave both advantages and disadvantages for the corporations, for instance companies were able to raise capital more easily. Since corporations were then seen as entities that served to deliver a public good, this was one of the means used to generate profit; respectively throughout the building of highways, canals, railroads and other public goods. The years were marked by monopoly practices, alongside with other legal issues. While the industrial revolution was taking place, governments were favoring businesses, which lead to Incorporation by legislation (Holton, 2017). This meant that entrepreneurs could open their corporations by filing paperwork, with the objective to dispose monopoly and privileges. Corporations therefore became available to all by this act and it became even easier for business men to raise capital. This helped the U.S. market grow, as it had wealthy resources, educated people and very cheap labor, alongside with a lack of regulation systems, which lead to marking the years with some of the greatest businessmen such as John. D. Rockefeller and John P. Morgan (Holton, 2017).

A fundamental change then accured called democracy of capitalism and managerial capitalism (Holton, 2017). What did this mean for the environment of the corporation and shareholders?
This meant that now shareholders as individuals could not influence the strategy and management of the corporation, otherwise the stock holdings were dispersed. This lead to shareholders putting the corporation into the hands of managers and managers have been able to do so because of laws which have evolved, compensation and investments in education.

For the first time, since the birth of corporations in the Roman Era, the definition of corporations has been addressed and a new one was proposed by several economists and legal commentators called the *Contracts theory of the firm* (Malcolm, 1994). This theory states that the corporation is *not a legal entity, but rather a product, otherwise a collection of contracts between shareholders, as well as managers, employees, suppliers and customers* (TransLegal, n.d.). According to this theory, shareholders employee managers for the return of fiduciary duties. Other theories, on the other hand, such as the *Fiction Theory* which in its definition already lacks a basis for recognizing moral rights of the corporation, defines the corporation simply as legal entities, which are created and managed by an act of the state and the *Realist Theory* which defines the corporation as more than just a legal entity and more than just a collection of contracts between shareholders, rather it is *an autonomous institution with a demonstrable extra-legal existence, analogous in some respects to a self-governing state.* (Malcolm, 1994)

However, corporations, as well as their purpose and objectives have changed in the past years, therefore certainly in the past centuries as well, seemingly decreasing the created clash of different values and objectives between the two organizations. Therefore, how are corporations defined in the 21st century? Various definitions of corporations can be found, but they all have common features within them which define the corporations we know today.

Firstly, for concrete definitions of a corporation, Merriam – Webster defines a corporation as: *A body formed and authorized by law to act as a single person although constituted by one or more persons and legally endowed with various rights and duties including the capacity of succession.* (Merriam-webster.com, 2017)

Furthermore, the Entrepreneur defines a corporation as: *A form of business operation that declares the business as a separate, legal entity guided by a group of officers known as the board of directors.* (Entrepreneur Staff, n.d.)
3.2. Non-governmental Organization (NGO)

The term non-governmental organization still can be seen as quite recent since the expression was formed in 1945 by the United Nations, while the occurrences of these types of organizations date before the 17th century in Europe and in the 18th century in the United States. In the U.S. these organizations evolved mainly because of European immigrants who together worked to meet their basic social needs such as school, work, houses, roads and etc., as at that time these individuals were left to rely on their own. However, in Europe these organizations evolved much earlier and were concentrated on social movements and rising social issues, respectively those which were specific to each country. NGOs which were most influential in the late 18th century and early 19th century were established with the focus on the anti-slavery movement at most and highly impacted national legislation and international negotiations around the issue (Davies, 2013).

The true nature and transformation of NGOs however roots back to the late 19th century, whereas one of the individuals worth mentioning is Henri Dunant, a Swiss philanthropist who established the Red Cross movement in 1863 for care of the wounded. By the beginning of the 20th century a large amount of associations was operating at both national and international levels and these NGOs were massively expanding, whereas in 1910 on the World Congress of International Associations even 132 associations were represented (Lewis, 2010). These associations at the time dealt with issues that arisen in transportation, narcotics, health, intellectual property and labor rights, as well as environmental and agricultural issues. Research estimates that in 1912 there were around 1083 operating NGOs (Ngowatchdog staff, 2016). During the years when wars were creating barriers and difficulties for international operations, many of the most known NGOs were established such as Save the Children in 1919 and Oxfam, originally named Oxford Committee against the Famine in 1942 (Lewis, 2010) These years were also marked by the establishment of a variety of organizations such as the International Federation of Trade Unions, the International Olympic Committee, the International Council for Women, International Literary and Artistic Association and many others which operate today (Davies, 2013).

As stated previously, in 1945 The United Nations formulated the phrase Non-Governmental Organizations in Article 71 of Chapter 10 of the United Nations Charter and this term was eventually given in resolution in 1950. The definition of an international NGO as defined by
the UN was: *any international organization that is not founded by an international treaty* (Davies, 2013). Various NGOs then operating contributed to the Charter and both UNESCO and WHO stated NGO involvement in their charters. The influence of NGOs however started to decrease because of Cold War consequences and their rise was marked again in the 1970s, while as from the 1980s NGOs role in society and development was much greater (Lewis, 2010). NGOs were valued for bringing solutions to development issues and other problems caused by a lack of governmental aid and unsuccessful projects and afterwards in the post-Cold war era NGOs have started to be seen as civil society players.

In this era, NGOs were given large quantities of donations, alongside with various aid and capacity building resources, all which helped them, scale faster. With their expansion and higher influence on society, changes were made, which eventually led to the birth of different movements focused on empowerment, gender and poverty, as well as changes in ideas, thinking and practices within society. Being that NGOs put people in the center of development, some researchers argued that this was the reason why they gained comparative advantage (Lewis, 2010).

Following the neo-liberal economic policies, globalization alongside with the rise of information technology, affected a rapid increase in the number of NGOs. This led to an increase in networking possibilities, faster connection and sharing of good practices amongst NGOs on an international level. Since institutions as the World Trade Organization and International Monetary Fund were in the majority focused on capitalist enterprises, NGOs shifted their main focus on humanitarian issues, development aid and sustainable development. Respectful examples of such practices are the World Social Forum opposing the World Economic Forum and the Earth Summit which in 1992 was first to present how influential international NGOs were (Davies, 2013).

If looking for a concrete definition of what a NGO is, many obstacles are met in establishing one definition that describes the entity and its purpose so specifically. To be able to grasp the concept of what an NGO is, it is important to define what the third sector is and how NGOs fit and operate within this framework. The same problem arises with providing a definition of what the third sector is and a variety of differentiated definitions can therefore be found.
Firstly, Korten (1990) defined the third sector by dividing the sector into four main categories, which help understand the origins of NGOs, but lacks precise characteristics. These categories are as follows: voluntary organizations, public service contractors, people’s organizations and non-governmental organizations.

Furthermore, Evers (1995) states that the third sector is a form of sector which includes various kinds of organizations that together *act as hybrids, intermeshing different resources and connecting different areas, rather than setting clear demarcation lines around a sector and mapping its size.*

One more important distinction is that of how the third sector is defined in Europe and how it is defined in the U.S.A., respectively on which approaches the emphasis is put on when defining the third sector (Evers and Laville, 2004). For instance, in England the term *voluntary organization* or *charity* are widely used, while in the U.S.A. the term *non-governmental organization* is commonly used. There is no concrete reason for these different terms in different countries, each of these terms can be seen as culturally generated and unfortunately are not used with any kind of level of consistency, but can still provide an excellent historical basis for tracing various social, economic and political movements. These distinctions can be seen in Table 2 below.

<table>
<thead>
<tr>
<th>‘European’ definition of the third sector</th>
<th>‘American’ definition of the third sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasis on an analytical approach developing association typologies and changes as well as the development of the economic dimension of all ‘not-for-profit’ social economy organizations</td>
<td>Emphasis on a classificatory approach centred on a statistical interpretation of the importance of a sector comprising all non-profit organizations</td>
</tr>
<tr>
<td>Criterion of limits on private acquisition of profits: inclusion of cooperatives and mutual aid societies</td>
<td>Non-distribution constraint central, exclusion of cooperatives and mutual aid societies</td>
</tr>
</tbody>
</table>

Table 2: Distinction between the European and American definition of the third sector (Evers and Laville, 2004)

To conclude, Lewis in his book *The Management of Non-Governmental Development Organizations* establishes a conceptual framework of the third sector as it being *both a group of organizations and a social space which embodies a wide range of organizations concerned with a bewildering variety of human interests.*
When defining what an NGO is, researchers have primarily taken two main directions with their attempts to provide a definition of this type of organization. The first direction in providing a definition has a very general outlook and is focused on a general legal definition of the organization. This definition often refers to organizations which make an impact on an international level and play a larger role in international environmental, human rights and disaster relief issues. The second direction in providing a definition has a more broad outlook and is focused on the idea that NGOs are primarily concerned with the concept of “development” which they to accomplish through “promoting” social or economic change with work on a local, national and international level (Lewis, 2010).

Vakil (1997) provides the following definition of NGOs: *Self-governing, private, not-for-profit organizations that are geared to improving the quality of life for disadvantaged people.*

Since most definitions of NGOs, according to their terminology and unit of analysis are either only legal, economic or functional, Salamon and Anheier (1992) developed a definition for organizations which operate in this sector and this term is considered to be the “structural/operational” term, which is based on features of an organization which can be observed.

The definition itself proposes that non-profit organizations have these five key characteristics (Salamon and Anheier, 1992):

1. *They are formal i.e. organized to some extent.* This means that the organization is institutionalized in a degree that it must have an internal organizational structure or organizational identity, such as set goals, activities and organizational boundaries.
2. *They are private i.e. separate from government.* This means that the organization is structurally separate from the state and does not exercise governmental authority, but they can still receive some governmental support.
3. *They are non-profit distributing.* This means that the generated profits of the organization must be reinvested back into the organization and their basic mission and the financial surplus cannot be distributed to owners, founders, directors and/or other members.
4. *They are self-governing.* This means that the organization is able to manage their own activities to a significant extent, which also means that they must have their own internal procedures and have a certain degree of autonomy.
5. They are voluntary i.e. involve a certain degree of voluntary participation. This means that the organization in order to be classified in the non-profit sector must have the concept of voluntarism incorporated within its activities, operations and management to a meaningful degree.

This definition is used as well in the International Classification of Non-profit Organizations (an effective classification system for non-profit entities for various countries in the world), which was designed to differentiate entities within the third sector (which share these five characteristics) and fit with general terms of non-profit organizations in different country contexts. The international classification of non-profit organizations can be seen in Figure 1.

Still, there are some limitations to the structural/operational definition of NGOs. The definition itself excludes smaller scaled associations/cooperatives and mutual benefit organizations due to its requirement of a certain level of formality. Furthermore, by this it can also be implied that important areas of social entrepreneurship are as well excluded. Lastly, the definition presents a static picture of these organizations, which eventually change over time (Lewis, 2010).

The two most popular definitions which provide a large portion of agreement and provide a base ground for further third sector research would be the following:

Non-governmental organisations which are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives; it includes voluntary and community organizations, charities and social enterprises, cooperatives and mutuals. (NAO, 2009)

and

Organisations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interests of capital investors is subject to limits. (Defourny and Nyssens 2006).
Furthermore, NGOs can be divided based on two dimensions

a) Who the NGO benefits

b) What the NGO does

Whereas based on its activities (what the NGO does) they can fit into two broad groups:

a) Service sector NGOs

b) Advocacy NGOs

This NGO typology can be seen in the matrix as shown in Figure 2. One must still take into account that a NGO can occupy more quadrants and move from one quadrant to the other in any time.
The first dimension represents who the NGO benefits with its activities. NGOs have multiple sets of stakeholders and each of these groups is composed of different individuals and organizations and their structure varies. These stakeholders can vary from private financial contributors, governments, paid workers, volunteers, board members and many more.

As seen in Figure 2, there are two broad groups concerning who benefits from the NGOs activities. Self-benefiting NGOs are often NGOs resulting from mutual interests, who provide a membership, with the aim to provide benefit to their members. Often these members who benefit are as well financial and labor contributors. Examples of these NGOs are as following: unions, business associations, community groups, Alcoholics Anonymous, various amateur sports clubs and many more (Yaziji, 2009). On the other hand, other-benefiting NGOs are those NGOs in which its members (financial and labor contributors) are not the primary beneficiary group; rather the public good produced will be shared by a large group within society. Examples of these NGOS are as following: Greenpeace, The World Wildlife Fund (WWF), Amnesty International, Doctors Without Borders and many more.

The second dimension represents what the NGO does. Based on this dimension the types of NGO activities can be divided into two broad groups: Service sector NGOs and Advocacy NGOs.
Service sector NGOs are those NGOs which provide a good or service to its clients. These NGOs have stepped within the service sector to serve for those in society whose needs come unmet because of various political challenges or corrupt governments which were unable or unwilling to provide basic needs of people within their societies.

On the other hand, Advocacy NGOs are NGOs which work to shape the social, economic or political systems with the objectives to promote a certain set of interests, sometimes going towards ideology (Yaziji, 2009). Their activities vary from lobbying, serving as representatives, disseminating information, developing and promoting codes of conduct, exposing actions, organizing boycotts and many more, therefore serving as a voice and access point for institutions to promote their social gains.

A further distinction between advocacy NGOs exists, dividing them into Watchdog and Social Movement NGOs. The main characteristic which differentiates the two is the extent of how ideologically radical they are. This puts Watchdog NGOs into the group of NGOs which are less radical; their actions are relative to their communities and are generally satisfied with current economic, legislative, political and social systems. The main role the Watchdog has is to ensure that the requirements for these current systems are being met by players within the system (Yaziji, 2009). In contrast to them, the Social Movement NGOs do not support the current systems which are operating, rather the more radical their movement, the more radical change they are expecting to achieve.

Another key division between NGOs is that between Northern NGOs and Southern NGOs. These being that Northern NGOs represent those organizations which have origins in industrialized countries, while Southern NGOs represent those organizations which have their origins in less developed areas in the world (Lewis, 2010).

Concerning that the work NGOs undertake is wide range, NGO roles have been divided into three components (Lewis, 2010):

a) *The Implementer* – *is the role concerned with implementing resources which are needed to provide goods and services to society.*

b) *The Catalyst* – *is the ability of the NGO to facilitate improved actions and thinking with the goal to promote social change.*
c) **The Partner** – is the role which reflects the growing trend of NGOs seeking to work with others such as the government, donors, corporations and others on joint activities through which partners provide specific inputs, with the goal to establish a mutually beneficial relationship.

### 3.3. Corporate Social Responsibility

Corporate social responsibility is a concept becoming so more than ever dominant in the business domain, whereas all corporations now have policies concerning their social responsibility actions which they are expected to report on annually.

As Corporate Social Responsibility (CSR) is a broad concept, definitions of what this concept is, as well vary. There are two main reasons why we can stumble upon a multitude of differentiated definitions; firstly, it being that we cannot all mutually agree as to what is socially responsible and what is not and secondly we find it very difficult to define these actions once they are recognized. Alongside to this, there is no existing agreed definition of CSR. The broadest definitions of CSR are either concerned with the relationships of corporations with its local society or the relationships between corporations and its stakeholders. However, the central idea of CSR is the relationships and actions between all stakeholders to the society. CSR therefore does not only require responsibilities towards current society, but is expected to be responsible towards future members within society, alongside with being responsible towards the environment.

CSR has a long and wide ranging history to itself. It can be traced for centuries back as called Social Responsibility before the rise of corporate organizations; whereas with this rise the concept/practice started to grow, change and manifest itself more clearly; expanding from a narrow focus on only a few stakeholders to a concept reaching a global scope including a wide range of stakeholders and broader issues. Today CSR is almost fully integrated with strategic management in many corporations, this being that the majority of these corporations have developed management mechanisms to report and control CSR practices of the company.
The Industrial Revolution can be seen as a firm starting point for introducing the history of this concept and providing a certain amount of context to it, even if CSR started to take form in the 1950s. During these years, arising businesses started to take concern around their employees i.e. how to make these employees more productive in their performance. Still, it is debatable whether or not these organizations were doing this for merely business reasons or was this indeed for social reasons as to making these employees better contributing members to their society. During the period a lot of criticism arose around these factory systems, especially regarding to the topic of child and women employment and these systems were viewed by many as a source of social problems such as poverty, child labor and labor unrest. This period was marked with a mixture of humanitarianism, philanthropy and business awareness to unequal degrees. Many welfare schemes arose in the period to ostensibly prevent social problems and these actions could be sought as either business and/or social. Examples would include recreational facilities, lunch-rooms, hospital clinics etc. (Carroll, 2008)

During the late 1800s philanthropy took a rise as well, but as stated earlier it was difficult to distinguish whether the actions of these individuals was pure philanthropy or just for business motivations as some of the undertaken actions were of questionable character. Another major issue in the time was concerned around legal questions of corporate philanthropy and only decades later it was possible for the corporation’s management to provide benefits to the society. These years were mainly marked by individual business owners giving their own money for various social causes. Furthermore, in the late 1800s businessmen started to rethink how they can support social issues and research stated that larger company expenditures started to take place and these expenditures in that time were listed as Miscellaneous Expenses. Still, these were not considered as CSR actions, but rather philanthropy as an early form of CSR. One example which can stand out as a “CSR” activity of the period is the Pullman experiment which took place in 1893, as George M. Pullman of the Pullman Palace. Pullman created a model industrial community town with the main objective to improve the living conditions of his employees and was far more advanced than usual, populated by parks, playgrounds, churches, a theatre, a casino, housing and a hotel (Carroll, 2008). Businessmen eventually came in contact with social workers and were exposed to others opinions as to what problems characterized society then, leading them to become more conscious around social responsibility. Even if some undertaken actions were good practices, by the end of the Civil War large corporations started to dominate the economy creating monopolies and trusts, alongside a concentrated economic class as well which had limitless power in its hands, leading
of course to corruption and corporate irresponsibility. This eventually followed with a collapse in the economic system and to a period we call the Great Depression, characterized by massive unemployment and a large amount of shut down companies.

The following post-Depression period is described as the “trusteeship management” phase. This meant that managers were viewed as “trustees” between various groups connected with the company. Their responsibility ranged from maximizing profit and stockholder wealth to maintaining claims with other players in their society. All in all this period can be considered as ground and starting point for further development and research of CSR and even though the period is marked with negative examples as giving away stockholders assets and being legally restricted to causes which only benefited the company by the 1940s businessmen started developing the concept in their minds that the company indeed had responsibilities towards society which extended beyond “Profit Land”, but only to a minor degree.

Following the philanthropic era, CSR was formally born in the 1950s and from this period ongoing it started to grow and manifest itself. According to Murphey (1978) this is classified as the “awareness” era, whereas more recognition was given to the level of involvement a business had with its society. Furthermore, Bowen (1953) states that in this era hundreds of the largest companies indeed had power in their hand and affected the lives of the society. He raised the question as what responsibilities towards society can be reasonably expected from businessmen, a question still asked today. He provided as well an initial definition to Social Responsibility:

*It (SR) refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.* (Bowen, 1953)

Another pioneer William C. Frederick argued that three main ideas were revolving around CSR in the 1950s. These were: *The idea of corporate managers as public trustees, the idea of balancing competing claims to corporate resources, and the acceptance of philanthropy as a manifestation of business support of good causes.* (Frederick, 2006)

The 1950s decade is also said to be the decade where there was more talk around CSR than actions being implemented. This period was marked by changing perspectives and attitudes towards the concept. At the time researchers such as Bowen proposed several changes which
needed to be made within the management and organization, such as social education of managers, development of a business code of conduct, use of social audit and many more (Carroll, 2008). There is lacking evidence that these changes took place in the time period, but still many of the management strategies which Bowen offered are now used as standard practices in managing CSR.

Nevertheless, the 1960s however marked a significant growth in attempting to define what CSR is. One of the key researchers of the era Keith Davis attempted to form the following definition of CSR as: *Businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest.* (Davis, 1960). Davis argued that CSR should be seen throughout a managerial context as well that certain SR actions are justified by a long process of reasoning which will bring economic gain back to the company in the long-run, therefore paying the company back for its SR actions (Davis, 1960).

Definitions of other influential contributors to the concept of CSR which emerged within the 1960s are:

*Social responsibility in the final analysis implies a public posture toward society’s economic and human resources and a willingness to see that those resources are utilized for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.* (Frederick, 1960).

and

*In short, the new concept of social responsibility recognizes the intimacy of the relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals.* (Walton, 1967).

Still the 1960s as the previous decade was marked with more talk rather than action considering the concept of CSR. Philanthropy was still the main manifestation of CSR and business practices could be classified as philanthropy, employee improvements, customer relations and stockholder relations (Heald, 1970).

During the 1970s it became clearer that CSR was moving away from its philanthropic actions and coming closer to a stakeholder approach. This can be seen through Johnson's (1971) attempt
at defining CSR at the time as: A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation.

During this period a large contribution was made to the concept from the Committee for Economic Development (composed of businessmen and educators) which stated that: Business is being asked to assume broader responsibilities to society than ever before and to serve a wider range of human values. Business enterprises, in effect, are being asked to contribute more to the quality of American life than just supplying quantities of goods and services. Inasmuch as business exists to serve society, its future will depend on the quality of management’s response to the changing expectations of the public. (CED, 1971) The CED provided an important view as to how business and society are changing and what new emerging social responsibilities are arising.

During the 1970s some researchers attempted to make a distinction between social obligation, social responsibility and social responsiveness. Sethi (1975) argues that social obligations are those corporate behaviors constrained only by economic and legal aspects, while social responsibility are those corporate behaviors which are in agreement with society's norms, values and expectation and social responsiveness as the action of adapting corporate behavior to social needs.

Other researchers such as Bowman and Haire (1975) attempted to illustrate what topics CSR represented and which were only business and these topics were usually sections within the annual report of corporations such as: corporate responsibility, public service, social action, corporate citizenship etc. (Carroll, 2008). On the other hand, some researchers attempted to define which specific issues raised in the 1970s. Research conducted by Eilbert and Parket (1973) resulted in a list of CSR activities companies took alongside to the percentage of engagement according to each activity. The example can be seen in Table 2 and can give us a general picture of how CSR was seen at the time.
Table 2.1 Important CSR issues in the early 1970s (Eilbert & Parket, 1973)

<table>
<thead>
<tr>
<th>CSR Activity</th>
<th>Percent of Firms Engaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority hiring</td>
<td>100</td>
</tr>
<tr>
<td>Ecology (concern for environment)</td>
<td>95</td>
</tr>
<tr>
<td>Minority training</td>
<td>91</td>
</tr>
<tr>
<td>Contributions to education</td>
<td>91</td>
</tr>
<tr>
<td>Contributions to the arts</td>
<td>83</td>
</tr>
<tr>
<td>Hard-core hiring</td>
<td>79</td>
</tr>
<tr>
<td>Hard-core training</td>
<td>66</td>
</tr>
<tr>
<td>Urban renewal</td>
<td>62</td>
</tr>
<tr>
<td>Civil rights</td>
<td>58</td>
</tr>
</tbody>
</table>

Table 3: Important CSR issues in the 1970s (Eilbert & Parket, 1973)

Other activities which were seen as important during the time period included such as developing accounting statements, truth in advertising, consumer complaints, guarantees and etc. (Carroll, 2008). Popular CSR causes involved such as pollution control, charities, recruitment of minorities, education and support (Carroll, 2008).

Another important definition which was contributed at the time was Carroll's definition in 1979 which stated: *The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.* (Carroll, 1979) Still many argue that the economic component within the definition is what the business does for itself and should not be included within the definition, while components such as legal, ethical and philanthropic are what business does for others.

During the 1980s the concept of CSR started to “modify” into other alternative concepts, theories and models such as corporate social responsiveness/performance, business ethics, stakeholder theory and many more.

Thomas M. Jones (1980) argued that CSR is a process rather than a set of outcomes merely because it is difficult to reach a consensus as to what is socially responsible behavior. This was an important contribution to the topic and as mentioned earlier is still a topic today as to what extent should corporations engage in CSR activities. Another breakthrough was research done by Tuzzolino and Armandi (1981) which resulted in a corporate need hierarchy which suggested that as individuals (Maslow's hierarchy), corporations had needs which were to be
fulfilled. According to the authors the research provided a conceptual tool which could help organizations reasonably assess their performance. (Carroll, 2008).

In 1987, Edwin M. Epstein defined corporate social responsiveness and business ethics after which he brought them together into one term called Corporate Social Policy Process. He stated that these concepts, including CSR are closely related. He states that the nub of the corporate social policy process is the institutionalization within business organizations of the following three elements . . . business ethics, corporate social responsibility and corporate social responsiveness. (Epstein, 1987)

The main issues sought out by business activities were revolved around pollution control, employment discrimination, employee health and safety, quality of the work environment and abusive practices of corporations (Carroll, 2008). During the 1980s two other topics were developed; the Stakeholder theory and Business Ethics. Freeman's stakeholder theory later highly impacted the field of CSR. Furthermore, this period was a period of large ethical scandals of corporates wrongdoing which were brought to the public’s attention and is also called the period of “greed”, therefore giving birth to the concept of Business Ethics.

During the period of the 1990s, CSR was mainly used as a ground for other concepts and themes which were compatible with the concept itself. Concepts such as business ethics, sustainability, stakeholder theory and corporate social performance started to grow. Sustainability evolved into a concept which was no longer focused on exclusively the natural environment; rather it took a broader reach to both the stakeholder and social environment. During this period of time, even philanthropy expanded. This period was said to be the period of diversification and globalization. During the 1990s the Ethics Officer Association was founded as well (Carroll, 2008). Except for current growing concepts, additionally new concepts emerged such as social investment, corporate reputation, community partnership, corporate social policy and other (Carroll, 2008). One of the most significant contributions to CSR at the time was the formation of a nonprofit organization Business for Social Responsibility which represented CSR initiatives and professionals in charge of implementing these initiatives within their companies. In the time period companies such as Ben & Jerry's ice cream, IBM, Johnson & Johnson, Nike, Coca-Cola, McDonald's and many more, developed excellent CSR practices, even if there was skepticism around the nature of their practices.
A decade later, during the 2000s, an emphasis of empirical research was given to CSR and the trend of connecting related topics to the concept continued. Large contributions to corporate social performance were given at the time as well. However, contributions and developments to the concept of CSR were still made. Therefore, a three domain approach to CSR was developed. This approach reduced Carroll's previous four categories to only three main categories which were: economic, legal and ethical, putting the philanthropic category into the ethical and was presented as a Venn diagram. This model proved to be useful in many discussions revolving around business ethics and throughout the model the authors visualized different depictions of CSR which could be used as a benchmarking tool for analyzing companies (Carroll, 2008). Furthermore, from a business perspective, Kotler & Lee (2005) wrote a book containing 25 best CSR practices with the objective to demonstrate how CSR is affecting a new way of doing business, whereas success from creating value was combined with a proactive attitude to the business’s relevant stakeholders. The best practices were categorized into six types of social initiatives.

The CSR concept still continues to grow globally and its growth can be noticeable within the European Community. Some researchers claim that CSR was an unknown concept to Europe just a decade ago, but now it is one of the most important topics for discussion amongst people in the field of business. Therefore, the EU Commission provides the following definition for CSR:

*CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.*

(European Commission, 2002)

Concerning the future of CSR, both optimistic and pessimistic perspectives are given. It is clear that today CSR is a major component for companies competing on the global market, but it seems as if it is only sustainable as long as it will bring value to the company's success. Still, society makes a big impact on the business success and as companies continue to compete, CSR can see a pleasant future, firmly grabbing the center of attention in the field of business.

**3.4. Principles of CSR**

Every action a company undertakes has an effect on its surroundings; whether this being on its internal or external environment. It is understood that actions the business undertakes effects itself, but this effect goes beyond the internal environment, extending to the local and global
society. Crowther (2010) mentions a few effects that the companies have on this environment, these are the following:

- Utilization of natural resources for production processes
- Effects of competition in the same market
- Creation of employment opportunities
- Landscape transformation because of raw material extraction or waste product storage
- Distribution of welfare and its effect on individuals
- Climate change and emission of greenhouse gases

It is noticeable that some of these activities appear beneficial and other detrimental, all perceived by the individual as they wish. As mentioned earlier, CSR actions can have an uncertain characteristic to them and this is the difficulty to identify these action, as well as reach a common consensus that indeed they are. Because of this reason, three crucial basic principles when identifying a CSR action, which are (Crowther, 2010):

1. Sustainability
2. Accountability
3. Transparency

### 3.4.1. Sustainability

*Sustainability is one of those troublesome abstract nouns like justice, truth, and beauty* (Daly, 2007).

Since its first emergence in the Brundtland Report of 1987, the concept of sustainability has quite changed and has shifted largely in meaning, therefore providing an abundance of different definitions for the term.

Some still confuse the terms *sustainability* with CSR and it is important to distinguish the two as differences exist. Even though these two terms seem like they are becoming synonyms to each other, traditionally, CSR refers to the businesses’ obligation to act responsible towards their society at large, but this does not always include sustainability. Furthermore, clear differences can be made seen throughout the vision of the two, whereas CSR looks back (typically over the last 12 months) and sustainability faces forward, looking towards the future. Another distinction is the fact that the common approach towards CSR is rooted in ethics,
morality and norms and even though many companies deliver good CSR initiatives, these resources are borrowed from the future, therefore leaving room to create an imbalance between short-term and long-term distribution i.e. sustainability is left out. An example which differentiates the two actions would be charitable donations which are responsible and 3D printing which is both responsible and sustainable (Huffpost Canada, 2014). Sustainability therefore goes a bit further than CSR by taking into account future generations. Other examples of distinctions between the two terms can be found in Table 4.

<table>
<thead>
<tr>
<th>CSR</th>
<th>SUSTAINABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vision</strong></td>
<td>Looks backwards, reporting on what was done</td>
</tr>
<tr>
<td><strong>Targets</strong></td>
<td>Opinion formers (politicians, pressure groups, media)</td>
</tr>
<tr>
<td><strong>Business</strong></td>
<td>Becoming about compliance</td>
</tr>
<tr>
<td><strong>Management</strong></td>
<td>Communication teams</td>
</tr>
<tr>
<td><strong>Reward</strong></td>
<td>Mostly from politicians</td>
</tr>
<tr>
<td><strong>Drive</strong></td>
<td>Mainly driven by reputation in developed markets</td>
</tr>
</tbody>
</table>

Table 4: Differences between CSR and Sustainability (Last, 2012)

How is the term sustainability defined then? The concept was initially invented in forestry in 1713 (German word: Nachhaltigkeit), whereas this meant never to harvest more than what the forest will yield in its next growth (Kulmann and Ferrington, 2010) and clearly points out the concern for preserving and maintaining natural resources for future usage. One early example concerning around the term of sustainability, would be work conducted by Thomas Malthus in 1798, whereas the author develops a theory about emerging mass starvation (Malthus, 2006).

As already stated there are various definitions of the term and these definitions vary; from those defining sustainability as preserving resources to those relating the term to policy making. This should not be shocking as views on the relationship between humankind and nature always varied as well; from those who see the relationship as something that should coexist in harmony to those who see nature as something that should be put to flight. A general definition which is widely accepted though would be from the Brundtland Report by UN Commission on Economic Development in 1987 and it states that sustainability meets the needs of the present without compromising the ability of the future generations to meet their own goals (UN, 1987).
The question set was how could a better life be assured with the limited natural resources we have alongside to what environmental degradation brings along. This report revolved around two main topics, which were development and environment, therefore concluding that: *environmental concerns are important, but the basic argument is one of welfare, seen in a context of inter-generational equity. We should care for the environment not because of its intrinsic value, but in order to preserve resources for our children* (UN, 1987).

Still there are some authors such as Taylor (2002), who criticize the definition by arguing that needs of future generations could be different than from the current generation which can be very difficult to determine and that the view on needs is different in both developing and already developed countries.

Others argue that the Brundtland report, also known as *Our Common Future* does not refer to the environment itself (Vezzoli, 2008). The author however argues that still it is historically important for two reasons though; one being that it brought up international debates of current generations being responsible for future generations and secondly, it generated questions around the idea of development. However, Vezzoli continues and states that by *combining the term “development” with an adjective “sustainable” has resulted in an enormously important implication: it has pinpointed the impossibility of continuing with the currently indisputable idea of development, unique development without any adjectives. And not only are other forms of development possible, but there is a dire need for them.*

Influenced by and following the Brundtland Report, other initiatives were launched such as the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, and the World Summit on Sustainable Development, which was held 10 years later.

Furthermore, Elkington (1994) created the term Triple Bottom Line and in his concept argued that sustainability was balanced between three pillars: *Environmental*  
*Economic*  
*Social*  
Making therefore the three main focuses on:  
*People*  
*Planet*
• Profit

This method was developed as a tool for measuring sustainability which went beyond just the financial aspect and reached out to how the company impacted the overall community around it with its actions. *The method therefore wishes to incorporate environmental, economic and social issues into the evaluation of a company and within their decision making processes* (CSRwire, 2012). To conclude, people, the environment and economic systems are inter-related and this must be taken into account within these processes.

To continue, other research states that sustainability is a normative concept about how humans should act in relation to nature, and how they are responsible for each other and future generations (Ayres, 2008), thus concluding that it places reliance on socioeconomic and environmental relationships as well.

On the other hand, other scientists such as Gibson reject the concept of the three pillars and have developed their own concept, in this case, seven principles on which to base sustainability on (Gibson, 2001) adding to that the notion that a cultural and political pillar should be on the list alongside to other mentioned factors.

However, sustainability has developed another major concept, this therefore being the distinction between strong and weak sustainability. The major difference between the two is found within their perspectives towards substitutability. Whereas, weak sustainability would advocate that natural resources are fully substitutional and strong sustainability would advocate that these critical natural resources are limited which is why substitution of them should be limited. From the weak point of view, some argue: *it does not matter whether the current generation uses up non-renewable resources or dumps CO2 in the atmosphere as long as enough machineries, roads and ports are built in compensation* (Neumayer, 2003) therefore meaning that the sum of aggregate stock of capital is what should be maintained for the future generations and thus concluding that compensating environmental degradations with monetary gains is what should be the focus or might become the focus. This view however acknowledges continuous technological advancements which will be made to solve current and future environmental problems that occur.
On the other hand, strong sustainability is driven through the perspective that natural resources cannot be seen as stock, alongside to them not being replaceable by stock as well. The view explains that some natural systems cannot be replaced without compromising the wellbeing of future generations. Research shows that those whom advocate this view argue natural capital is a set of complex systems consisting of evolving biotic and abiotic elements that interact in ways that determine the ecosystem’s capacity to provide human society directly and/or indirectly with a wide array of functions and services (Pelenc et al, 2015). As an addition to this, this perspective gives other arguments as to the importance of limited natural resources and why they are non-substitutional (Pelenc et al, 2015):

- **Qualitative difference between manufactured resources and natural resources**
- **Manufactured resources are not a complete substitute for natural resources as natural resources are required for their production**
- **Inter-generational justice – arguing that certain natural resources are critical to our well-being and consumption is not an appropriate substitute for these resources; these resources seen as ecosystem services**

Figure 3 below presents a summary of the main differences between the two levels of sustainability.
Corporate – NGO partnerships in creating Sustainable Development

The field of sustainability is increasing and immersing with a variety of different subjects and areas. In the corporate world, what is most used is the TBL concept. However, sustainability comes naturally as a term in the world of economics, as the central of this field is the shortage of limited resources and concerns around it.

The Business Dictionary (n.d.) therefore defines economic sustainability as the use of various strategies for employing existing resources optimally so that that a responsible and beneficial balance can be achieved over the longer term. Within a business context, economic sustainability involves using the assorted assets of the company efficiently to allow it to continue functioning profitability over time. The concept was coined by Hicks in 1939 in his work Values and Capital and traditionally it was perceived as a system sustainable for itself as economists assumed (long before the realization of limited resources) that the supply of natural resources was unlimited. The emphasis was that the market would allocate these resources efficiently and

<table>
<thead>
<tr>
<th>Main differences between weak and strong sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strong sustainability</strong></td>
</tr>
<tr>
<td><strong>Key idea</strong></td>
</tr>
<tr>
<td>The substitutability of natural capital by other types</td>
</tr>
<tr>
<td>of capital is severely limited</td>
</tr>
<tr>
<td><strong>Consequences</strong></td>
</tr>
<tr>
<td>Certain human actions can entail irreversible consequences</td>
</tr>
<tr>
<td><strong>Sustainability issue</strong></td>
</tr>
<tr>
<td>Conserving the irreplaceable « stocks » of critical natural capital for the sake of future generation</td>
</tr>
<tr>
<td><strong>Key concept</strong></td>
</tr>
<tr>
<td>Critical natural capital</td>
</tr>
<tr>
<td><strong>Definition of thresholds and environmental norms</strong></td>
</tr>
<tr>
<td>Scientific knowledge as input for public deliberation (procedural rationality)</td>
</tr>
</tbody>
</table>

Figure 3: Main differences between weak and strong sustainability (Pelenc et al, 2015).
that technological advancements would eventually have the capacity to replace the natural resources which are gone (Basiago, 1998).

Within economic sustainability, often called corporate sustainability as well, the environmental pillar seems to take the larger percentage of the company’s focus. Examples of such actions would be reducing carbon footprints and packaging waste such as Walmart did with their zero waste initiative. Alongside to the benefits that companies can leave on the world’s natural habitat, they have found that it impacts them positively financially as well. Some companies would use strategies throughout benchmarking to approach environmental issues as well.

Still, as population increases so does the population’s total need for resources. To continue, increasing these needs involves increasing activities which produce those needs i.e. industrial activities. Sometimes when companies execute these activities consequences on future generations and particular costs on society emerge. An example would be as mentioned before, environmental degradation. Rarely have economists before worried that these natural resources may come short in supply in the future, only recently have they begun to address concerns about non-renewable natural resources as a factor limiting production and as the threat to long-term economic growth (Basiago, 1998). These issues are often undertaken by Environmental Sustainability which can be defined as the dematerialization of economic activity. While other research defines the term (in the business context) as making decisions that are in the interests of protecting the natural world (Failte Ireland, n.d.).

Vezzoli (2008) argues that the term refers to systemic conditions where neither on a planetary nor on a regional level do human activities disturb the natural cycles more than planetary resilience allows, and at the same time do not impoverish the natural capital that has to be shared with future generations. The author states the two limitation will be put together with another limitation which is the ethical character i.e. the principle of equity.

Elkins (2011) on the other hand states that it is logical to define environmental sustainability as the maintenance of important environmental functions, and hence the maintenance of the capacity of the capital stock to provide.
Kahn (1995) continues to define the term adding that environmental sustainability involves ecosystem integrity, carrying capacity and biodiversity. It requires that natural capital be maintained as a source of economic inputs and as a sink for wastes. Resources must be harvested no faster than they can be regenerated. Wastes must be emitted no faster than they can be assimilated by the environment.

However, the most influential response the industry gives are developed methods such as cycle assessments and environmental reviews and systems such as Environmental Management Systems, serving as tools to improve the environmental and economic efficiency. Still systems such as the EMS lack the qualitative aspect of issues, as sustainability carries within itself elements such as intergenerationality or human value and is primarily based on quantitative issues, alongside with taking a reductionist approach to these issues.

Earlier it was stated that the three pillars consist of a social component, whereas social issues and their inter-related relationships with the other two components must be taken into account. This brings us to the term of social sustainability, which can be defined the ability of a community to develop processes and structures which not only meet the needs of its current members but also support the ability of future generations to maintain a healthy community (Business Dictionary, n.d.)

Kahn (1995) continues to define the term social responsibility as well, stating that Social sustainability encompasses notions of equity, empowerment, accessibility, participation, sharing, cultural identity, and institutional stability. It seeks to preserve the environment through economic growth and the alleviation of poverty.

McKenzie (2004) attempts to give a more general definition of the term saying that it can be defined as a positive condition within communities, and a process within communities that can achieve that condition. The author continues by adding eight principles to complement his definition:

1. equity of access to key services
2. equity between generations
3. a system of relations valuing disparate cultures

Reductionism is an approach to understanding the nature of complex things by reducing them to the interactions of their parts, or to simpler or more fundamental things.
4. political participation of citizens, particularly at a local level
5. a sense of community ownership
6. a system for transmitting awareness of social sustainability
7. mechanisms for a community to fulfill its own needs where possible
8. political advocacy to meet needs that cannot be met by community action

Even if there lacks a common census as to the definition of sustainability and its application, there is not a lack of consensus to which challenges sustainability faces. Sartori et al (2013) argue that still there are many problems and challenges which are slowing down the progress of sustainability and conclude that these are:

1. Implementing environmental protection standards;
2. Capturing the external impacts of activities beyond the local level;
3. Recognizing social sustainability;
4. Human development;
5. Eradication of poverty;
6. Balanced production and consumption;
7. Promotion of education;
8. Development and maintenance of environmental resources;
9. Efficiency in resource allocation;
10. Cooperation among stakeholders, governments and the civil society;
11. Publicly available sustainability methodologies and indicators;
12. Use of complementary indicators on assessments;
13. Use holistic approaches;
14. Indicators for measuring the consumption of resources;
15. Population awareness;
16. Using a standard benchmark between countries;
17. Reconciling local objectives with the overall objectives;
18. Applied research that bring practical results;
19. Balance between the pillars of sustainability;
20. Dynamic sustainability indicators;
21. Pointers directed toward business and local systems;
22. Public participation in planning;
23. Participation of science and technology.
Furthermore, Satori et al (2013) therefore connect sustainability with and argue that it is relevant to systems, ultimately concluding that sustainability involves an interaction with dynamic systems that are constantly changing and require proactive measures.

3.4.2. Accountability

Accountability is a concept which refers to the organization recognizing the affects its actions have on its environment i.e. that it is part of a society towards which it has responsibilities. The concept implies that the effects of these actions are quantified and reported to all stakeholders which are affected, including external stakeholders. Therefore, the concept implies that the organization recognizes that it is responsible towards a wide network of stakeholders, not only to those within the organization (Crowther, 2010).

Furthermore, being that the organization reports to its external stakeholder as well, this implies that these external stakeholders therefore can affect how these actions will be undertaken by the organization, at what cost and whether they are reasonable or not. This being, the organization must have appropriate measures of performance and reporting of these actions and in order to bring any value to the organization the cost of developing these measures must not exceed the benefits the actions yield. These benefits are determined according to the measures selected in the decision-making process and how resource allocation is facilitated. These reporting therefore must have the following characteristics (Crowther, 2010):

- **Clearness to all relevant stakeholders**
- **Applicability to the users of this information**
- **Reliability which refers to the accuracy of measurement, representation of impact and freedom from bias**
- **Comparability, implying consistency**

Still, which is understandable, alongside with reporting quantifications, these reportings will include both qualitative facts and judgements as well. These qualitative facts and judgements imply that the impact of the organizations undertaken actions will be assessed differently by different users, depending on their own values and priorities. Because of this, only a few standard measures exist and limitations for comparability exist. These limitations make a problem for developing environmental accounting, but still are useful for managers as it reduces their need to manifest good performance as more than semiotic.
3.4.3. Transparency

The third principle – transparency means that the impact from the organizations undertaken actions can be recognized from the organizations report and this impact is clearly visible to all using this information from the reporting.

Being that external users do not have the same amount of knowledge and details which internal users have, transparency is therefore of high importance to them. Transparency follows from the first two principles and plays an important role in the process of transferring power to its external stakeholders (Crowther, 2008).

Why is transparency so important? Several moral and economic arguments exist and theories are developed concerning the importance of transparency and the current state of transparency within markets, alongside with its importance to CSR.

*Transparency is necessary for CSR* (Dubbink et al, 2008)) and a transparent organization provides the necessary amount of their information for stakeholders to have a clear insight to the issues that concern them. *Without transparency CSR remains marginal as a mechanism of governance* (Dubbink et al, 2008). This requires that society establishes an environment in which they make certain that these corporations do provide sufficient transparency. Still, in comparison to today's contemporary society, the level of current transparency (empirical evidence) in society's contemporary markets is insufficient. Arguments state that most information which is revealed is specific to particular timing and events, which indicates how corporations respond to relevant stakeholders as a mean to decrease public pressure after an incident arises. This raises several questions, one being: are corporations willing to report information which can affect their future profits?

This being, others argue that: *You can't know about a company's sustainability without transparency* (Kassoy, 2010). To know about the company's sustainability, it is necessary to have transparency. This requires that society i.e. all the relevant stakeholders (the business, employees, community and environment) of the company know that the corporations have a measurable and positive impact upon them. However, this does not mean that just the reduction of environmental imprint on society or a few good green products from a company provides enough evidence for society to perceive the company as sustainable. The majority of companies
still cover a multitude of data related to their products alongside with practices and it can be difficult to tell what the CSR practices are from just amazing marketing. Because of this, it is necessary to know the broader impact the company has. But how do we know this?

To complement the previous, this also raises the question as to how these corporations which are pressured to measure their value in terms of non-financial factors cast out and deliver their results? Financial reporting still remains viable and important, but it is still insufficient for high quality decision – making and in reality companies are missing measurement tools which describe the interaction they have with society. This represents a problem to companies, as reporting is a mechanism developed to communicate the company's overall performance and value creation, therefore also making transparency a performance driver on key issues.

To continue, research (Dubbink et al, 2008) implies that transparency can be defended both from an economic and moral point of view, providing arguments, such as it increasing allocative efficiency, dynamic efficiency and innovation. Also, transparency can be used as a comparison tool to differentiate good companies from bad companies.

Furthermore, looking at transparency from the moral point of view, research (Dubbink et al, 2008) implies that with an increase of available product information, an increase in consumer freedom does as well. Generally speaking, relevant stakeholders should have the right to information to a certain degree when it affects their interests. Moreover, it can be used to confront consumers directly about the consequences of their choices, bringing them closer to choosing CSR products. To continue, it increases the attitudes of honesty, openness and commitment to truth, alongside to increasing the sense of accountability and responsibility as well (Dubbink et al, 2008).

Still, with advantages, research also presents the disadvantages full transparency can create; again from both the economic and moral point of view. Despite the advancements in communication technology, complete transparency can be of high cost to society and to individual firms. This goes alongside to the previously mentioned inability of companies to accurately measure non-financial factors, therefore CSR itself as well. Another issue which arises is the limited cognitive powers alongside to limited timing for absorbing information and this can cause negative effects such as information overload which leads to overlooking key information (Dubbink, 2008).
From the moral point of view, arguments against full transparency revolve around the company's freedom and whether or not the amount of available information comes in conflict with their freedom, alongside to whether or not it comes to conflict with the right to privacy of the worker. Apart from secrets within the company, revealing all information can cause a large amount of damage to the company in terms of limiting their ability in realizing the above mentioned allocative and dynamic efficiency through innovation (Dubbink, 2008).

Table 5 presents procedural standards for transparency in social reports, whereas the letters ABCD represent the following: A: Global Reporting Initiative; B: Accountability 1000; C: Institute for Social and Ethical AccountAbility; D: Guideline Insurance 100 IFAC (Dubbink, 2008).

<table>
<thead>
<tr>
<th>Completeness</th>
<th>ABCD</th>
<th>External verification</th>
<th>AD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusivity</td>
<td>ABC</td>
<td>Impartiality</td>
<td>AD</td>
</tr>
<tr>
<td>Relevance/evolution</td>
<td>ABD</td>
<td>Attention for Sustainability</td>
<td>A</td>
</tr>
<tr>
<td>Comparability</td>
<td>ABC</td>
<td>Process governance</td>
<td>B</td>
</tr>
<tr>
<td>Comprehensibility/Clarity</td>
<td>ACD</td>
<td>Organizational embedment</td>
<td>C</td>
</tr>
<tr>
<td>Timeliness/Evolution</td>
<td>AB</td>
<td>Consistency</td>
<td>C</td>
</tr>
<tr>
<td>Public disclosure</td>
<td>AC</td>
<td>Continuous improvement</td>
<td>C</td>
</tr>
<tr>
<td>Verifiability</td>
<td>AC</td>
<td>Information quality/reliability</td>
<td>D</td>
</tr>
</tbody>
</table>

Table 5: Procedural standards for transparency in social reports (Dubbink, 2008)

Furthermore, Figure 4 illustrates the framework Bushman et al (2003) developed for corporate transparency. The authors classify the information mechanisms into three categories and they are as follows:

- Corporate reporting
- Private information acquisition and communication
- Information dissemination.

Therefore, they define corporate reporting as the dissemination of periodic firm-specific information on a voluntary or mandatory basis (Bushman et al, 2003). This framework considers five aspects when measuring corporate transparency:

- Financial disclosure intensity
- Governance disclosure intensity
- Accounting principles used to measure financial disclosures
- Timeliness of financial disclosures
- Audit quality of financial disclosures
The framework as well separates corporate transparency into two factors: financial transparency and governance transparency.

Other researchers such as Williams (2005) define transparency throughout three properties:

- **Relevant information**
- **Timely information**
- **Reliable information**

Here, the author analyses the connection between transparency and trust and by conducting interviews with several executives in various companies concludes that there is a correlation between the two. The results presented that transparency indeed does rely on the level of interpersonal trust, corporate behavior and network position (Williams, 2005).

To conclude, reporting can be seen as a continuous process to articulate and reflect how a company creates, delivers and preserves value over the short, medium and long term (Csrwire.com, 2012).

Countries such as France and Denmark have developed systems for transparency and implemented comply or explain reporting standards. On the other hand, the European Commission is committed to develop a legislative proposal on the transparency of the social and environmental information (Csrwire.com, 2012).
3.5. Sustainable development

After defining the term sustainability and its concept, it is important to define and understand the other adjective linked to it, i.e. what development is.

Daly (2007) defines the term from an economic point of view stating that we tend to define development simply as growth in GDP, a value index that conflates the effects of changes in throughput and utility.

On the other hand, The Business Dictionary (n.d.) moves further and defines development as the process of economic and social transformation that is based on complex cultural and environmental factors and their interactions.

Furthermore, economist Todaro (2011) argues that development is not just a economic phenomenon, but rather it involves the social system, therefore making it a multi-dimensional process. He continues to define the term as the process of improving the quality of all human lives with three equally important aspects. These are:

1. Raising peoples’ living levels, i.e. incomes and consumption, levels of food, medical services, education through relevant growth processes
2. Creating conditions conducive to the growth of peoples’ self-esteem through the establishment of social, political and economic systems and institutions which promote human dignity and respect
3. Increasing peoples’ freedom to choose by enlarging the range of their choice variables, e.g. varieties of goods and services

Just as sustainability, sustainable development (SD) has been interpreted in many ways and a variety of definitions are linked to the term. Still the most often definition would be the one stated previously from the Brundtland Report, which however widely accepted it is, as well has it limitations and is said to be too broad.

The core of sustainable development as The Sustainable Development Commision (n.d.) says would be to balance different, and often competing, needs against an awareness of the environmental, social and economic limitations we face as a society. The concept goes far beyond just environmental issues (and development per se is often driven by one need only), but rather includes considering a wider impact, meaning ensuring both a current and future stable society, whereas diverse needs of all are considered and equal opportunity is created.
However broad the Brundtland Report definition is, it still does consider intergenerational equality, which is one of the major features that distinguish SD from environmental policy and the traditional outlook on sustainability. Strange & Bayley (2008) therefore argue that sustainable development involves co-operation on a global scale. Sustainable development is about integration: developing in a way that benefits the widest possible range of sectors, across borders and even between generations. In other words, our decisions should take into consideration potential impact on society, the environment and the economy, while keeping in mind that: our actions will have impacts elsewhere and our actions will have an impact on the future.

Emas (2015) continues and argues that the overall goal of sustainable development (SD) is the long-term stability of the economy and environment; this is only achievable through the integration and acknowledgement of economic, environmental, and social concerns throughout the decision making process, therefore concluding that the concept of integration is another key feature distinguishing SD from other policy forms.

As a product of the Earth Summit in Rio de Janeiro in 1992, the UN created an action plan in regards to sustainable development. This action plan named Agenda 21 (referring to the 21st century) was an action plan developed for not only the UN, but other organizations and individual governments worldwide to execute on local, national and global levels, whereas 178 governments voted for the program to be implemented. The agenda consisted of four sections including (Sustainabledevelopment.un.org, 1992):

1. Section I: Social and Economic Dimensions
2. Section II: Conservation and Management of Resources for Development
3. Section III: Strengthening the Role of Major Groups
4. Section IV: Means of Implementation

Table 6 shows how Kahn (1995) has presented the paradigm of sustainable development in Agenda 21.
Table 6: The paradigm of sustainable development in Agenda 21 (Kahn, 1995)

<table>
<thead>
<tr>
<th>Element</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Sustainability</td>
<td>Growth</td>
</tr>
<tr>
<td></td>
<td>Development</td>
</tr>
<tr>
<td></td>
<td>Productivity</td>
</tr>
<tr>
<td></td>
<td>Trickle Down</td>
</tr>
<tr>
<td>Social Sustainability</td>
<td>Equity</td>
</tr>
<tr>
<td></td>
<td>Empowerment</td>
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<tr>
<td></td>
<td>Accessibility</td>
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<tr>
<td></td>
<td>Participation</td>
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<tr>
<td></td>
<td>Sharing</td>
</tr>
<tr>
<td></td>
<td>Cultural Identity</td>
</tr>
<tr>
<td></td>
<td>Institutional Stability</td>
</tr>
<tr>
<td>Environmental Sustainability</td>
<td>Eco-System Integrity</td>
</tr>
<tr>
<td></td>
<td>Carrying Capacity</td>
</tr>
<tr>
<td></td>
<td>Biodiversity</td>
</tr>
</tbody>
</table>

Subsequently to this, Agenda 2030 was developed on the Sustainable Development Summit in 2015, therefore taking goals from Agenda 21 and adding to those goals, 17 new goals revolving around the same concepts. These goals were developed after the Millennium Development Goals ended in 2015. These goals each have their own targets to achieve (total number equaling to 169 targets), whereas the 17 broader goals are inter-related and are as follows (Sustainabledevelopment.un.org, 2015):

1. **No poverty**
2. **Zero hunger**
3. **Good health and well-being for people**
4. **Quality education**
5. **Gender equality**
6. **Clean water and sanitation**
7. **Affordable and clean energy**
8. **Decent work and economic growth**
9. **Industry, innovation and infrastructure**
10. **Reduced Inequalities**
11. **Sustainable cities and communities**
12. **Responsible consumption and production**
13. **Climate action**
14. **Life below water**
15. **Life on land**
16. **Peace, justice and strong institutions**
17. **Partnerships for goals**

As Elkington argued and as we can see from Agenda 21, the core of SD, no matter what context, relies on the three pillars: environment, economy and society, i.e. planet, profit and people. Thus concluding that these systems are inter-related and that we as people depend on these ecosystems and services they provide in order to do what we do (Kahn, 1995), i.e. in order to create businesses, create stable communities, decrease hunger and etc. Understanding the relationship between the pillars and their complexity therefore requires a constant effort and our collective attention.

The majority of definitions of SD are general, expressed in qualitative terms and mainly revolve around economic growth, equal distribution between generations, resource usage and supply and the quality of the environment. Whereas, on the other hand, most objectives that can be found within these definitions would be: survival, satisfaction of needs, equality and justice policies and value changes (Ulhoi & Madsen, 1999)

To continue defining what SD is, Daly (1991) supplemented four principles to the term:

1. *Limit human scale to that which is within the Earth’s carrying capacity*
2. *Ensure that technological progress is efficiency-increasing rather than throughput-increasing*
3. *For renewable resources harvesting rates should not exceed regeneration rates (sustained yield); waste emissions should not exceed the assimilative capacities of the receiving environment*
4. *Non-renewable resources should be exploited no faster than the rate of creation of renewable substitutes.*

Adding to the above, Daly (1994) states that SD is only possible if materials are recycled to the maximum degree possible and if one does not have growth in the annual material throughput of the economy (Keiner, 2006).

Furthermore, other authors, such as Pearce (1988) argue by putting the term into two simple statements:

1. *Development subject to a set of constraints which fix resource harvest rates at levels no higher than managed or natural regeneration rates*
2. The use of the environment as a waste sink based on waste disposal rates that do not exceed rates of (natural or managed) assimilation by the ecosystem in question

Goodland et al (1992) suggest that there are four elements to SD, but exclude how these changes can be accomplished and these are:

1. Poverty
2. Population
3. Technology
4. Lifestyle

While, on the other hand authors such as Welford (1996) argues that there are three connected dimensions to SD:

1. Environmental dimension
2. Equity
3. Futurity

Authors such as O'Riordan (1988) and Van den Bergh embrace ethical norms and concerns to the term of SD and their incorporation in actions and policies. Whereas, van den Bergh (1996) argues that there are two major ethical concerns connected to the term of SD:

1. The anthropocentric objective of intergenerational justice
2. Eco centric perspective of biodiversity

The author argues that these objectives can be possibly costly to society, especially in those countries which are developing or yet to be developed.

Others however point out that SD will not come to realization if we as people do not change our human behaviors i.e. activities. Some even argue that SD can be defined in terms of what it aims to achieve and throughout various indicators which are used to measure the impact of SD.

Kates et al (2005) state that SD is defined in practice, highlighting the importance of the development of social movements, therefore concluding that sustainable development can be viewed as a social movement—“a group of people with a common ideology who try together to achieve certain general goals.” In other words, concluding that the main focus of SD is on people i.e. their well-being.
However, the term is defined, SD requires that all these diverse and relevant stakeholders and perspectives move towards a new common goal, remove opposing values and take mutual action. It can be seen that sustainability and sustainable development include a wide span of differentiated issues and challenges, which to many seem to be bringing positive solutions as it fits with the ideology currently dominating in the world, at the same time, still, SD seems to be revolving too much around quantitative development instead of more importantly the qualitative aspect.

4. CORPORATE PERSPECTIVE: DRIVERS FOR PARTNERING

Corporates engage in partnerships for several reasons, mainly for executing CSR activities, being for altruistic reasons or simply strategic ones. Literature provides various reasons as to why corporates concretely engage in partnerships with NGOs and understanding these motives is important, as both entities have to share and understand a mutual set of goals which are to be achieved.

Poret (2014) bases his reasons for corporates engaging in CSR activities throughout three perspectives:

1. Ethics, philanthropy and moral values
2. Stakeholder approach
3. Strategic CSR

Based on Lantos (2001) the author argues that the ethical justification of CSR is where most controversy concerning the legitimacy of CSR lies, perhaps because the boundaries of ethical CSR are elusive. Edenmore so discussed, several authors debate whether the company executes these activities for ethical reasons or simply strategic.

Often companies use philanthropy for their competitive advantage, Poret (2014) argues that in this context, partnerships between corporations and NGOs are unilateral and limited. NGOs represent fundraisers through sponsorships, charity for aid actions or redistribution, and a means for corporate philanthropy.
Opposing Friedman\(^3\), the stakeholder theory argues *the existence of a contract between the firm and society* (Poret, 2014), whereas a stakeholder is defined as *any group or individual who can affect or is affected by the achievement of the organization’s objectives* (Freeman, 1984). Thus including, the overall society. This theory argues that each relevant stakeholder group must be considered in the decision-making of the company's future. Furthermore, Freeman argues that the relationship within the theory is reciprocal in terms of parties affecting each other.

Porter (1985), argues that the value chain can be used as a tool to identify the negative and positive social and environmental consequences of company’s activities.

Throughout this perspective of corporates motives, NGOs can be relevant stakeholders i.e. represent civil society. Authors Arenas et al (2009) argue that NGOs are perceived as primary actors from corporates.

Throughout the perspective of strategic CSR, the author argues that these activities might be executed for competitive advantage and profit gains. Strategic CSR can be defined as something that is planned, therefore implying that SCSR would be *a series of deliberate stages intended to achieve a particular outcome or strategic end* (www.accaglobal.com, 2015) or as Baron (2001) would broaden the definition arguing that SCSR is *a socially responsible approach to reinforcing a firm’s market position and increasing its long-term profits*.

On the other hand, other authors argue that *strategic CSR is related to, but is fundamentally different from, concepts such as sustainability and business ethics*. While sustainability focuses on resource utilization and ecological preservation, and business ethics seeks to construct normative prescriptions of right and wrong, strategic CSR is grounded in the day-to-day operations of the firm. As such, strategic CSR is *central to the firm’s value creating activities* (Chandler, 2014)

A company can gain competitive advantage throughout executing CSR activities can as well. This advantage can be gained from implementing CSR in the supply chain, therefore producing market niches (such as purchasing agricultural raw materials in markets with low control). Furthermore, the advantage can be gained from added value on products throughout labelling (example: Fairtrade Labelling Organization), whereas Baron (2001) argues that companies *compete for socially responsible customers by explicitly linking their social contribution to their*.

\(^3\) Friedmans view: *There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud* (Friedman, 1970).
product sales (example: Eco-labelling). Finally, as motives towards CSR activities and partnerships with NGOs can be their relation towards government regulation.

Furthermore, Poret (2014) states that other motives for partnering with NGOs are because NGO provide capacities witch corporates lack, i.e. they promote societal actions, provide technical assistance, elaborate certification schemes, promote and design CSR standards as well as management and reporting processes, and participate in CSR monitoring and auditing.

Berlie (2010) argues that corporates partner with NGOs for two reasons:

1. They recognize the need to integrate sustainability into their organizational strategy.
2. They consider an alliance as a relevant tool to this end.

The author as well argues that corporates enter these partnerships with the core reason being to increase their competitive advantage. As the environment is changing for businesses constantly and the requirements and needs now come from the overall society and environment itself, alongside to making profit, companies look for resources or capacities they do not possesses when entering a partnership. Berlie (2010) argues that when corporates enter partnerships it positively effecting their efficiency to:

Find solutions to increase its:
- environmental efficiency (i.e., produce and sell while generating less pollution)
- compensatory projects (i.e., undertakings which compensate for the negative environmental impacts its operations may have)
- reputation and image
- differentiation and positioning on the market
- credibility to its environmental initiatives

Furthermore, Berlie (2010) continues to argue that the capacities corporates can gain from NGOs can be grouped into four basic capacities, as seen in Table 7 below.

<table>
<thead>
<tr>
<th>CAPACITY</th>
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<tbody>
<tr>
<td>Credibility</td>
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</table>
**Corporate – NGO partnerships in creating Sustainable Development**

<table>
<thead>
<tr>
<th>Cognitive capacities (knowledge &amp; experience)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- ecosystem management</td>
</tr>
<tr>
<td>- working with local communities</td>
</tr>
<tr>
<td>- countries social trends</td>
</tr>
<tr>
<td>- training and environmental awareness</td>
</tr>
<tr>
<td>- stakeholder management</td>
</tr>
<tr>
<td>- waste management and recycling</td>
</tr>
<tr>
<td>- eco-efficient</td>
</tr>
<tr>
<td>- production processes development of environmental standards and labels</td>
</tr>
<tr>
<td>- development of environmental policies for companies</td>
</tr>
<tr>
<td>- development of codes of conduct</td>
</tr>
<tr>
<td>- changes in environmental laws.</td>
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<table>
<thead>
<tr>
<th>Connection (networks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGOs bring corporates connections through local communities, government institutions and other members of society. These networks help corporations gain valuable information, especially that which circulates in the NGO environment and help corporations connect to local suppliers for sustainable development issues. Furthermore, their relationships with local communities and society benefit as well. This can also be used from corporations in the form of lobbying.</td>
</tr>
</tbody>
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<thead>
<tr>
<th>Capacity of confrontation</th>
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<tbody>
<tr>
<td>Table 7: Four basic capacities corporations gain from NGOs (Berlie, 2010)</td>
</tr>
</tbody>
</table>

Austin (2001) argues that the core motivation for corporations in partnering with NGOs lies in building capacities. Corporations can enter these partnerships derived from both positive motivations, such as the corporation wanting these capacities for benefit gains; and negative motivations, such as the corporation wanting to control these capacities. Possessing such capacities can therefore help the corporation to reduce costs, enhance their corporate image and gain credibility, differentiate themselves on the market, better position themselves within the market and etc.

Lastly, research conducted by C&E Advisory\(^4\) in their Corporate – NGO partnerships Barometer argue that the primary drivers of corporations in 2017 towards engaging in partnerships with NGOs, remain reputation and credibility (C&E Advisory, 2017).

\(^4\) C&E Advisory: C&E is a leading specialist ‘business and society’ consultancy firm working with the world’s businesses, NGOs, foundations, and High Net-Worth Individuals, helping them secure sustainable value – shareholder, social and environmental (www.candeadvisory.com).
5. NGO PERSPECTIVE: DRIVERS FOR PARTNERING

Companies mainly see NGOs as their primary stakeholders, whereas the role of NGOs in partnerships and their importance within these partnerships is growing.

Porter (2014) argues that the rise and emergence of NGOs is due to market failures, whereas NGOs step into the field of CSR and as a sort of solution. The author continues and explains that this is because of three phenomena which are related to information asymmetry between different entities, thus being:

1. Free-riding (associated with corporations as well)
2. Moral hazard
3. Adverse selection

As mentioned in the previous chapter, NGOs possess important and particular information from civil society and serve as an important source of information for consumers who consume the corporations’ products or services. NGOs therefore can affect the consumers purchasing decisions, as well as give credibility and legitimacy to the corporation in terms of sustainability. Because of this, particular market failures can be solved by NGOs.

Furthermore, NGOs are motivated to engage in partnerships as they can positively influence the behavior of corporations through these partnerships, while on the other hand many argue that the primary motivation for such partnerships would be money due to lack of public funds, whereas NGOs therefore turn to corporations who have easier access to money.

As well as corporations, NGOs engage in these partnerships to increase their reputation and image, alongside to gain political influences for societal problems (Porter, 2014) but still run the risk to gain bad reputation if a scandal may appear and could therefore suffer serious consequences concerning legitimacy amongst the society (key capital to NGOs).

Berlie (2010) argues that NGOs engage in partnerships with corporations for two core reasons:

1. They realize that sustainable solutions cannot exist apart from businesses (i.e. that companies must be involved in the search for a balance between environment and development)
2. They are interested in the economic word and seek to get involved in market mechanism
Furthermore, the author continues to argue that other motivations of NGOs entering the market would be (Berlie, 2010):

1. To carry out their mission
2. Protect the environment
3. Diversify or increase their sources of funds

Not only do corporations have motives regarding the access of particular capacities, but NGOs are motivated by this reason as well, whereas both entities wish to gain access to cognitive capacities and connections. Table 8 shows four main capacities which NGOs wish to gain access to, according to Berlie (2010).

**CAPACITY**

<table>
<thead>
<tr>
<th>CAPACITY</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>Financial capacities are resources which NGOs lack, but companies have and often corporations offer financial resources to NGOs for the partnership to be successful. These resources can be in the shape of direct money transfer, in kind gifts and etc. Ironically, NGOs think of financial resources more than corporations due, because the lack of these resources. However, financial resources from corporations can sometimes affect the integrity, goals and judgements NGOs make, which is why this should not be the primary motivation factor towards partnerships.</td>
</tr>
<tr>
<td><strong>Cognitive capacities</strong></td>
<td>Corporate knowledge and NGO knowledge differ, but complement each other. The NGO therefore benefits by gaining access to corporations’ cognitive capacities, as they lack such knowledge internally.</td>
</tr>
<tr>
<td><strong>Connections (network)</strong></td>
<td>Similar to corporations, NGOs as well benefit from widening their networks. For NGOs it is particularly useful to gain access to influence networks which help them raise awareness, educate, lobby and raise credibility. Corporations can provide access to new actors on the market such as consumers and employees. These influence contacts are used for supporting goals between the partnership as well.</td>
</tr>
<tr>
<td><strong>Capacity to change</strong></td>
<td>Capacity to change is a resource which NGOs use in order to maximize change in corporations. Therefore, the NGO requires that corporations are aware of responsibilities and their role in society towards sustainable development and wish to change their practice to develop further in these areas. The core of NGOs activities lies in system changes towards greater balance between humans and the environment.</td>
</tr>
</tbody>
</table>

Table 8: Four basic capacities NGOs gain from corporations (Berlie, 2010)

Authors such as Stafford and Hartman (1996) argue that NGOs mainly engage in partnerships with corporations because of the knowledge they can acquire from the partnership. Such
knowledge can be various and can include knowledge in marketing and distribution and technical knowledge.

On the other hand, Huxham and Vangen (1996) argue that there are three motives behind these partnerships:

1. Metagoals
2. Goals of each partner
3. Goals of specified individuals involved

Finally, the research conducted by C&E Advisory in their Corporate – NGO partnerships Barometer shows that the primary reasons NGOs engage in partnerships with corporates remains access to funds (93% score). The research furthermore shows that even if this remains the primary reason behind partnerships, there is a 22% annual increase in the need to achieve greater innovation, alongside to an annual increase of 14% and 15% in effectiveness and efficiencies as motivators, plus an annual increase of 13% in possibilities for human resource as a motivator for partnering (C&E Advisory, 2017). The research continues and argues that NGOs are showing more interest in long-term stability and impact throughout these partnerships.

6. STRATEGIC CROSS-SECTOR PARTNERSHIPS

Existing literature suggests that several types of partnerships between sectors exist and the way these partnerships work are still not fully understood or better said a consensus on their implementation still isn’t reached.

Firstly, collaboration can be defined as a mutually beneficial and well-defined relationship entered into by two or more organizations to achieve common goals. The relationship includes a commitment to mutual relationships and goals; a jointly developed structure and shared responsibility; mutual authority and accountability for success; and sharing of resources and rewards (Parkinson, 2006).

A cross-sector partnership (CSP) can therefore be defined as a collaborative effort in which parties from different societal sectors pool resources to provide solutions to (perceived) common problems (Stöteler et al, 2012).
Selsky and Parker (2005) argue that there are four types of cross-sector partnerships:

1. Business – Nonprofit
2. Business – Government
3. Government – Nonprofit
4. Trisector partnerships

Bryson et al (2015) further defines cross-sector partnerships as *the linking or sharing of information, resources, activities, and capabilities by organizations in two or more sectors to achieve jointly an outcome that could not be achieved by organizations in one sector separately.*

The definitions to these partnerships as well as developed frameworks found in literature are differentiated, but still give importance to inter-organizational relationships. Figures 5 and 6 show major cross – sector partnership frameworks based on theory.

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**Table:** Major cross-sector partnership theoretical frameworks part I (Bryson et al, 2015)

<table>
<thead>
<tr>
<th>Publication</th>
<th>Theory base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bryson, Crosby, and Stone (2006)</td>
<td>Diverse, including organization theory, public administration theory, leadership theory, strategic management theory</td>
</tr>
<tr>
<td>Thomson and Perry (2006)</td>
<td>Diverse, including organization theory, public administration theory, strategic management theory</td>
</tr>
<tr>
<td>Ansoff and Gash (2008)</td>
<td>Diverse, including organization theory, public administration theory, policy studies, planning and environmental management studies</td>
</tr>
<tr>
<td>Agranoff (2007, 2012)</td>
<td>Diverse, including organization theory, public administration theory, strategic management theory, decision networks versus nondecision networks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Major components</th>
<th>Antecedents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial conditions</td>
<td>Process</td>
</tr>
<tr>
<td>Formal and informal processes</td>
<td>Governance</td>
</tr>
<tr>
<td>Agreements</td>
<td>Administration</td>
</tr>
<tr>
<td>Leadership</td>
<td>Organizational autonomy</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>Mutualty</td>
</tr>
<tr>
<td>Trust</td>
<td>Norms of trust and reciprocity</td>
</tr>
<tr>
<td>Conflict management</td>
<td>Outcomes</td>
</tr>
<tr>
<td>Planning</td>
<td></td>
</tr>
<tr>
<td>Formal and informal structures</td>
<td></td>
</tr>
<tr>
<td>Membership</td>
<td></td>
</tr>
<tr>
<td>Structural configurations</td>
<td></td>
</tr>
<tr>
<td>Governance structures</td>
<td></td>
</tr>
<tr>
<td>Contingencies and constraints</td>
<td></td>
</tr>
<tr>
<td>Type of collaboration</td>
<td></td>
</tr>
<tr>
<td>Power imbalances</td>
<td></td>
</tr>
<tr>
<td>Competing institutional logics</td>
<td></td>
</tr>
<tr>
<td>Outcomes and accountabilities</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particular emphases vs. the others</th>
<th>Cross-sector collaboration, institutional logics, planning, contingencies, power and the importance of remediating power imbalances, the need for alignment across components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning, organizational autonomy</td>
<td></td>
</tr>
<tr>
<td>Face-to-face dialogue, incentives and disincentives, the importance of remediating power imbalances</td>
<td></td>
</tr>
</tbody>
</table>

| Leadership through a whole range of roles, processes, and structures, public value, capacity building, and learning |

---

Figure 5: Major cross – sector partnership theoretical frameworks part I (Bryson et al, 2015)
As can be seen from the figures, the frameworks mainly differentiate in specific aspects, such as leadership roles, leadership activities and leadership structure (Bryson et al, 2015). Other differentiations between the frameworks can be seen in terms of to which extent partnership structure is seen as an individual component.

The authors continue to argue that what these frameworks are weak in, is that they lack the desirable amount of attention needed towards outcomes and accountabilities. Still, the frameworks provide valuable implications, such as that collaborations should be judged on whether they produce public value from the standpoint of various stakeholders.

Emerson, Nabatchi and Balogh (2011) provide one of the recently developed frameworks on these partnerships, whereas they extend the view of these partnerships (focusing on public organizations primarily) as a system embedded in, and interacting with, a larger environment (Bryson et al, 2015)

Sandra Waddok (1991) sates that cross-sector partnerships can be formed between two partners or between multiple partners, whereas she argues that two elements are relevant to such partnerships:

1. **Partner independence**
2. **Organizational level of partnership**
The author moves from operational aspects towards social aspects of the partnership and differentiates various partnerships according to (Waddok, 1991):

1. **The pragmatic nature of the partnership**
2. **Federational nature of the partnership**
3. **Systemic nature of the partnership**

On the other hand, (Kindornay et al, 2014) provide a model of cross – sector partnerships which are focused on development as can be seen in Figure 7 below.

Finally, UNDP (2010) distinguishes the relationship between cross – sector partnerships as either transactional or collaborative. The distinction between the two types of relationships is shown in Figure 8.
6.1. Corporate – NGO partnerships

One of the many cross-sector partnerships and those which will be analyzed further in the paper are corporate – NGO partnerships. These partnerships are increasing and just as CSPs, they can vary in terms of their structure and goals, are dynamic and evolve over time.

Concerning the typology of these partnerships, within the academic world, various different typologies are offered and as for most definitions in this paper, there lacks a consensus over a concrete typology. One reason to the lack of consensus can be that the suggested typologies of corporate – NGO partnerships are all developed from different points of focus. A number of different typologies developed by researchers can be found in Table 9.

<table>
<thead>
<tr>
<th>AUTHORS</th>
<th>TYPOLOGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stafford and</td>
<td>Two typologies focused on the partnership’s field of action.</td>
</tr>
<tr>
<td>Hartman (1996)</td>
<td></td>
</tr>
<tr>
<td>Austin (1999)</td>
<td>Based on the partners’ integration. Three levels:</td>
</tr>
<tr>
<td></td>
<td>1. Philanthropic</td>
</tr>
<tr>
<td></td>
<td>2. Transactional</td>
</tr>
<tr>
<td></td>
<td>3. Integrative</td>
</tr>
<tr>
<td>Elkington and</td>
<td>Based on the challenge related to the collaboration i.e. on the level of</td>
</tr>
<tr>
<td>Fennell (2000)</td>
<td>intensity of the partnerships.</td>
</tr>
</tbody>
</table>
In their book *In the Company of Partners*, authors Murphy and Bendell (1997) suggest that there are three types of corporate – NGO partnerships:

1. *Process–oriented partnerships*
2. *Project-oriented partnerships*
3. *Product–oriented partnerships*

Therefore, the focus in process–oriented partnerships would be broader issues (eco–efficiency strategies), while on the other hand the focus in project–oriented partnerships are discrete projects which are relevant to the core business and do not always necessarily involve NGOs in their decision–making. The last type of partnership, product–oriented partnerships, focus primarily on specific products, whereas NGOs are directly involved in the product development or product endorsement and do not involve the NGO in company decision–making at all (Murphy and Bendell, 1997)

Furthermore, research shows that some authors suggest different typologies concerning corporate partnerships with environmental NGOs (ENGO). The strategic review of British Petroleum’s suggest that nine types of partnerships exist between corporates and ENGOs and base this typology by focusing on the degree of commonality in goals, while Long and Arnold (1995) suggest four types of partnerships:

1. *Pre–emptive partnerships (diffuse potential and existing confrontational situations)*
2. *Coalescing partnerships (partners with different motivation, but common goal)*
3. Leverage partnerships (aim to pool resources, similar to partnering in the corporate world)

Berlie (2010) argues that the proposed typologies in Table 8 lack the strategic perspective and value of the partnerships. In fact, the author continues and argues that these partnerships however do not necessarily have to be strategic in their nature (if it is terminated before the objectives are achieved it will not affect activities of partners), but still do strategically contribute to NGOs even by raising funds or receiving donations (however, not strategic in terms of SD missions). On the other hand, as for corporations, these partnerships would have a strategic nature if it improves their performance or lowers their risk (systemic nature, relevant to all levels of the corporation), whereas lowering risks is still not strategic in terms of SD.

Berlie (2010) therefore concludes that corporate – NGO partnerships are strategic in nature if strategic alliances are those which enable a better balance between development and the environment in the short or long term, adding that the greatest value excrete partnerships which are strategic for the three levels: NGO, company and sustainable development.

Table 10 shows how the author adds strategic importance to her developed typologies of these partnerships, whereas her typology is focused on both the strategic value and orientation of the partnership.

<table>
<thead>
<tr>
<th>Oriented towards NGO activities</th>
<th>Oriented towards company activities</th>
<th>Oriented towards state activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic for the NGO</strong></td>
<td><strong>Strategic for the company</strong></td>
<td><strong>Strategic for the company</strong></td>
</tr>
<tr>
<td>The alliance enables the NGO to benefit from substantial financial resources from the company (i.e., philanthropy) or as a result of the alliance (i.e., marketing related to a cause). The alliance makes it possible to protect a natural resource which is important from the NGO’s point of view: this benefit (e.g., protection of an endangered species or ecosystem) is not directly related to the activities of the company. (<em>) (</em>**)</td>
<td>The alliance makes it possible to influence the decisions and practices of a company or industrial sector in terms of reducing its environmental impact. (<em>) The alliance enables work on the sustainable management of a natural resource on which the company depends; in other words, the activity falls half-way between the activities of the NGO and the company. (</em>)</td>
<td>The alliance enables the passing/modification of a law that leads to greater consideration of biodiversity or to lower levels of industrial pollution. (*)</td>
</tr>
<tr>
<td><strong>Strategic for the company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The alliance enables solutions to be brought to a problem which concerns both the NGO and the company. For the company, it will never be strategic to work on an issue that is the sole domain of the NGO. This concept is the typical domain of philanthropic relationships.</td>
<td>The alliance makes it possible to support the company’s responsible practices (e.g., labelling, certification) and support the sale of its products. (<em>) (</em>**) The alliance makes it possible to bring changes to company products/processes, to give greater consideration to the environment/stakeholders and/or to serve differentiation/cost-reduction goals. (<em>) The alliance enables working on the sustainable management of a natural resource on which the company depends. (</em>) The alliance provides easier access to a natural resource that constitutes a market (either potential or proven) for the company.</td>
<td>The alliance enables the passing/modification of a law leading to economic-ecological balance (e.g., smaller legislative constraints, support for voluntary actions). (*) The alliance helps establish responsible positioning (e.g., joint campaign, joint lobbying).</td>
</tr>
</tbody>
</table>

Table 10: Proposed typology by Berlie (2010)
Therefore, Berlie (2010) highlights the importance of the strategic value, concluding that success factors in these partnerships would be *high strategic value and mutual dependence of the partners and that the partnerships maximize its value if it is also strategic from the point of view of sustainable development (or the social point of view).*

Even with all of the above mentioned developed typologies and even though they complement each other in a way throughout specific elements (therefore, helping somewhat in partnership decision-making), they still do not fully explain the wide range and different interactions of these partnerships when tackling SD issues.

Furthermore, according to research done by C&A Advisory for 2017 in their Corporate – NGO Barometer, strategic partnerships between corporation and NGOs remain dominant, whereas corporations give more importance to the strategic value than NGOs (79%). Results of the conducted survey can be seen in Figure 9.

Data in the Barometer also shows that the numbers are rising in corporate – NGO partners which describe the partnership as problem – solving partnerships, whereas the majority of companies give high importance to the NGO in helping them gain an understanding of social and environmental issues and suitability.

The Barometer also presents data derived from their survey concerning the importance of corporate – NGO partnerships in the next three years, whereas the highest given answer was *more important* (59%, and respectively 52%), which shows an annual increase of 9%. The results can be seen in Figure 10.
Finally, the Barometer provides results of what factors will influence the importance of these partnerships during the next three years. The results show that there is alignment between the two organizations concerning what will influence the increasing importance, but the main difference between the two remains the need of NGOs to raise funds. The highest result was however received for an increasing recognition of the need for companies and NGOs to leverage each sector’s different assets with 81%, while lowest factor that will influence was votes Internal stakeholder pressure for more corporate – NGO partnerships with 22% (C&E Advisory, 2017). The results can be seen in Figure 11.
6.2. Partnership benefits

There are numerous reasons corporate and NGOs engage in partnerships together. Earlier several drivers and key reasons to why each organization enters such a partnerships were discussed and one of these reasons are of course the benefits these partnerships provide, both to the organizations themselves and including those benefits towards the environment and society. Several individuals still think that the NGO benefit most from these partnerships, but that does not come off as quite true as corporations have several benefits from engaging as well. Global Environmental Management Initiative (GEMI) and Environmental Defense Fund (2008) argue that there are several benefits that come from these partnerships to both organizations, including:

- *Creating business value and environmental benefits.*
- *Raising the bar on environmental performance.*
- *Leveraging skills and perspectives not available in the organization.*
- *Building respect and credibility.*
- *Providing independent validation.*
- *Helping achieve a long-term vision.*

Some benefits can be addressed as drivers that motivate the organizations to partner, such as gaining credibility and good public image, alongside to gaining access to those skills, expertise and insights each organizations internally lacks.

However, there is an impact these partnerships leave which benefits the broader society and environment as well. These partnerships help corporations reduce the environmental impact in their supply chain or help in new market development, alongside to enhancing innovation and creating competitive advantage.

Parkinson (2006) shows similar benefits to the above mentioned from these partnerships such as diverse stakeholders who share ideas which can generate innovative outcomes and create a larger impact than they would alone, alongside to the pool of tangible resources and other capacities each organization can thrive from, but they lack when alone. Other benefits the author mentions are (Parkinson, 2006):

- *The limiting of overlap in services and the coordination of existing services*
Corporate – NGO partnerships in creating Sustainable Development

- Research and analyses that are broader in scope and more expansive in detail than those done by a single organization in isolation
- A unique chance to gain a better understanding of other organizations in the community

Damlamian (2006) divides the benefits from the partnerships in two levels: Benefits to the private sector and benefits to the non-profit sector.

The author as well brings the same conclusion concerning image and credibility the partnerships bring to private sector actors. The image and credibility of the corporation in today’s business environment are important factors to consumers and relevant investors. One way of how corporations achieve this reputation is throughout trust, as society gives more trust to an NGO when addressing the societal and environmental issues around them. Therefore, when a corporation engages in such a partnership they hope to gain trust from the public in a way that the NGO does, as well as help increase the quality of their CSR actions and their executions. This also gives reasons for the NGO to critically think when engaging in such a partnership, for reasons such as the possibility of the level of partnership remaining only the philanthropic level, which always has the risk of generating bad marketing.

Furthermore, Damlamian (2006) continues to analyze the aspect of financial sustainability the partnership brings to private sector actors. He argues that if the partnership considers long–term economic goals and corporate sustainability, society will benefit at all levels. This long–term profitability for all requires foreseeing the needs and demands of consumers in the future and working to create environments conducive to the continuation of business activities toward this goal (Damlamian, 2006). Whereas, this can be achieved from the specific and unique knowledge NGOs possess about public actors and their environments.

The non–profit sector as well has benefit in terms of financial sustainability and funding diversification. When NGOs engage in such a partnership they can receive funding from corporation, which are apart from the government. The biggest problem NGOs face when searching for this kind of funding would be a low network in the business world. Therefore, this would bring networking opportunities for NGOs to engage with corporations which is a basis for accessing different funding. However, this does not mean that the level of partnerships remains philanthropic, but goes broader than just donations and can benefit underdeveloped societies through job creation and technology, i.e. bringing economic benefits (Damlamian,
2006). Still, this perspective is seen mostly throughout the NGOs perspective, as they consider that both players are necessary for resolving such issues. Alongside to this, the partnership can bring financial skills and other management skills to the NGO to help in long – term planning.

Lastly, the non – profit sector gains access to free marketing throughout the corporation in which they gain higher publicity and recognition of their practice and activities they execute. Heap relates to this as social marketing, whereas NGOS gain this free access because of the large investments corporations put into publicizing their relation to the environment and society.

Finally, the Guardian (2014) stresses that corporates help NGOs scale faster, whereas NGOs help corporates understand their impact on society better.

All these benefits can be seen as strategically thought of and forecasted by both organizations, therefore concluding again that these partnerships may indeed primarily be founded in strategic reasons.

6.3. Partnership challenges and potential threats

Since these partnerships are more or less highly complex and both organizations are different in their purpose and nature several challenges and threats can arise when engaging in partnerships, whereas not all NGOs and corporations are suited for engaging in such partnerships.

Stöteler et al (2012) stress that these partnerships are complex due to three main reasons:

1. They address complex issues
2. They are implemented under often uncertain circumstances
3. They bring together parties that each have a different language, a different culture and different interest and strategies.

Whereas, the complexity of the partnerships broadens depending on the factors that influence the formation process.
Bryson et al (2015) argue that often within these partnerships, conflicts and tensions are sure arise and can influence the internal work, therefore subsequently to this, the desired outcomes. The tensions they point out bring negative outcomes such as:

- **Power imbalances**
- **Competing institutional logics**
- **Autonomy vs. interdependence**
- **Stability vs flexibility**
- **Inclusivity vs efficiency**
- **Internal vs external legitimacy**

These conflicts do not only emerge from tensions. Similar to benefits, the problems and threats that arise in these partnerships are often of strategic nature as well. Whereas often the strategic mission, vision, goals and desired outcomes are not clearly presented or understood whether by one or both organizations, alongside to opposing expectations and an unclear view on how to execute these activities. All these challenges can lead to loyalty issues and issues related to controlling working activities and of course the final outcome.

However, some authors (Parkinson, 2006) argue that conflict isn’t necessarily destructive, but can bring change and directly address the most difficult issues in the partnership. In order to create a partnership that is successful, creating a new culture between the two organizations is a must – do, whereas it is normal then that conflict would arise when implementing such a big change.

Furthermore, according to the same authors the most common sources of conflicts in corporate – NGO partnerships are because (Parkinson, 2006):

- **Roles and expectations are unclear**
- **Lack of clarity and thoroughness in initial communications between collaborative partners can cause a myriad of problems later on.**
- **Progress is not being made**
- **Imbalance of power**

They continue with their analysis arguing that it is important to understand the types of conflicts in order to understand when they might be on the urge of breaking out, whereas they sort
conflict types into five categories and provide solutions to each. The categories can be seen in Table 11.

<table>
<thead>
<tr>
<th>Type of Conflict</th>
<th>Causes &amp; Signs</th>
<th>Solution</th>
</tr>
</thead>
</table>
| **Communication conflicts** | Not enough information being exchanged, the exchange of inaccurate information, unclear communication leading to misunderstandings, the making of assumptions on the part of one or more parties, language barriers. | -Check interpretation of information between partners to ensure consistency  
- Clearly define terms  
- Work to clarify assumptions on the part of all partners |
| **Structural conflicts** | Insufficient or imbalanced structures, processes, or systems, time limitations. | -Carefully examine the context of the conflict  
- If needed, adjust deadlines and timelines to alleviate the conflict  
- Revisit the design of processes to ensure they are favourable to all parties |
| **Relationship conflicts** | Inconsistent or unrealistic expectations, abuse or gross imbalance of power, judgments made based on stereotypes, sexism or male/female differences, unrealistic perceptions (could stem from communication problems), personal conflicts, low comfort level between partners. | -Try to limit the impact of emotions and personal relationships on the partnership  
- When conflicts arise, avoid acting defensively or judgmentally, and discourage this behaviour on the part of other partners  
- Show concern for the points of view of all involved  
- Ensure that power is balanced, or at the very least, de-emphasized at the collaboration table |
| **Interest conflicts** | Qualitative or quantitative differences between partners in interests, needs and preferences. | -Encourage compromise and accommodation on the part of all partners  
- Look for and emphasize common interests  
- Ensure that power is balanced, or at the very least, de-emphasized at the collaboration table |
| **Value conflicts** | Collaborative partners having opposing values, points of views, philosophies or beliefs, can often result from cultural differences or considerable differences in missions among agencies. | -Look for and point out shared goals and values  
- Acknowledge and respect value differences |

Table 11: Five categories of conflict (Parkinson, 2006)

It can be seen that even if several authors classify the reason behind problems, the problems themselves and solutions to them differently, there are several touching points and similarities with all categorizations, mainly revolving around strategic issues, expectations, power and a lack of understanding i.e. communication.

Berlie (2010) on the other hand states that the primary reason problems arise in these partnerships is because organizational asymmetries strongly characterize the partnership itself.
She states these organizational asymmetries create the obstacles and potential challenges which eventually disable a successful outcome from the partnership (or even the existence of the partnership). Similar to other mentioned authors, she argues that a lack of understanding i.e. communication can lead to issues such as distrust, confrontation and lack of appreciation for the fruitful benefits the partnership can deliver.

She continues and argues that two partners enter into a partnership because the difference in their resources (or capabilities) enables them to achieve together goals they would be unable to reach on their own... Thus, alliances are subjected to two types of asymmetries: enabling asymmetries and limiting asymmetries. These could also be called complementary asymmetries and contradictory asymmetries (Berlie, 2010).

Understanding these asymmetries between the two different entities can help in creating an understanding of how the complementary asymmetries can create value which is larger than the challenges contradictory asymmetries create.

However, in recent years, particular asymmetries have lost on their weight and do not affect the partnership so intensely as they did before. This is mainly because corporations have realized that they need to increase their sustainable activities, whereas NGOs have increased their interests in the market mechanism, enabling the partnerships to even exist. Still, particular asymmetries remain which can cause challenges and potential threats to the partnership.

The Nonprofit Sector Strategy Group of the Aspen Institute (2002) groups these asymmetries in three categories, once again some reasons behind challenges being the same as mentioned earlier:

1. Asymmetry of power and resource
2. Asymmetry of mission and goals
3. Asymmetry of culture and competencies

Berlie (2010) continues to regroup these asymmetries and concludes that the asymmetries should be grouped in the following three categories:

1. Fundamental asymmetries
2. Derived asymmetries
3. Superficial asymmetries
7. FRAMEWORK FOR CREATING PARTNERSHIPS

Academic research shows little as to what types of corporations and which NGOs do indeed search for partnerships. It offers a variety of CSP typologies, drivers of each organization towards partnerships and the benefits they gain from engaging in such partnerships (also limited), but certainly lacks references to the typology of corporations and NGOs which engage in them. The typologies of corporations and NGO mentioned further on will therefore represent the characteristics of each organization which foster the success or failure of the partnerships.

According to Elkington and Fennell (2000) and their typology, a corporation which wishes to engage in a partnership can be observed from these elements:

1. A company that desires to work with NGOs and civil society in general (open vs. Closed company)
2. The extent to which a company wants to become part of the solution towards sustainable development (solution vs. problem positioning)

However, the typology developed by Elkington and Fennell, no matter how true and how much it shows the company's maturity towards a partnership, lacks an essential factor that influences the partnerships; the pressure which the NGOs puts on the business. This comes as an important element for NGOs when choosing partners, as they should not just make their decisions based on the degree of openness and willingness of the corporation to develop sustainable development solutions, but also incorporate in their decision-making how much they can influence the corporations impact on its immediate environment and society.

Berlie (2010) argues that corporations become vulnerable because of media, polluting types of activity and dependence on natural resources in crisis, therefore adding to Elkington and Fennell's typology a third factor – vulnerability, whereas she argues that corporations which have these three characteristics will be the ones who wish to engage in such partnerships. Furthermore, corporations which only develop sustainable development policies when they are vulnerable, i.e. when they don't view these activities as strategic, fail to develop any long – term partnerships with NGOs. Elkington and Fennell (2000) agree to this, arguing that NGOs will not partner with those corporations which fail to show long – term commitment towards SD.

For corporations to incorporate a long – term commitment towards SD activities, they must incorporate SD values into their corporate culture. Berlie (2010) therefore adds a fourth factor
which fosters corporations to engage in partnerships – the corporations’ leadership. These leaders are highly important when resolving the organizational asymmetries in partnerships and incorporating ethical value and of course an SD policy. WWF (n.d.) argue that leaders – both on the side of the NGO and the company – are involved in the initial phase of the alliance.

The fifth factor Berlie (2010) adds which influences the creation of these partnerships are preexisting relationships with other NGOs, which can be both positive and negative, often coming from pressure and/or confrontation. Alongside to this, personal contacts between NGOs can be seen as a relationship which can influence the creation of corporate – NGO partnerships. The last element which has an influence the creation of these partnerships, as Berlie (2010) adds would be imitative impulse, meaning that corporations will be influenced by other good practices and the example of actors which are closest to them than other information they receive.

Lastly, she offers her typology which is based on the corporations’ relationship with its environment, therefore concluding that three types of corporations exist (Berlie, 2010):

1. The exposed company
2. The neutral company
3. The committed company

Concerning NGOs, Elkington and Fennell (2000) developed a typology of NGOs which enter these partnerships based on two elements;

1. The extent to which the NGO integrates the role of companies and other sectors of society in achieving its environmental goals.
2. The level of discrimination of the NGO, depending on the company’s environmental performance and commitment.

Taking these two elements into account means that an NGO should be selective when they choose the corporations they will partner with, bringing NGOs therefore in a dilemma between partnering with those corporations which already show high social responsible actions or those corporations which do not, but have a willingness to change their practices and activities. Furthermore, this shows that NGOs can enter two types of partnerships with corporations, thus being partnerships where the corporation is not expected to change their practices and activities.
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(such as joint campaign, joint marketing & joint lobbying) and on the other hand, partnerships where the objective is to change corporations’ practices and activities.

Berlie (2010) supplements Elkington and Fennell and their typology by adding the following elements:

- An openness towards companies
- The quality of the resources that NGOs possesses

Her typology can be seen in Table 12 whereas she argues that corporations will decide to enter partnerships based on their relationship to the environment, whereas NGOs will decide based on the relationship to the market.

<table>
<thead>
<tr>
<th>Great openness (willingness to work with the private sector)</th>
<th>Low level of resources of interest to companies</th>
<th>High level of resources of interest to companies</th>
</tr>
</thead>
</table>
| The willing NGO:                                          | - Seeks to create partnerships but will find it difficult to interest potential partners  
- Will find it difficult to enter into an alliance in a powerful position. | The star NGO:  
- Seeks to work with companies and will be sought as a partner  
- Will probably offer partnerships with the greatest strategic value for the business and the NGO.  

| Lack of openness (lack of willingness to work with the private sector) | The fleeting NGO:  
- Prefers to work on issues without directly involving companies (e.g., work with communities, natural reserves) | The rebellious NGO:  
- Prefers confrontation to bring about change in companies (which represents a big strategic value for the NGO but not for the company). |

Table12: Typology of NGOs which engage in partnerships (Berlie, 2010)

7.3. Partnership formation

The creation of corporate – NGO partnerships is not the same for all partnerships. Generally, there is no consensus as to what exact steps are to be undertook when formatting such partnerships. Alongside to insufficient literature on how to create the partnerships, some guidelines can still be found, some of which are more general in nature, while others provide significant insights, as well as advice regarding each step. This chapter presents and focuses on four different formation cycles of corporate – NGO partnerships.
Firstly, Selsky and Parker (2005) analyze these partnerships in terms of evolution chronologically. The author argues that partnerships are formed throughout three different stages which can be seen in Figure 12.

The initial stage of partnership formation would require that both organizations start with the use of self-assessment to determine their needs and objectives, subsequently to that their skills as well. Furthermore, this stage would require that both organizations have great communication on all levels within their organizations. Having a constructive dialogue between partners can help clearly determine what the objectives of the partnership are, as well as help understand which areas of expertise and capacities each partner brings. The last stage in the formation process would be the selection of the partner.

The implementation stage makes up the second stage of forming a partnership between corporations and NGOs and often building and maintenance, governance mechanism, managerial skills, commitment symmetry and creating a common culture fall into this stage. Smaii et al (2004) argue that it is necessary each organization determines their resource dependency when establishing the partnership, whereas this gives a source of legitimacy to the partnership as well. However, communication is key success factor in this stage too, which is why it is important to create a common language in the partnership. Selsky and Parker (2005) argue that a partnership is more likely to be successfully implemented if the partners can monitor their actions by developing formal structures, norms, and boundaries, particularly if various approaches to governance and structure are considered.
According to the authors, the outcome stage is the stage in which the partnership is evaluated in terms of motives, objectives, direct outcomes and contribution to SD. However, evaluating the successfulness of the partnership can be difficult to measure, as some elements such as direct outcomes of corporations are easy to measure because of their quantifiable nature, whereas the contribution to SD can be difficult to measure because of its qualitative nature (results tend to appear long after).

Furthermore, the Partnerships Resource Centre (2012) developed a partnership lifecycle consisting of two phases, both containing two steps, whereas the first two steps of the lifecycle make up the foundations of the partnership, which ultimately affect the extent of challenges that might arise and at worst leading to termination (The guideline developed by the Resource Centre focuses primarily on the initial phase – formation and factors which influence this phase). These two broader stages are therefore (Stöteler et al., 2012):

1. The Formation phase
2. The Execution phase

Figure 13 shows how the Resource Centre outlines the lifecycles first phase of these partnerships, indicating that the two steps within this stage are partnership initiation and partnership building, together with factors which influence the development within this stage.

The first phase indicates that these partnerships are created when several stakeholders engage together to solve a problem they cannot on their own, whereas the second phase indicates these several stakeholders create a common vision and objectives as well as identify roles and relevant actions needed for achieving the desired outcome.
Figure 13: First phase of partnership building (Stöteler et al, 2012)
These partnerships are formed from one of two routes: an issue route (extrinsic motivation, most often creating a new partnership) and an opportunity route (intrinsic motivation, most often using an existing partnership to resolve an issue). Both formation routes are different in their nature, which is why they differentiate in their steps and factors which influence the partnership, whereas, still, these routes can be complementary to each other and at times interact with each other as well.

The issue route contains three steps within the partnership initiation phase (Stöteler et al, 2012):

1. The acknowledgment by one or more parties that a complex issue exists in society (issue affecting the organization or the organizations need to act upon an issue).
2. Identification and analysis of the issue leading to the decision to form a partnership.
3. Partner selection

On the other hand, the opportunity route contains two steps within the initiation phase (Stöteler et al, 2012):

1. On – going dialogue
2. Exploration of opportunity

Here, time is not taken into account in these steps, as most of these partnerships can take years to finally formalize. For example: WWF and the company ENCO took two years of negotiations before the partnerships was formalized (Stöteler et al, 2012). Both of these routes are influenced by various factors, but as the Centre states a “spark” (shared enthusiasm and personal connections) between the two organizations at all levels is a crucial factor which influences the existence of a partnership.

Table 13 presents a summary of factors which influence the partnership in the partnership initiation phase, respectively to how it influences the partnership initiation throughout both the issue route and opportunity route.
### FACTOR

<table>
<thead>
<tr>
<th><strong>Existence of a complex issue</strong></th>
<th><strong>DESCRIPTION</strong></th>
<th><strong>ISSUE ROUTE</strong></th>
<th><strong>OPPORTUNITY ROUTE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jones &amp; Chase (1979) define a complex societal issue as <em>an unregulated question or matter that is about to be straightened out</em>. These complex issues create different responsibilities for different parties. The issues in which both the corporation and the NGO share responsibilities for and which are aligned with their core activities are the ones that should primarily be addressed. Examples of such issues are poverty, hunger, health, piracy and many more.</td>
<td>From this route, the particular complex issue does not necessarily mean that a formation process will start. This means that the issue will be addressed only if the parties wish to act upon it; most often happening if the corporation perceives the issue as a threat. The corporation’s reaction therefore creates a smaller scope where negotiations take place.</td>
<td>The first step in the opportunity route the on–going dialogue is influenced by the existence of a complex issue. This issue therefore presents opportunities for both the corporation and NGO. When partnerships are formed from this route, they are more active from the start, whether this is because they having an already existing communication or because they perceive the issue as complementary to their interests. This evokes the partnership to apply a more pro-active approach. From this route the issue may be loosely linked to the core activities of both organizations.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th><strong>External influence</strong></th>
<th><strong>DESCRIPTION</strong></th>
<th><strong>ISSUE ROUTE</strong></th>
<th><strong>OPPORTUNITY ROUTE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>In practice, external influence is a synonym for external pressure which leads whether the corporation or the NGO to perform better relating to a particular issue. This pressure therefore leads these organizations to engage in partnerships. The motivation can come from two resources; forming a partnership to provide a solution (active) or to share responsibilities with the other organization (reactive). However, this pressure makes organizations engage in partnerships more often from the issue route. The external pressure increases the need for action, which leads to an increase in urgency, which ultimately leads to the decision of engaging in a partnership to find a solution.</td>
<td></td>
<td>External influence effects the on-going dialogue in the opportunity route. When an issue is under strong pressure from external sources it will be presented as an opportunity for all organizations involved in the dialogue.</td>
<td></td>
</tr>
</tbody>
</table>
pressure can come from a wide range of sources:

1. Governmental pressure – throughout funding, retreating or regulation.

2. Business association – facilitating platforms for partner networking, providing training to corporations about the value train etc.

3. Public awareness – often comes from watchdog NGOs throughout using campaigns. Examples of issues such as child labor.

4. Market demand – These partnerships are used to improve the value chain, alongside to develop strategies and increase corporate performance. This is due to the demand for sustainable products.

**Culture and Strategy**

Both organizational culture alongside to organizational strategy effects whether or not organizations will engage in these partnerships. For example, corporations with high appreciation of cooperative behavior are more likely to engage in such partnerships. Because both organizations differ in their culture and

Culture and strategy effect the decision for partnering from the issue route perspective. If either the corporation or the NGO do not have cooperative cultures and strategies they will not engage in

From the opportunity route perspective, the organizations' culture and strategy do not affect their decisions to engage in partnerships, rather they define the composition of organizations which engage in the on-going dialogue.
Corporate – NGO partnerships in creating Sustainable Development

<table>
<thead>
<tr>
<th>Corporate – NGO partnerships in creating Sustainable Development</th>
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</thead>
<tbody>
<tr>
<td>strategies, this makes the partnership more complex. Both organizations must be open in their strategies for the partnerships. However, the organizational culture takes longer to change which can affect the effectiveness of partnership formation which is why it is important that the NGO has a mature strategy towards the partnership so that cultural differences can be decreased.</td>
</tr>
<tr>
<td>these partnerships and vice versa.</td>
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<table>
<thead>
<tr>
<th>Directly involved individuals</th>
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</thead>
<tbody>
<tr>
<td>The importance of directly involved individuals in corporate – NGO partnerships lies in the careful selection from both organizations of which individuals will carry out which activities. It is important that these individuals have an proper position in their organizations alongside to the right set of necessary skills and willingness to collaborate.</td>
</tr>
<tr>
<td>Individuals start playing an important factor in the third step of the initiation phase i.e. partner selection. The final decision to engage in the partnership therefore lies on the „spark“ between the individuals that are directly involved.</td>
</tr>
<tr>
<td>Directly involved individuals effect the first two steps o the opportunity route. Within the on–going dialogue it is highly important that the right individuals are involved in it (willingness + skills), whereas in the exploration of opportunity individuals see if internal commitment can be gained from their own organizations in order to decide whether to start the negotiations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Degree of dependence/interdependence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate – NGO partnerships include particular degrees of interdependence. That said, this does not mean that these organizations must necessarily share their visions and goals, but rather the willingness to share resources to reach their common goals or solve a common problem. Meaning, the higher the interdependence towards an issue between the corporation</td>
</tr>
<tr>
<td>The degree of interdependence highly influences step two in the initiation phase in the issue route. This means, that the higher the dependency of several stakeholders to tackle an issue, the higher the probability of engaging in</td>
</tr>
<tr>
<td>This factor is part of step two in the opportunity route initiation phase. Individuals which were involved in the on-going dialogue are only interested in this opportunity if they complement each other. If this interdependence is clear and proven, then partners move forward to the next phase of negotiations.</td>
</tr>
</tbody>
</table>
Corporate – NGO partnerships in creating Sustainable Development

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td>Corporations acknowledge their dependence on NGO networks, while NGOs depend on the corporation’s knowledge and profit. Interdependence is closely connected to complementarity, where each organization brings capacities in which the other lacks. The decision as to with whom the organization will partner is largely influenced by the degree of how dependent they are on that organization in terms of the issue. Therefore, partnerships require a relatively similar degree of dependence, whereas the degree itself is strongly influenced by the size of each organization (in particular situations, size can be compensated for competencies). The biggest challenge in this step would be the gap between actual and perceived complementarity between the two.</td>
</tr>
</tbody>
</table>

**Partner History**

Furthermore, the longer ago in history the partnership took place, the less it influences the partner selection and vice versa. Whereas, over time organizations become more

Partner selection presents the most important step in the issue route within the partnership initiation phase. In the opportunity route, previous partnership history is considered more of a threat for several reasons; one being “groupthink” which can limit the span of creative and
confident in their partnership and collaborating abilities. Information here is also of high importance i.e. how easy it is to gain this information. This means that if partnerships existed previously it will be easier to access information (decreasing any potential problems in the negotiation phase) and vice versa. Concluding, organizations will partner more likely with existing partners because of the level of confidence due to previous success. Alongside to this, costs are highly decrease when choosing an existing partner.

<table>
<thead>
<tr>
<th>Organizations have the tendency to work with partners with which they have previously had successful experiences, leading ultimately to cost reductions and a more efficient formation process. This being, primary stakeholders for the specific issue should be as well the same.</th>
</tr>
</thead>
<tbody>
<tr>
<td>This factor is highly important and highly influences the partnership in the on-going dialogue step, whereas individual organizations in the dialogue are already within each other’s networks.</td>
</tr>
</tbody>
</table>

**Network proliferation**

The effect networks have on corporate – NGO partnerships is still not highly researched, but still the importance of networks in business partnerships is highlighted. This does not mean that this factor is not of high importance to corporate – NGO partnerships as well. Partnership portfolio management is more difficult for those organizations which already have a large established portfolio and vice versa. This factor is important because networks attract networks as well. Many new partnerships are formed between the organizations in the meetings of

<table>
<thead>
<tr>
<th>This factor is highly important and highly influences the partnership in the partner selection step of the issue route initiation phase. Organizations prefer to work with already known organizations i.e. organizations which already in their networks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>This factor is important and influences the partnership in the on-going dialogue step, whereas individual organizations in the dialogue are already within each other’s networks.</td>
</tr>
</tbody>
</table>
on-going dialogues, whereas these existing network organizations enable new organizations to find each other easily and ultimately select partners with whom they share a common vision or goal.

Table 13: Factors to consider in the initiation phase (Stöteler et al, 2012)

After partner selection has been executed within the issue route and the exploration of the opportunity has been determined in the opportunity route, the partnership initiation phase can be locked down and both routes continue towards the next phase i.e. they integrate into partnership building. This being, both routes now go through the same steps in the partnership building phase.

Once these negotiations begin between the organizations, they enter the building phase. This phase consists of two main steps, one being negotiations and secondly, formation, whereas four different factors influence the negotiation step between partners.

Table 14 presents a short summary of which factors influence the negotiations between partners, alongside to how they affect the partnership.

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>EFFECT ON PARTNERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial Support</td>
<td>The decision to engage in corporate – NGO partnerships is in most cases made by senior management. This is why their support is crucial for the partnership to succeed, as they effect negotiations whether directly or indirectly strongly. In cases when senior management is not involved in the negotiations, then still their approval of the partnership draft is needed, alongside to their obligation to define the conditions under which organizations in the partnership can move to the formation step. When senior management of both organizations are involved, the higher the likelihood of partnerships to be succesfull and sustained are and vice versa. Senior management has high effect on the corporations behaviour, therefore on their openness towards collaborations as well (leadership skills required). This being, issue route partnerships suffer more fom a lack of management support. Another factor which influences senior management support is the size and complexity of the organization's partnership portfolio, which can in negative cases can lead to partnership fatigue,</td>
</tr>
</tbody>
</table>
Corporate – NGO partnerships in creating Sustainable Development

| Reputational Damage | When organizations engage in partnerships, they engage with the risk of reputational damage as well. This damage can be due to other activities the organization undertakes which are not included within the partnership and may therefore conflict the overall strategy, leading to damage in reputation. Such examples can be unethical behaviour of the organization or unfavorable campaigning by the organization. Because of this, organizations analyze the risk to determine potential areas of challenges. These potential challenges are discussed in the negotiation phase and if it is determined that the risks are too high, then the partnership will not reach its formation. In such cases the organizations refer to this decision being made because of lack of trust or strategic differences. |
| Trust | When engaging in partnerships, each organization must lower their level of control. This is a necessary factor, which refers to expectations in this case, because all partners in the partnership share the risks of the partnership. Trust, therefore, is an important factor in the negotiations step in order for the actual formation to take place. Trust is therefore changeable i.e. it develops over time throughout the whole partnership formation process. Here, it is important that both organizations understand the terms of trust, as trust differs in meaning for both. In practice, trust is influenced mostly by the individuals involved in the negotiations of the partnership. Building trust comes easier for the partnership to manage than risk does, whereas risk does not involve as much as perception as trust does, which is why often within the negotiations step a trust analysis is left out, leaning only on the risk analysis. When a high level of trust is built, the perception of potential risk to be reduced is higher. Without a minimal level of trust, a small possibility exists that organizations will agree or therefore engage in the partnership. |
| Commitment and goal symmetry | When negotiations come to an end, an agreement towards commitment and shared goals needs to be developed in order to successfully form the partnership. It is important to understand that goal symmetry is in focus here and not goal alignment for reasons such as asymmetry causing challenges and problems in the final stages of partnerships. This is as well connected to the spark between the organizations, which as well comes from the shared goal and willingness. Academic research shows that goal symmetry can be looked at as a success factor too, whereas these shared goals and commitment must be almost identical. However, this does not include a shared vision as a necessary success factor. |
Things brings us to the importance of transparency concerning the aims of each organization in these partnerships.

One of the challenges that arise in negotiations is the process of agreeing to shared goals, which can sometimes create conflict and distrust.

Therefore, for the negotiations to go smoothly an equal level of commitment is needed from all organizations involved, alongside to staff in top management and operational staff.

In practice, having a minimum level of goal symmetry and commitment starts the negotiations phase and further on then makes these shared goals and commitment explicit.

Table 14: Factors to consider in the building phase (Stöteler et al, 2012)

The third partnership formation process presented in this paper is the Cross – sector Partnership Guideline created by The Danish Red Cross (2016), whereas the guideline is used for support in partnership building and presents how to overcome specific challenges, use methodologies and various tools in building partnerships and/or adding value at the global, national, regional and local level.

Their guideline outlines and focuses in detail on nine major areas relevant to partnerships building and provides valuable tools for solving specific activities and challenges that arise in the partnership cycle. However, the guideline does not provide necessary steps i.e. a linear prescriptive route to build a cross-sector partnership. Alongside to this, the primary focus of the guide is on corporate – civil society organizations partnerships, but not meaning that the guideline cannot be used for other cross-sector partnerships, such as corporate – NGO partnerships.

The nine major areas of focus in the guideline are as follows (The Danish Red Cross, 2016):

1. Scoping and Defining the Partnership and Project
2. Business Case
3. Roles and Responsibilities
4. Risk and Conflict Mitigation
5. Partnership and Project Communications
6. Community Engagement
7. Resource Management
8. Project Monitoring and Evaluation
9. Partnership Evaluation
Table 15 below will present a short overview of these major areas, more precisely why this area of focus is important, how to go through this process, alongside to what elements and steps to take into account relevant for each major area, as developed by the Danish Red Cross.

<table>
<thead>
<tr>
<th>AREA</th>
<th>WHY?</th>
<th>HOW?</th>
</tr>
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</table>
| Scoping and Defining the Partnership and Project | One of the primary reasons cross-sector partnerships are formed is because of the competencies and qualities they complement each other with, being they are organizations from different sectors. Because of this, they are often able to solve complex issues in society and create shared value for all relevant stakeholders. For a partnership to be strong, while containing added value it is important that there is a solid scoping process. Throughout this process internal objectives, partner selection and understanding are examined in detail, which ultimately leads to a basis for determining the activities needed to achieve objectives, as well as possible risk which might arise. The scoping process therefore is used for:  
  - Identifying internal goals, interest and drivers  
  - Reducing potential risks  
  - Reducing the use of resources in initial phases  
  - Designing an initial partnership framework | Since drivers can comprimise internal goals, risks, demands and expectations which are not easily realised, these goals and interests must be defined before a dialogue begins. Therefore, the scoping process involves six key steps in it:  
  1. Define and understand goals and interest of your own organization  
  2. Identify, screen and assess one or more potential partners  
  3. Draw up a first suggestion for a partnership design  
  4. Conduct a sanity check of your partnership design with key stakeholders  
  5. Decide to proceed with the partnership or reject it  
  6. If you choose to proceed, formalize your partnership document |
| Business Case | Building strong business cases are used to make certain that senior management accept the partnership and formalize the objectives and design of the partnership. Alongside to this, the business case itself then creates clarity and transparency concerning value towards each organization involved. | The business case is the result of the scoping process (a first draft of the business case) and has a dynamic nature to it, therefore requiring updates regularly. Joint objectives should be clearly presented through Key Performance Indicators (KPIs) which track the progress and monitor results and documented within the developed |
Therefore, the business case is used for the following:

- Securing top management’s acceptance of the project or partnership
- Describing the value creation for all involved organizations
- Creating clarity and transparency of drivers towards the partnership
- Securing alignment of objectives between all involved organizations
- Present the budget, ROI and other required resources

Creating the business case consists of key steps:

1. **Value Creation** – purpose, needs/challenges/opportunities, key stakeholders/beneficiaries, strategic/organizational resources available, shared/individual value creation
2. **Project Design** – concept and solutions proposed, objectives and targets (outcome, output and impact), funding model, ROI, investment forecast, timeframe, key risks
3. **Viability** – target group/beneficiary involvement, alignment strength, project scaling, project dissemination, contribution to organizational learning

<table>
<thead>
<tr>
<th>Roles and Responsibilities</th>
<th>Governance structures differ from partnership to partnership, however, every partnership relies on people skills and managers which possess them. Such skills can be:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determining governance structures, authority and responsibilities ensures that each partner organization knows exactly which tasks to execute, what to expect from others and which outcomes will be achieved together. Determining roles and responsibilities is used for the following:</td>
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<tr>
<td><strong>Creating a positive and efficient relationship</strong></td>
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<tr>
<td><strong>Identifying relevant stakeholders</strong></td>
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<tr>
<td><strong>Increasing the success rate</strong></td>
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<tr>
<td><strong>Minimizing disputes and misunderstandings</strong></td>
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<tr>
<td><strong>Avoiding dominance</strong></td>
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<tr>
<td><strong>Ensuring accountability</strong></td>
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<tr>
<td><strong>Overcoming challenges in cases of staff changes</strong></td>
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<td>1. <strong>Strategic</strong> – The governance group is a body which represents all partner organizations involved in the partnership. The group is responsible for achieving the set objectives and</td>
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</table>
play a central role. These individuals must have the ability to make major decisions around changes and resources and are highly responsible for any decision – making in the partnership. However, the primary responsibility is the insurance that senior management accepts the partnership. This level supervises the Partnership Agreement document.

2. Tactical – The partnership group is primarily responsible for progress and completing partnership tasks. This level should optimally consist of at least one project manager from each organization involved with the permission to make day to day decisions concerning the project. This level supervises the Project Plan.

3. Implementing – The implementing group is responsible for the execution of particular activities which are previously determined in the project plan. This level includes individuals from all organizations and local partner, whereas they report to the project group. This level means that individuals perform task determined in the Terms of Reference/Agreed work.

<table>
<thead>
<tr>
<th>Risk and Conflict Mitigation</th>
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<tbody>
<tr>
<td>Managing risk and conflict ensures a structured approach towards identifying potential risk (factors and influences) and their resolution. Risk in these partnerships varies and are sometimes easily forgotten. Managing conflict and risk can be used for the following:</td>
</tr>
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In order for risk and conflict management to be effective it is important to primarily identify risks throughout a risk assessment, whereas this management should be integrated within all organizations involved starting from the initiation of the partnership until the finish of it. Generally, this starts by identifying all risks which may appear relevant to different areas and activities of the project.
### Corporate – NGO partnerships in creating Sustainable Development

- **Increasing the possibility of the partnership achieving its objectives**
- **Improving mutual stakeholder confidence and trust**
- **Establishing a reliable basis for decision – making and project planning**
- **Improve effectiveness, efficiency and internal collaboration**

These risk will however vary in their importance and the main focus should be on those few risks which mark as highly important.

If a solid level of trust exists between partners than these risks can be easily solved throughout informal discussions. However, some partnerships require that risks are mitigated throughout formal processes.

The risk assessment consists of four steps:

1. **Understand your risk profile**
2. **Analyze your most important risks**
3. **Decide on how to best mitigate these risks**
4. **Mitigate risks**

The most typical arrangements made for mediation are throughout two steps:

1. **When a significant conflict arises, the individual meets with senior management in either partner organization to resolve the issue**
2. **If the first step does not work, the organization should engage with an external third party which will mediate between partners (approved from all partner organizations). If a conflict cannot be successfully solved, the best solution is to terminate the partnership.**

## Partnership and Project Communications

Effectively managing communication between partner organizations ensures that the message of the partnership is in alignment and shows support. Alongside to this, it is important that communication between internal and external stakeholders is effective and efficient.

Using effective communication can help and be used in the following:

- **Creating public awareness and goodwill**

When beginning the partnership it is important that a communication plan is set, whereas this plan should support the set objectives of the partnership. Within the partnership there are different levels of communication, which are:

1. **Communicating internally/externally on the partnership itself (announcing the partnership formation)**
2. **Communicating internally/externally on the joint project which is being**
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### Community Engagement

Numerous reasons for engaging with the local community exist for the partnership. Firstly, it helps the organization gain an in-depth insight and understanding to the society's needs and potential solutions which can be provided. Furthermore, it helps the partnership gain the approval to operate within the desired target group. When partnerships implement local projects, corporations most often partner with organizations which have strong community involvement i.e. outreach capabilities.

Community engagement activities can be used for the following:

- **Identifying local structures/actors that are affected positively/negatively by the project**
- **Being informed about local needs, concerns, risks, opportunities and**

Various ways exist in which partners can engage with their society, whereas the involvement of the local community is important in the implementation as they often know more of what it takes for the community to accept the partners operating in their areas, alongside to having a local network and other relevant actors of change.

These local actors of change can range from local authorities, leaders, township representatives, local NGOs and others, whereas partners can engage with the community throughout briefings, informal discussions, meetings, formal community consultation processes, surveys, hearings and many other activities.

Developing community engagement can be created through four simple steps:

1. **Map out all relevant community groups and other relevant actors**

### Corporate – NGO partnerships

- **Strengthen reputation and brand**
- **Enable strong personal relations, alignment and trust**
- **Display support from top management regarding the importance of the partnership**
- **Ensure proper timing and relevance of the communication**

### Communicating within the project team

3. **Communicating within the project team (day-to-day communication – trust and transparency)**

4. **Communicating internally to ensure organizational support, buy-in and ownership (communicating the value and displaying management commitment)**

The following four steps can be applied for internal and external communication:

1. **Define your audience**
2. **Identify key messages**
3. **Design a tactical outreach plan aligned to targets in order to reach them**
4. **Develop communication materials and implement the plan**
**Resource Management**

Effective and efficient resource management is necessary in order for the partnership to reach its objectives. This includes that these resources are properly monitored, documented and used throughout the whole partnership cycle. If resources are not managed appropriately it can lead to low outcomes and insufficient resources in further phases of the project cycle.

Therefore, strong resource management can help and be used for the following:

- **Ensuring transparency on financial decisions and agreements**
- **Ensuring equitable distribution of costs and contributed resources of each partner**
- **Supporting the achievement of objectives and documentation of the resources used**
- **Ensuring accountability**

These partnerships rely on various kinds of resources, from various funding, human capital, knowledge, information and etc., whereas all these resources are crucial contributions to the success of the partnership. If the value and expectations in terms of resources has not been determined, alongside to unclear responsibilities, managing resources can be challenging. Because of this all resources should be valued and quantified for easier management of resource use and distribution.

In the best case scenario resource management is a part of the monitoring and evaluation framework developed. The following steps serve as guide in addressing resource risks and managing resources effectively:

1. **INITIATION**
   - **Operating Budget** – determining who is responsible for the development and operations of budget, who is responsible for bookkeeping and accounts, who approves expenses and issues invoices, who is responsible for paying duty, VAT and other taxes, what is the scope of external audit and reporting

| therefore providing potential solutions | 2. Identify and agree on stakeholders for the engagement |
| Understanding the target's readiness for accepting the solution | 3. Decide on a plan and the methods of engagement |
| Strengthening relations with the community members | 4. Follow up and share relevant information to the rest of the stakeholders involved, when relevant. |
| Ensuring community commitment |  |
For a successful partnership, monitoring and evaluation comes as an important area. This is because it strengthens the grounds for managing resources, results and risks, it fosters learning and supports public accountability. Even though the two are different disciplines, they are closely interrelated, whereas monitoring allows the organization to check and document results, processes, estimated impact and provides a solid ground for future decision-making; and evaluation allows the organization to assess and evaluate progress, results and learning from the project from data gathered from monitoring.

<table>
<thead>
<tr>
<th>Project Monitoring and Evaluation</th>
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<tbody>
<tr>
<td>For a successful partnership, monitoring and evaluation comes as an important area. This is because it strengthens the grounds for managing resources, results and risks, it fosters learning and supports public accountability. Even though the two are different disciplines, they are closely interrelated, whereas monitoring allows the organization to check and document results, processes, estimated impact and provides a solid ground for future decision-making; and evaluation allows the organization to assess and evaluate progress, results and learning from the project from data gathered from monitoring.</td>
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<table>
<thead>
<tr>
<th>2. IMPLEMENTATION</th>
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<tr>
<td>• Determining who receives and approves interim accounts, who has the mandate to</td>
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<table>
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<tr>
<th>3. CLOSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Includes the development of the final project account</td>
</tr>
<tr>
<td>• Determines who approves of the final project account, who closes the project financially, who has power of attorney to close bank accounts and transfer residual cash</td>
</tr>
</tbody>
</table>

In the first phase of the partnership formation i.e. the scoping process, it is important to establish a design for monitoring and evaluation which meets the needs of all relevant stakeholders. There are four main steps undertaken when creating the monitoring and evaluation framework and are as follows:

1. Identify key performance indicators, impact targets and the scope of monitoring and evaluation activities
2. Set up a system to collect data and information
3. Collect data and document inputs, outputs and outcomes
Therefore, monitoring and evaluation can help and be used for the following:

- Ensuring organizational learning and future improvements of practices
- Serving as a ground for dialogue between partners and targets
- Ensuring the project is on track and in alignment with objectives
- Forming a ground for decision-making about the future of the project
- Enhancing the understanding of the value-added and risks of the partnership
- Providing accountability for resources used and results/impacts made

### Partnership Evaluation

The final evaluation of the partnership serves for capturing learnings gained through the partnership and strengthening future relationships, including expanding the found learning to other parts of the organization. This final step assesses the collaboration which took place between the partners and can help and be used for the following.

- Capturing learning for relationship improvement
- Providing learnings which strengthen future activities
- Providing recommendations for changes regarding roles and responsibilities
- Supporting discussions for conflict management

In order for learnings to be captured, as well as all relevant perspectives, all organizations involved in the partnership should participate in the evaluation process. These evaluation should take place at least once a year and once the project has ended, whereas the methods used vary from face-to-face discussions or interviews to using survey and questionnaires (cultural differences should be taken into account when selecting to method used for evaluation). These methods should include detailed questions with specific observations and experiences, whether negative or positive.

| 4. Analyze the data and evaluate the importance of outcomes in accordance to key performance indicators and impact targets. |
|---|---|

Table 15: Nine relevant areas for partnership building (The Danish Red Cross, 2016)
The last formation cycle analyzed is the Guide to Successful Corporate – NGO Partnerships, which the Global Environmental Management Initiative (GEMI) and Environmental Defense Fund (EDF) developed in 2008. This guideline primarily focuses on how to successfully develop projects between corporate – NGO partnerships, whereas they analyze three major phases of the project lifecycle. These three phases can be seen in Table 16, in addition to what steps each phase goes through.

![Diagram of project phases](image)

Table 16: Three major project phases (GEMI & EDF, 2008)

The guideline argues that the most important factor to consider when entering these partnerships is how long phase one will take to execute i.e. what amount of time is needed to design the project. For these partnerships to develop a project can take longer periods of times, as both organizations must evaluate resources, analyze risks and benefits and what results and impact the project will have.

Throughout this phase, partners build relationships with each other throughout showing common expectations, building mutual trust and sharing common goals. This highly affects in what matter the project will continue in. This phase ends when both organizations sign their agreements and formalize a work plan and rules relevant to the partnership.

Furthermore, one of the key success factors is criteria for partner selection, whereas the guideline mentions seven specific criteria that could possibly be taken into account when evaluating potential partners and wanted goals (GEMI and EDF, 2008):

1. **Environmental Impact** – the degree to which the project leaves an environmental impact and the length of these benefits

2. **Business Benefits** – does it add value and long – term benefits, is it aligned to the corporation’s strategy, does it have positive impact on all stakeholders, does it bring
tangible and intangible value, what are the costs, risks and revenue needed and will it improve the image of the company

3. **Project Scope** – how aggressive is the project, is it manageable, is it feasible according to the financial resources and human capital available

4. **Leverage Potential** – how much can results be replicated, can a partner maximize visibility and impact and does it provide educational values

5. **Fit with the company/NGO capabilities** – do the organizations have the necessary capabilities and which are the areas each add value to

6. **Does the project fit the business objectives and core values** – are these issues of central importance to these organizations, will key stakeholders give approval of the project, are the core values aligned with the NGOs mission risk

7. **Support from appropriate level of management** – the degree to which management provides support in both the corporation and NGO.

However, the developed criteria are not necessary for the success of a partnership project, rather it can serve as a tool to identify any problems which might arise and how to successfully execute them.

When the organization reaches the moment of selecting the qualifying partner for the designed project they first evaluate each potential partner. During such evaluation each organization wishes to gain data or relevant information as to what motives either of them towards partnering and what each organization's perspective on the environment is. Alongside to this information, when choosing a partner organization should analyze the degree of willingness and openness of each organization to cooperative and their history of previous partnerships. Furthermore, other elements the guideline refers to as important when selecting partners is obtaining information about the decision – making style, leadership style and organizational culture, the level of transparency in operational and decision-making processes, the degree of management support and communication, level of expertise and finally reputation.

The final step on the project design phase includes properly structuring agreements between the corporation and the NGO. Once the project has been designed with its goals and other relevant factors a written agreement is proposed and signed. This is particularly important for clear goals and expectations from both organizations involved.

The guideline argues that there are three most important areas of focus when developing agreement, these are (GEMI and EDF, 2008):
1. **Goals and objectives**

2. **Scope of work**

3. **Timeline**

Phase two consists of two main areas, which are then branched to further steps. This grouping and steps can be seen in Figure 14 below.

![Division of the project execution phase](image)

Figure 14: Division of the project execution phase (GEMI and EDF, 2008)

When the project reaches phase two, this means that it has reached reality. For each partnership, as well as project, the number of steps vary depending on different factors such as teamwork. Still, there are numerous key factors which have high importance and influence when the project team is being selected i.e. built. The guideline outlines three major areas to be considered when building the project team (GEMI and EDF, 2008):

1. **Developing a cross–functional team** – provides the right people from both organizations and a wide range of varied expertise, provides support and involvement of multiple functional areas and provides wide accountability.

2. **Building support at the appropriate level of management** – depends on the scale of the project, organizational divisions involved, degree of cross functionality and level of risk. This needed for authorizing changes in operations and activities as well. A critical success factor is empowerment that comes from senior management.
3. **Selecting a project lead** – both in the corporation and the NGO, the selection of the project champion (grasps benefits and is enthusiastic, can be a mid-level employee) and project lead (responsible for keeping the project a priority and for ensuring necessary resources are used, plays a vital role in development, execution and measurement)

Furthermore, the project work is divided into two main steps (GEMI and EDF, 2008):

1. **Developing a clear project plan** – creating an initial project plan (activities may vary throughout the project lifecycle), determining goals, scope, timeline, responsibilities, needed information for effective work and specific tasks for individuals.

2. **Maintaining momentum** – distributing tasks equally amongst team members, keeping track of the timeline and milestones, having regular meetings and re-evaluating the project, setting minor goals and accomplishments.

Phase three *Measuring and Communicating Results* is important in terms of environmental and other issues sustaining themselves throughout time i.e. it is necessary to have measureable results in terms of benefits, functions and other competent related to the corporation’s core strategic objectives after which these results must be communicated to all relevant internal and external stakeholders (leading to public recognition and pushing others to follow such partnerships). Three steps therefore constitute phase three and these are (GEMI and EDF, 2008):

1. **Measuring Business Benefits**

2. **Measuring Environmental and Health Benefits**

3. **Communicating Results**

Concerning measurement, an essential first step would be to develop a framework that can monitor the environmental and business progress made, meaning all costs, revenues, resources and performance should be assessed earlier in order to address the real amount of impact the partnership has created. Both the analysis of the business and environment should be done simultaneously.

Concerning communication, it is essential that these results and impact are communicated to all relevant stakeholders as it can bring substantial and sustainable benefits to all, especially regarding the image of both organizations involved. However, this does not only bring benefits in terms of the organizations' image, but can boost employee's performance, strengthen brand loyalty, attract investors and build leadership. Some ways in which the partnership can communicate to their stakeholders include issuing press material about activities and success,
writing and op-ed, include details about their activities in their CSR reports, inform donators proactively and promote the partnership via internet platforms.

The presented developed frameworks/guidelines may vary in terms of the scope of information available (providing general guidelines or detailed guidelines) or the concrete lifecycle of the partnership, whereas some models focus on all cross-sector partnership formations, while others focus on corporate-NGO partnership formation. However, this does not mean that several touching points don't appear i.e. several equal or similar factors can be found in all four formation processes which influence the creation of these partnerships.

Therefore, all formation frameworks highlight the importance of:

1. **Self– assessment** – such as the analysis of resources needed, costs, revenues, benefits, capabilities and knowledge each organization brings, objectives and other factors relevant to the organizations' strategy.
2. **Communication** – such as on-going dialogues and negotiations, trust-building, determining shared goals and the level of willingness to cooperate
3. **Governance mechanisms** – such as determining roles and responsibilities of each organization and individuals involved, determining work activities and necessary tasks needed for achieving the partnership objectives and developing a structure of authority.
4. **Monitoring and evaluating** – such as monitoring the partnership throughout its whole lifecycle throughout key performance indicators, developing KPIs, measuring direct outcomes, results and the achieved impact and evaluating learning outcomes.

**8. EVALUATION AND PERFORMANCE MEASUREMENT**

As it can be seen from the previous described partnership formation processes, creating value for not just the organizations involved, but also for third parties (beneficiaries) in corporate-NGO partnerships is the core endeavor of the partnership itself. Corporations enter these partnerships among other motivations, to add value in their business processes such as increasing the development of products, the innovation of products, gaining valuable capabilities and knowledge they lack and etc., i.e. they enter these partnerships often to increase value throughout their whole supply chain mechanism, ultimately providing value and an impact to beneficiaries as well. On the other hand, among other motivations, NGOs are highly motivated to enter these partnerships to gain access to resources they lack in order to provide added value and leave an impact on society i.e. beneficiaries.
Assessing how value is created within these partnerships is a whole field for itself, but nevertheless is interrelated with measuring performance and evaluating the impact and success of the corporate-NGO partnership. The previously mentioned factors all influence the amount of value created/added throughout both all levels of both organizations involved and throughout all partnership processes and phases, ultimately the final outcome/impact as well.

Evaluation can therefore be defined as a careful retrospective assessment of the merit, worth, and value of administration, output, and outcome of government interventions, which is intended to play a role in future, practical action situations (Verdung, 1997).

This brings us back to the importance of self-assessment of multiple areas of the organizations before entering the negotiations and finally engaging into the partnership. These aspects affect the evaluation of the partnership and vary in terms of importance and to what degree they influence the evaluation system and ability to measure performance. However, those factors which create tangible outcome with their influence are currently more valued in practice. This is a result of the less challenging nature tangible results have when it comes to their measurement. Research states that more intangible or unexpected outcomes resulting from cross-sector partnering are not well addressed and are often ignored altogether. Partnership performance is seldom monitored and evaluated in relation to the potential advantages or benefits, which can be achieved (Serafin et al., 2008). Figure 15 shows the self-assessment which the organizations can undertake in order to develop an evaluating system or measure performance, often stated in the formation processes as a step in the earlier phases of creation.
Planning a structured and formal evaluation system or performance measurement system requires that particular factors such as mission, goals and objectives, roles and responsibilities, governance and other structures are clearly communicated before the implementation phase. Such factors can help determine the areas needed to be measured or evaluated i.e. which can help determine the desired impact, measure results and the impact they wished to receive as well as how they will finally be communicated to all relevant stakeholders. These individual assessments can then lead to a smoother general partnership assessment during negotiations in order to measure the partnerships final impact and other outcomes. Figure 16 presents how cross-sector partnerships can measure and evaluate the partnership as a whole.
These evaluations need to be incorporated in all areas and activities possible of the partnership, whereas practitioners often wish to design and develop this evaluation system as a whole, where all relevant stakeholders are included and affected by the partnerships' activities. However, frequently the lack of available resources seems to arise as a barrier to carrying out evaluations and performance measurements, meaning the more complex the developed system is the more it costs and the more time it consumes.

Similar to other concepts covered in this paper, related to cross-sector or corporate-NGO partnerships, there lacks a consensus to a universally accepted approach at planning performance measurement and evaluation. This is as well because of the differentiated and unique nature of each individual partnership, which ultimately creates a methodological challenge when it comes to assessing this. Not only is this because of the unique nature of these partnerships, but as well because of the intangible character some results have, whereas other results require a longer period of time to emerge.

The Global Environmental Management Initiative (GEMI) created a tool book *Clear Advantage: Building Shareholder Value* for the purpose of providing corporate managers a variety of tools and data to help them better position themselves throughout measuring and
communicating their created value towards shareholders. The guide itself has a focus on primarily linking environmental activities with shareholder value, supplemented with a variety of cross-sector partnership case studies used to identify value drivers (whereas this tool is primarily developed for corporations), sustaining value and competitive advantage.

Figure 17 presents the six steps GEMI created for identifying, measuring, communicating and managing value drivers, a process with they call *The Clear Advantage Process*. The primary function of this process is to help managers effectively and efficiently communicate their value creating success to all relevant stakeholders (including partners from other sectors). The process was developed as generic in order for it to be able to fit or be adapted to any type of enterprise (or partnership), whereas it follows the *Plan, Do, Check, Act* design which most businesses nowadays follow.

![Figure 17: The Clear Advantage Process (GEMI, 2004)](image)

The six steps included in the process are as follows (GEMI, 2004):

1. **Identify Key Value Drivers**
   - Defined as the starting point
   - Develop a generally accepted list of key value drivers (perform without preconceptions)
   - Develop a generally accepted ranking of the list of key value drivers in terms of relevant importance
   - Can be done through an informal consensus or throughout calculating averages
   - Recommended to be carried out by a cross-functional team
2. **Assess Potential Contributors**
   - Develop a relative magnitude of intangible value drivers
- If a conceptual framework is already being used (most often Balanced Scorecard), then utilize the framework for further opportunities (see Figure_)
- Create a set of hypotheses about each area that can represent significance for value creation
- Identify value drivers for each hypothesis
- State specific contribution and value outcome
- Assess total costs (Total Cost Assessment tool)
3. **Develop a Value-Enhancing Strategy**
   - Developing a strategy for capturing opportunities for shareholder value enhancement
   - Set goals for influencing value drivers
   - Justify goals in terms of expected outcomes
   - Identify specific measurable indicators
   - Evaluate costs, risks and benefits in comparison to the risks of maintaining status quo
   - Develop action plan with clear accountability
   - Determine metrics - make a list of data collected and data needed to be collected and determine which can be used for measurement
4. **Implement Strategy and Measure Results**
   - Launching implementation
   - Beginning of managing how sustainability activities affect other outcomes of the corporation
   - Identify and secure the needed resources
   - Expand the previous strategy to assign detailed implementation responsibilities to value creation teams
   - Hold periodic team meetings to evaluate progress and adjust actions
   - Keep an eye on signals of change
   - Benchmark the corporation to other corporations/competitors on the market
   - Assess again where improvement is needed
5. **Communicate to Management and Investors**
   - Recognition of value by all relevant shareholders
   - Requires effective communication through clear messages and supporting material
   - Monitor qualitative and quantitative implementation results
   - Develop internal communication systems regarding successful results to present to senior management and other stakeholders
- Establish a mechanism to record contributions and to validate long-term impacts of value drivers
- Communicate changes made both externally and internally – transparency

6. Assure Continuous Improvement
- On-going process assuring that value creation is realized throughout systemic monitoring and improvement
- Monitor execution of the value creation strategy
- Capture lessons learned
- Provide regular evaluation, including opportunities, goals and mechanisms for action
- Research and understand the communication with shareholder
- Monitor changes regarding competition and other corporate characteristics that might produce changes in the process
- Monitor performance indicators
- Review and reconsider key value drivers, hypotheses and business rationale
- Conduct periodic surveys for internal staff

Figure 18: Intangible value drivers in regard to the Balanced Scorecard (GEMI, 2004)

Figure 18 represents how GEMI incorporated intangible value drivers to the Balanced Scorecard which most corporations use to measure results.
On the other hand, Figure 19 shows how KPMG see the value creation between cross-sector partnerships, whereas they argue that those partnerships which engage in a transformational direction will ultimately achieve greater impact and generate change.

Performance measurement can be defined as a *quantifiable indicator used to assess how well an organization or business is achieving its desired objectives* (Business Dictionary, n.d.).

Furthermore, performance measurement is one of the most important strategic tools which corporations use (alongside to other types of organizations such as NGOs) to identify progress and improvements needed within their strategy and how the corporation is overall operating. Not only does the tool help organizations enhance their performance, but helps build a clear understanding for relevant stakeholders as to how dedicated the organization is towards its objectives and what is the level of impact it leaves with its actions.

Most of the practitioners (often specialist consultants) measuring performance use a variety of differentiated tools, techniques and approaches, whereas only a few tool books are developed...
for measuring performance in cross-sector partnerships. However, the tools used are mainly focused on one area of measurement which creates another challenge. Research on the topic gathered by The Partnerships Initiative (Serafin et al, 2008) conclude that:

- **Agencies such as the UN use tools which are developed from similar agencies such as UNDP**
- **NGOs rely primarily on universities and other academic institutions when evaluating their performance**
- **Corporations use familiar tools such as ROI, SWOT, PVO and others**
- **Differentiated approaches to evaluating performance is because of the different characteristics of each sector (org. culture, motivations, needs, resources etc.)**
- **Evaluating cross-sector partnerships is often not a priority**

However, their research (Serafin et al, 2008) argues that the tools for evaluating these partnerships are needed for the following:

- **The impact on beneficiaries**
- **Impact on partners**
- **Unexpected outcomes**
- **Cost and benefits**

Furthermore, the TPI conducted 50 surveys on 8 different cross-sector partnerships regarding evaluations, whereas their main findings show that partnership evaluation systems only have a small percentage of formal evaluations included and only a small amount of these partnerships are evaluated in a systemic and comprehensive way. The majority of these partnerships are evaluated from one partner in regards to their financial investments and risk/benefit analysis, therefore individually carried out by each organization (Serafin et al, 2008).

Table 17 presents a variety of environmental improvement areas, alongside with which factors to consider within each area, which can be applied to cross-sector partnerships, as done by GEMI (2008). They argue that *environmental benefits should be considered from a value-chain perspective* (GEMI, 2008) and highlight the importance of measuring effects from procurement, logistics, retail, customers and other value chain areas.
### 8.2. Success Factors

The analyzed guidelines and literature provide several determined success factors which contribute to these partnerships, but as well insist they are taken into account if the partnership was to be created in a systemic and strategic way. Most of these success factors are derived from the factors which influence the partnership formation processes or the partnership cycle in general, such as the level of communication, openness, trust and other factors such as the adequate level of resources. Alongside to this, the majority of these determined success factors which can be found are similar, whereas many authors even state the same success factors of cross-sector partnerships.

<table>
<thead>
<tr>
<th>WHATTO MEASURE</th>
<th>TYPE OF MEASUREMENT</th>
<th>FACTORS TO CONSIDER</th>
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<tbody>
<tr>
<td><strong>EMISSIONS, WASTE AND TOXICS REDUCTION</strong></td>
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<tr>
<td>Greenhouse gas (GHG) emissions reduced</td>
<td>Quantitative</td>
<td>• Reduction of GHG emissions in procurement, manufacturing, logistics, retail or customer use</td>
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<tr>
<td>Hazardous pollutant releases reduced</td>
<td>Quantitative</td>
<td>• Reduction of hazardous pollutant releases to air, water and land</td>
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<td></td>
<td></td>
<td>• Reduction of priority substance releases to air, water and land</td>
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<tr>
<td></td>
<td></td>
<td>• Reduction of criteria air emissions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Consider reductions in procurement, manufacturing, logistics and customer use</td>
</tr>
<tr>
<td>Solid waste (or material use) reduced</td>
<td>Quantitative and</td>
<td>• Solid waste reduced from company's operations</td>
</tr>
<tr>
<td></td>
<td>Qualitative</td>
<td>• Reduced packaging</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increased use of recycled materials in product composition</td>
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<tr>
<td></td>
<td></td>
<td>• Increased recycling by customers</td>
</tr>
<tr>
<td>Use of toxic substances</td>
<td>Quantitative and</td>
<td>• Reduced toxic substances in procurement and manufacturing processes</td>
</tr>
<tr>
<td></td>
<td>Qualitative</td>
<td>• Reduced toxic content of products (e.g., through R&amp;D)</td>
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<td><strong>RESOURCE CONSERVATION</strong></td>
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<tr>
<td>Energy use reduced</td>
<td>Quantitative and</td>
<td>• Increased use of water-efficient products</td>
</tr>
<tr>
<td></td>
<td>Qualitative</td>
<td>• Reduced water use in procurement, manufacturing or customer use</td>
</tr>
<tr>
<td>Water use reduced</td>
<td>Quantitative and</td>
<td>• Increased use of water-efficient products</td>
</tr>
<tr>
<td></td>
<td>Qualitative</td>
<td>• Reduced water use in procurement, manufacturing or customer use</td>
</tr>
<tr>
<td>Natural resources protected and restored</td>
<td>Quantitative and</td>
<td>• Land, water or wildlife protected or restored in procurement, manufacturing, logistics and retail</td>
</tr>
<tr>
<td></td>
<td>Qualitative</td>
<td></td>
</tr>
<tr>
<td><strong>VALUE-CHAIN INFLUENCE</strong></td>
<td></td>
<td></td>
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<tr>
<td>Value-chain behavior influenced, resulting in</td>
<td>Quantitative and</td>
<td>• Leadership and influence among industry peers, along the value-chain and with stakeholders</td>
</tr>
<tr>
<td>environmental benefits</td>
<td>Qualitative</td>
<td>• Environmental benefits from changes in behavior of suppliers, employees, customers, business partners and competitors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reach of environmental education messages</td>
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<td></td>
<td></td>
<td>• Advancing environmentally friendly technologies or approaches</td>
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</tbody>
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Table 17: Environmental and Health benefits measurement (GEMI, 2008)
Table 18 presents a summary of main findings concerning success factors, some of which are derived from interviews and others derived from case study analysis. Similar results and equal results are highlighted in yellow.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>SUCCESS FACTORS</td>
<td></td>
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</tr>
<tr>
<td>1. ENVIRONMENT</td>
<td>A history of collaboration or cooperation in the community</td>
<td>Common vision and objectives</td>
<td>Credibility and legitimacy</td>
</tr>
<tr>
<td></td>
<td>Collaborative group seen as legitimate leader in the community (perceived as reliable and competent)</td>
<td>Alignment of business and environmental objectives</td>
<td>Openness, transparency and clear communication (mutual trust)</td>
</tr>
<tr>
<td></td>
<td>Favorable social and political climate (political leaders, opinion-makers, general public and etc.)</td>
<td>Access to local and global resources</td>
<td>Clarity of roles, responsibilities, goals and rules</td>
</tr>
<tr>
<td>2. MEMBERSHIP CHARACTERISTICS</td>
<td>Mutual respect, understanding and trust</td>
<td>Mutual trust and mutual learning</td>
<td>Commitment (financial and moral)</td>
</tr>
<tr>
<td></td>
<td>Appropriate cross-section of members (representatives from each segment of the community which are affected by the partnership activities)</td>
<td>Senior management and executive involvement</td>
<td>Mutual respect</td>
</tr>
<tr>
<td></td>
<td>Members all see the collaboration as in their self-interest</td>
<td>Leveraging partner expertise and strengths</td>
<td>Pursuit of attainment of mutual benefits</td>
</tr>
<tr>
<td></td>
<td>Ability to compromise</td>
<td>Planning and decision-making</td>
<td>Clear realistic goals (common vision)</td>
</tr>
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<td></td>
<td></td>
<td>Benefits for all partners involved</td>
<td>Managerial support</td>
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<td></td>
<td></td>
<td>Project coordination team and project coordinator</td>
<td>Ability to evolve</td>
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<td></td>
<td></td>
<td>Openness and transparency</td>
<td>Flexibility</td>
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<td></td>
<td></td>
<td>Each partner has a stake in the outcome</td>
<td>Regular assessment</td>
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<td></td>
<td></td>
<td>Focus on strategic, measureable objectives and co-benefits</td>
<td>Trust and good personal relations</td>
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<td></td>
<td></td>
<td>Excellent multidisciplinary team</td>
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<tr>
<td>3. PROCESS AND STRUCTURE</td>
<td>15. Supply chain alignment and collaboration</td>
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<td>-----------------------------------------------------------------------------------------</td>
<td>---------------------------------------------</td>
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<tr>
<td>- <strong>Members share a stake in both the process and the outcome of the collaboration</strong></td>
<td>16. Active participation</td>
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<tr>
<td>- Multiple layers of participation (all levels within all organizations included)</td>
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<tr>
<td>- <strong>Flexibility</strong></td>
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<tr>
<td>- Development of clear roles and policy guidelines</td>
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<tr>
<td>- Adaptability of partners</td>
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<tr>
<td>- Appropriate pace of development (structure, resources and activities align with the needs of the targets over time)</td>
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<td>4. COMMUNICATION</td>
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<tr>
<td>- <strong>Open and frequent communications</strong></td>
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<tr>
<td>- Established informal relationships and communication skills</td>
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<td>5. PURPOSE</td>
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<tr>
<td>- <strong>Concrete, attainable goals and objectives (clear to all partners)</strong></td>
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<tr>
<td>- Shared vision (agreed upon mission, objectives and strategy)</td>
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<tr>
<td>- Unique purpose</td>
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</tbody>
</table>
6. RESOURCES

- Sufficient funds, staff, materials and time
- Skilled leadership (which grants respect and legitimacy)

Table 18: Determined Success Factors (Parkinson, 2006; GEMI, 2006; Berlie, 2010)

Berlie (2010) argues that there are two main aspects in the success of the partnership: transparency (clear rules and accountability) and personal relations (trust and relational quality). This can be seen from the table as well, whereas other authors agree that factors within the two aspects such as mutual respect, openness, clear communication and clearly defined roles, responsibilities and goals are fundamental to the success of the partnership. Furthermore, she continues to argue that intangible factors are as well of high importance when it comes to the partnerships success, therefore underlining regular interaction, reciprocity, development of mutual interests, development of the partnership culture and sense of common ownership, solving conflicts and other factors (Berlie, 2010).

Doz (1996) states that successful alliances are marked by regular interactive learning cycles, growing trust, adaptive flexibility and increasingly strong mutual commitments. However, for the success of the partnership, individuals involved must know how to apply this cognitive knowledge (cognitive skills).

Berlie (2010) offers a list of know-how, alongside to mindsets and attitudes needed to increase partnership success. These can be seen in Table 19 below.

<table>
<thead>
<tr>
<th>KNOW - HOW</th>
<th>MIND-SET AND ATTITUDES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ability to analyze complex situations and identify common goals</td>
<td>• Leadership</td>
</tr>
<tr>
<td>• Ability to communicate with both sectors and translate knowledge and information</td>
<td>• Open-mindedness</td>
</tr>
<tr>
<td>• Ability to negotiate</td>
<td>• Motivation</td>
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<tr>
<td>• Being a good mediator with crisis management skills</td>
<td>• Respect</td>
</tr>
<tr>
<td></td>
<td>• Proactivity</td>
</tr>
<tr>
<td></td>
<td>• Patience and perseverance</td>
</tr>
<tr>
<td></td>
<td>• Ability to put things into perspective</td>
</tr>
<tr>
<td></td>
<td>• Diplomacy and sincerity</td>
</tr>
</tbody>
</table>


- Ability to work in a team and motivate teams
- Ability to coordinate and advise others
- Ability to activate networks and support collaboration
- Ability to learn and recognize benefits apart from core business activities
- Ability to learn from mistakes
- Possession of planning and management skills
- Ability to maintain continuity, keep deadlines and monitor activities

Table 19: Know-how, mind-sets and attitudes needed for successful partnerships (Berlie, 2010)

9. CASE STUDY ANALYSIS

Primary research in this thesis paper was conducted throughout a qualitative analysis of one of the best practice case studies of corporate-NGO partnerships: The Coca-Cola and World Wildlife Fund: Freshwater Conservation Initiative. The case study was used as a method for deriving actual success factors needed to create sustainable development and successful global corporate-NGO partnerships for driving change. Furthermore, the analysis provided information needed to complement the theoretical framework analyzed needed for answering the stated research questions and set hypotheses.

The data collected and used to review the partnership was mainly collected online (as all organizations involved have easily attainable information regarding their partnerships, general activities and activities generated through the partnership). Existing partnership case studies, journal and news articles, partnership documentation and policy documents, alongside to available documented parts of interviews and other sources were used for collecting comprehensive information and contextual data.

The case study was chosen because of the large impact their partnership has left in terms of successfully creating SD solutions, the availability, transparency and ease of access to information regarding their partnerships and outcomes, because of the quality, validity and
reliability of information available and because such case studies are already disseminated in learning facilities around the globe.

The *TCCC & WWF: Freshwater Conservation Initiative* case study was particularly chosen because of its strong representation of building successful partnerships between two, in nature different and large multinational organizations and because of the high quality of the existing case study of the partnership which is now used as a part of the elective course material for Darden MBA (Freeman et al, 2017). One of the main sources used to analyze the partnership and success factors strongly relies on information found within the mentioned case study, whereas because of direct involvement (in terms of the existing case study) of individuals actively carrying out activities within in the partnership (from both organizations) and several different interviews with these individuals provide a strong ground and valuable insights towards why this sustainable partnership brings so much success and such strong impact when addressing SD issues. Furthermore, the case study relies strongly on information found within the partnerships annual sustainability reports, published by TCCC and other annual partnership reports with WWF.

The case study is divided into three main sections of analysis. The first section provides insights about the companies involved in the partnership, such as their history, mission, vision, goals and objectives, strategy and CSR insights. Afterwards, in the second section, the analysis is complemented by analyzing the partnerships itself, therefore providing a review of the partnership, motivations for engaging in the partnerships, the objectives of the partnership, who are the key stakeholders and beneficiaries affected by the partnership’s action and what the final outcome and impact of the partnership is. Finally, the analysis is finished by analyzing and assessing the impact of the partnership throughout the three pillars of sustainability: economic, social and environmental perspective.

The case study will result in deriving success factors which influenced the partnership’s performance and sustainability, which will afterwards be compared to those success factors found in existing literature, whereas, for the comparison, as mentioned within the methodology chapter, by observing patterns, *Pattern Matching* (Yin, 1984) will be used as an analytical technique.
9.1. TCCC + WWF: Freshwater Conservation Initiative

The Coca-Cola Company (TCCC) today ranks as one of the most successful players on markets throughout the world. The multinational corporation was established in 1892 in Atlanta, Georgia, USA where their headquarters still reside and their soft drink brand Coca-Cola still remains one of the most valuable and leading brands on the market, ranking at first place (a 7% decrease in brand value from last year) with their brand valued at US$31.9 billion (brand Rating: AAA) in 2017 (Brand Finance, 2017). Since its foundation, the company has expanded their business and operations, acquiring other companies such as Minute Maid already in 1960, Fuze Beverages, Columbia Pictures, Honest Tea and others, building partnerships with corporations, 300 bottling partners, NGOs and governments around the globe, alongside to expanding their product assortment, now offering over 500 soft drinks and still beverages.

The company's flagship product Coca-Cola still remains their most popular soft drink, whereas the company itself was known to communicate the soft drink and the brand to their audiences throughout the use of their prominent history. The history of the product goes back to 1886 when pharmacist Dr. John S. Pemberton developed a syrup with a secret formula still used today in their manufacturing. Today the company's net income amounts to US$ 1.248 billion dollars, whereas their company structure now includes four geographic operating groups: Europe, Middle East and Africa, Latin America, North America and Asia Pacific (TCCC, 2017) and employee over 10,0001 employees. More about the company and its performance can be seen/found on their official website http://www.coca-colacompany.com.

The currently enormous NGO, known for its famous panda, was initially established in 1961 as an international fundraising organization with the aim to tackle conservation needs and issues and provide financing throughout collaboration for addressing these needs. The World Wildlife Fund (WWF), which is currently headquartered in Washington, DC, USA and operates in 100 countries around the globe with over 5 million supporters and over 5000 employees, operating at the local, national, international and global level have been actively and continuously addressing environmental issues throughout focusing on major six areas: conserving forests, oceans, securing freshwater, protecting wildlife, increase accessibility to food and protect the climate. Today, WWF is part of a large network aimed to protect the environment and according to Forbes (2017) rank as number 58 largest U.S. charities in 2017 with total revenues reaching US$309 million.
Table 20 presents an overview of the two organizations engaged in the Freshwater Conservation Initiative, their overall operating strategy and an insight to their CSR activities.

### ORGANIZATIONS

<table>
<thead>
<tr>
<th>Mission</th>
<th>World Wildlife Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Coca-Cola Company</strong></td>
<td>To stop the degradation of the planet’s natural environment and to build a future in which humans live in harmony with nature (Wwf.panda.org, n.d.)</td>
</tr>
<tr>
<td><strong>World Wildlife Fund</strong></td>
<td></td>
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<tr>
<td><strong>Mission</strong></td>
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<tr>
<td><em>Our Roadmap starts with our mission, which is enduring.</em></td>
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<tr>
<td>It declares our purpose as a company and serves as the standard against which we weigh our actions and decisions (Coca-Cola.co.uk, n.d.):</td>
<td></td>
</tr>
<tr>
<td>• To refresh the world.</td>
<td></td>
</tr>
<tr>
<td>• To inspire moments of optimism and happiness</td>
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</tr>
<tr>
<td>• To create value and make a difference</td>
<td></td>
</tr>
<tr>
<td><strong>Vision</strong></td>
<td>Our mission is to conserve nature and reduce the most pressing threats to the diversity of life on Earth (Wwf.panda.org, n.d.).</td>
</tr>
<tr>
<td><strong>Goals and Objectives</strong></td>
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<tr>
<td>The corporation defines their business goals and objectives clearly, throughout five points. Throughout their goals and objectives, it can be seen that sustainability is incorporated into their core business strategy and activities, alongside to their value system. These five points are (The Coca-Cola Company, n.d.):</td>
<td>WWF communicates its mission throughout achieving the following objectives (Wwf.panda.org, n.d.):</td>
</tr>
<tr>
<td><strong>People:</strong> Be a great place to work where people are inspired to be the best they can be.</td>
<td>• conserving the world’s biological diversity</td>
</tr>
<tr>
<td><strong>Portfolio:</strong> Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people’s desires and needs.</td>
<td>• ensuring that the use of renewable natural resources is sustainable</td>
</tr>
<tr>
<td><strong>Partners:</strong> Nurture a winning network of customers and suppliers, together we create mutual, enduring value.</td>
<td>• promoting the reduction of pollution and wasteful consumption</td>
</tr>
<tr>
<td><strong>WWF communicates its mission throughout achieving the following objectives</strong> (Wwf.panda.org, n.d.):</td>
<td></td>
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<tr>
<td>1. 2050 Biodiversity Goal: By 2050, the integrity of the most outstanding natural places on Earth is conserved,</td>
<td></td>
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</table>
### Corporate – NGO partnerships in creating Sustainable Development

<table>
<thead>
<tr>
<th>Planet: Be a responsible citizen that makes a difference by helping build and support sustainable communities</th>
<th>contributing to a more secure and sustainable future for all</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit:</strong> Maximize long-term return to shareowners while being mindful of our overall responsibilities.</td>
<td>2. <strong>2050 FOOTPRINT GOAL:</strong> By 2050, humanity’s global footprint stays within the Earth’s capacity to sustain life and the natural resources of our planet are shared equitably</td>
</tr>
<tr>
<td><strong>Productivity:</strong> Be a highly effective, lean and fast-moving organization.</td>
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</table>

TCCC states that the corporation focuses on four strategic pillars: the workplace, marketplace, communities and partners (The Coca-Cola Company, n.d.), whereas the company’s goals are incorporated in their business processes, organizational culture and core strategies used. This can be seen from the simple and clearly defined values and goals they communicate to their stakeholders (The Coca-Cola Company, n.d.):

1. **Winning Culture**
   
   Our Winning Culture defines the attitudes and behaviors that will be required of us to make our 2020 Vision a reality.

2. **Live Our Values**
   
   - Our values serve as a compass for our actions and describe how we behave in the world.
   - Leadership: The courage to shape a better future
   - Collaboration: Leverage collective genius
   - Integrity: Be real
   - Accountability: If it is to be, it’s up to me
   - Passion: Committed in heart and mind
   - Diversity: As inclusive as our brands
   - Quality: What we do, we do well

3. **Focus on the Market**
   
   - Focus on needs of our consumers, customers and franchise partners
   - Get out into the market and listen, observe and learn
   - Possess a world view

WWF engages in several strategies to maintain and improve their position and influence on the market and increase the outcome of their activities towards conserving nature. The organization focuses on three key drivers of environmental degradation and incorporates this within their strategies i.e. markets, finance and governance.

Firstly, when achieving their biodiversity goal, the WWF states that strategically focusing efforts on global priority places and species will also help conserve the many other species which share these habitats and/or are vulnerable to the same threats and incorporates two strategic approaches (Wwf.panda.org, n.d.):

1. Conserving the Earth’s most outstanding places.
2. Conserving species that are particularly important for habitat or for people.

Secondly, the organization relies highly on partnerships for support in terms of financial and other capacities which is why their strategy involves placing trust and value in their network and partners so that together they can create innovative solutions for environmental problems. This is built upon providing transparency throughout all levels of the organization. They engage with several corporations to provide help in reducing negative impact in their supply chains and ultimately provide increased tangible results for the environment.
### Work Smart
- Act with urgency
- Remain responsive to change
- Have the courage to change course when needed
- Remain constructively discontent
- Work efficiently

### Act Like Owners
- Be accountable for our actions and inactions
- Steward system assets and focus on building value
- Reward our people for taking risks and finding better ways to solve problems
- Learn from our outcomes -- what worked and what didn’t

### Be the Brand
Inspire creativity, passion, optimism and fun

Furthermore, the company remains a leader in the marketplace by carrying out their strategy throughout five primary strategic actions i.e. by focusing on revenue and profit growth, providing continuous investments in their brand and business, increasing efficiency, simplifying their operational structure and refocusing their core business model. In terms of revenue and growth, the corporation used revenue growth strategies, depending on market type, while aligning employee initiatives.

These strategies include focusing on volume increase and affordable pricing in emerging markets, whereas in developing markets the corporation relied on strategies focusing on price/mix and increasing profitability throughout smaller and premium packaging.

Furthermore, the company believes that by continuous investments the business will stay healthy.

Thirdly, the organization relies highly on human capital i.e. individual's knowledge and commitment, experts and scientists, as well as strong leadership abilities of key employees, which is why they value the importance of investing in knowledge (internships and career opportunities), creating strong working teams and valuing the advantages diverse teams generate (assuring equal employment). Just recently the organization has appointed eight new practice leaders in the six areas of action to increase their environmental sustainability’s future success.

Lastly, the organization implements an efficient way of how they communicate their mission, goals and objectives, alongside to the importance of responsible behavior towards the environment and how our decisions affect our Planet to their audiences and stakeholders throughout their online and media presence, whereas they focus on constant improvements for creating a clearer understanding of their work.

**1. Strengths**
- Resource availability
- Strong funding and donations
- Strong mission, message and objectives communication
- Strong leadership and employee expertise
- Credibility and legitimacy
- Brand name
- Activities oriented towards economic, environmental and social development and sustainability
- Wide partnering network
- Strong community engagement

**2. Weakness**
- Limited resources
This is done by large and continuous investments in global marketing campaigns and advertisements of their brands, specifically an increase of more than US$250 million dollars in media advertising, alongside to various acquisitions (Suja, China Green Culiangwang and etc.) to expand their beverage portfolio. As a part of their solution to become more efficient the company increased their financial flexibility i.e. they reduced their costs, whereas this is done throughout decreasing costs in non-media marketing and discovering new savings opportunities throughout their whole supply chain. The final outcome: +US$600 million in productivity improvements in 2015 used for further investments and returns to shareholders.

To keep with the fast pace of changing consumer preferences, alongside to the needs of the marketplace for speed, precision and empowered employees, the company decided to simplify their business. This was done by analyzing areas of the operational structure which could use improvements in terms of speed and efficiency, alongside to determining what internal processes created barriers for these improvements. The final outcome resulted in removing unnecessary layers within the organization such as a part of the functional management, as well as removing barriers within the internal processes and enhancing the employee experience throughout the whole company. Finally, the corporation reshaped their core business model throughout expanding bottling operations.

The company’s 2017 business highlights would include: lifted and shifted brands (scale in Glaceau smartwater, ZICO coconut water and Appletiser), accelerating Coca-Cola Zero growth globally, acquiring AdeS soy based beverage brand in Latin America and introduced Topo

- Lack of funding
- Influence of public opinion

3. Opportunities
- Transform global markets and create innovative sustainable solutions throughout current and potential partnerships
- Increase impact throughout initiatives and lessons learned
- Increase partnering network
- Increase influence throughout educational initiatives

4. Threats
- Lack of financial and other resources
- Unpredictable risks
- Generating a bad image throughout unethical activities
- Partnership failure
- Internal or external conflict
When analyzing the corporation strategy throughout Michael Porters generic strategies, the corporation uses three strategies for achieving their competitive advantage: Cost leadership, differentiation and focus on narrow competitive scope (UKEssays, 2013). Why the corporation uses these strategies is simple: because of the wide range of segments in the value chain, whereas with their low cost strategy the company has managed to develop one of the most efficient production systems and because of their differentiated products they maintain advantage when it comes to pricing. Within their differentiation strategy, as mentioned above, large amount of money is spent for advertising and creating a unique brand image. Alongside to their low cost, this helps them in attaining consumer loyalty while increasing unit sales. Furthermore, the company incorporates a vertical integration process in their corporate strategy throughout TCCC (parent company) buying from bottlers and selling them to their company Coca-Cola Enterprises. Finally, the corporation focuses highly on building strategic alliances and entering joint ventures around the world to increase the efficiency of their distribution, customer experience and increase profit (UKEssays, 2013).

**CSR Insights**

Sustainability is an important factor in TCCC’s corporate strategy i.e. it remains a critical factor in their marketing activities as well and the corporation has repeatedly communicated their importance and commitment towards CSR continuously by launching new sustainability initiatives around the globe.

The organizations CSR activities can be derived from and resemble their six main global goals and implemented strategies. The organization states that they want to ensure that the world’s most important fisheries and ocean ecosystems are productive and resilient and improve livelihoods and biodiversity; the most iconic and endangered species are secured
This is clear from the statement which they communicate to the public: *With an enduring commitment to building sustainable communities, our Company is focused on initiatives that reduce our environmental footprint; support active, healthy living; create a safe, inclusive work environment for our associates; and enhance the economic development of the communities where we operate* (The Coca-Cola Company, 2015). Furthermore, the company provides transparency regarding their CSR and sustainability activities in terms of issuing annual sustainability reports, stakeholder engagement reports, GRI reports, provide data and information regarding key areas of action such as agriculture, climate protection, human and workplace rights, woman’s empowerment and other, disseminate knowledge and lessons learned from partnerships and initiatives throughout providing case studies and provide insight to interviews, questionnaires, surveys from direct stakeholder engagement, alongside to this they promote their activities largely online, throughout their brand and advertising activities as well.

The corporation offers an insight into their Global Reporting Initiative (GRI) reports, which ultimately serves as *a framework for measuring and communicating their environmental, economic, social and governance performance* (The Coca-Cola Company, n.d.). This is used for the corporation to review their performance and simultaneously improve it towards their stakeholders. The corporation aims to meet the UN Sustainability Goals as well, highlighting the issue of poverty.

In terms of reaching these goals, the corporation engages in partnerships with local communities and NGOs to address, support and offer a solution towards these issues. These reports and

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and recovering in the wild; the integrity of our most important forests, including their benefits to human well-being, is enhanced and maintained; freshwater ecosystems and flow regimes provide water for people and nature; a global shift toward a low carbon and climate resilient future is achieved; and that sustainable food systems conserve nature and maintain food security (Wwf.panda.org, n.d.):

How WWF executes their CSR activities and brings forward innovative solutions for tackling SD issues is by closely aligning their six major goals/areas of priority to the SD global goals:

1. CLIMATE AND CHANGE:
   - *Global goal: By 2030, an equitable and just transition is underway that limits arming to 1.5C, protects people and nature and builds a climate resilient future* (Wwf.panda.org, n.d.)
   - Goal 7: affordable and clean action
   - Goal 13: climate action

2. FOOD:
   - Developing sustainable food systems throughout partnerships with major companies to ensure sustainability throughout their supply chains and ensure that their products and services are produced in a way that preserves and protects the environment
   - Focused on the production of eight farming commodities: cattle (beef and dairy), cotton, biofuels, palm oil, salmon, shrimp, soy and sugarcane (Wwf.panda.org, n.d)
   - Done trough: assembling key stakeholders to define criteria for reducing negative impact and growing commodities, identifying and implementing better management practices, creating financial incentives,
relevant data can all be found online on their official website. Within their 2016 Sustainability report, TCCC has highlighted the following achievements (The Coca-Cola Company, 2017):

- **Agriculture.** 100% coffee & tea products produced from sustainable resources and 50% lemons and sugar from sustained resources
- **Climate Protection:** 14% reduction in CO2
- **Human and Workplace Rights:** 89% bottling partners and direct suppliers achieved compliance
- **Giving back:** US$106 million donated in total around the globe
- **Packaging and Recycling:** 60% bottles and cans recycled
- **Water Stewardship:** 21 billion liters of water replenished around the globe
- **Women's Economic Empowerment:** 1.7 million women enabled

Furthermore, they highlight what they have achieved and how far they have improvement concerning their sustainability objectives and social impact (The Coca-Cola Company, n.d.):

- **Supported Global Disaster Relief:** US$10 million contributed towards supporting global disaster relief and recovery efforts.
- **Incentivized behavior for driving growth:** Changes which foster a high-performance culture focused on long-term growth, empowerment and test and learn mentality.
- **Increased Safe Water Access:** Enabled access to water throughout partnership for more than 200,000 people in Latin America by 2012 and replenishing water at least 100%

improving agricultural policies and identifying new opportunities for producers (Wwf.panda.org, n.d.)

- Goal 11: sustainable cities and communities
- Goal 12: responsible consumption and production

3. **OCEANS:**

- Promotes Sustainable Blue Economy by contributing to the economic development of the Ocean (Wwf.panda.org, n.d.)
- Done throughout large scale holistic approaches: enlarging coherent networks of marine protected areas for managing fishing activities, effective implementing Paris climate agreement, building strong government cooperation, tackling overfishing, advocating integrated ocean management, supporting small-scale fisheries and sustainable aquaculture, promoting the value of eco-systems, managing impacts of various industries and promoting sustainable marine tourism
- Priority places of action: Arctic, Baltic Sea, Coral Triangle, East African Coast, Galapagos, Gulf of California, Mediterranean, Madagascar, Mesoamerican Reef, Pacific Southwest, Southern Chile, Southern Ocean, West African Coast and Yellow Sea (Wwf.panda.org, n.d)
- Priority species: Albatross, Alaskan Pollock, Hump head Wrasse, Marine turtles, Sharks, Tuna, Salmon, Swordfish, Billfish, Whales and Dolphins (Wwf.panda.org, n.d.)
- Goal 2: zero hunger
<table>
<thead>
<tr>
<th>Corporate – NGO partnerships in creating Sustainable Development</th>
</tr>
</thead>
</table>

- **World Without Waste**: Holistic strategy developed in 2017 to collect every bottle and can for each one sold by 2030
- **SD Goals**: Focused on all 17 SD goals, with highlight on women, water and partnerships
- **Beyond the Bottle**: Developed technology for reducing packaging footprint
- **Investing in the Fruits of India**: More than US$17 billion in the next five years to support sustainable agriculture, alongside to enabling female economic empowerment

<table>
<thead>
<tr>
<th>Goal 14: life below water</th>
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</table>

4. **WILDLIFE**:

- Global goal: The world's most iconic and endangered species are secured and recovering in the wild (Wwf.panda.org, n.d.)
- Focuses on creating sustainable solutions for endangered species and conserving their natural habitats
- Done through several initiatives such as the Wildlife Crime Initiative which focuses on tackling the poaching crisis and organized wildlife crime (illegal trade) for the survival of iconic species
- Species Conservation Programmes done through partnerships for reducing poverty, increasing the engagement of women in society, increasing food security and providing a sustainable environment for the current and future society, done by:
  - recognizing the contribution specific species bring to the ecosystem, ensuring species are assessed and valued as a natural asset in poverty reduction, building linkages between development and conservation and integrating rural development with conservation (Wwf.panda.org, n.d.)
- Focuses on 10 clusters of priority species: Bears, Big Cats, Cetaceans, Elephants, Great Apes, Marine Turtles,
Rhinos, Sharks and Rays, Sturgeons and Vultures
- Goal 15: life on land
- Goal 16: peace, justice and strong institutions

5. **WATER**

- **Global goal:** *Freshwater ecosystems and their services sustain people and nature* ([Wwf.panda.org, n.d.](https://wwf.panda.org/))
- Their work is focused on: bankable freshwater projects, water governance, water security, freshwater habitat protection and water stewardship done throughout collaboration with NGOs, governments, corporation and many more
- WWF uses scientific approaches to tackling freshwater issues done by: conducting environmental flow assessments, promoting sustainable dams, hydropower and other water infrastructures, influencing the decision-makers about environmental water needs, integrating environmental water needs, supporting the implementation of agreements on biodiversity and wetland, establishing freshwater conservation networks, restoring freshwater habitats and many other actions undertaken ([Wwf.panda.org, n.d.](https://wwf.panda.org/))
- WWF partners with international organizations and conventions to protect freshwater, integrate sustainable water allocation and responsible water infrastructures, such as Ramser Convention, UN Watercourses Convention, Asian Development Bank, Mekong River
Commission and others (Wwf.panda.org, n.d.).
- Goal 6: clean water and sanitation
- Goal 9: industry, innovation and infrastructure

6. FORESTS:
- Global goal: A world enriched by extensive, resilient forest landscapes benefiting biodiversity, people and climate (Wwf.panda.org, n.d.)
- Provides SD solutions that tackle the issues of deforestation and degradation by increasing protected areas, restoring degraded forest landscapes, communicating the economic value of ecosystems and the importance of forests, launching initiatives for reusing and recycling paper, reducing greenhouse gas emissions throughout their REDD+ incentive, investing in locally controlled forestry, ensuring responsible forest management, increasing the efficiency of plant management and developing forest-friendly infrastructures and landscape approaches (Wwf.panda.org, n.d.)
- Goal 12: responsible consumption and production
- Goal 15: life on land

Figure 20 presents a summary of WWF global conservation framework, whereas full reports on their sustainability actions and work can be found through their official website: www.worldwildlife.org
Table 20: Summary of TCCC and WWF practices (Author’s original)

Table 21 summarizes the analysis of the partnership *Freshwater Conservation Initiative* developed between TCCC and WWF and represents an overview as to what motivated both organizations to engage in the partnership, what goals they set out to reach together, how these goals are getting accomplished and ultimately the outcomes and impact achieved throughout it, with further future SD plans. This analysis of the partnership includes the impact they have reached throughout the economic, social and environmental perspective, whereas it concludes the analysis with deriving success factors which contributed to their accomplishments and their comparison to those found in theory.

**PARTNERSHIP**

*Freshwater Conservation Initiative (Water Stewardship)*

| Review of partnership | The Freshwater Conservation initiative, as part of TCCC’s Water Stewardship was launched by TCCC and WWF and was formally established in 2007 after the two organizations successfully carried out a previous project for freshwater conservation a couple of years earlier in 2014 with TCCC donating a 3-year US$2 million grant ENGO (Freeman et al, 2017). The partnering organizations communicate their mission throughout a clear statement: *our global partnership is focused on helping to ensure healthy, resilient freshwater* |
basins in the Mesoamerican Reef catchments in Mexico, Belize, Guatemala, and Honduras and the Yangtze River basin in China. Together, we are addressing the natural resource challenges that impact fresh water by measurably improving environmental performance across the company’s supply chain, integrating the value of nature into decision-making processes, and convening influential partners to solve global environmental challenges (The Coca-Cola Company, n.d.).

In 2007 the two organizations reached a consensus and signed a transformative partnership agreement, whereas TCCC contributed US$2 million needed to carry out the project successfully. Furthermore, the partnership renewed their goals in 2013 for the period up to year 2020. The initiative’s primary goal was to preserve seven freshwater basins around the globe in 11 key regions, whereas the partnership aimed to achieve this throughout addressing four main areas of concern regarding basin conservation: governance and management, resource protection, mutually supportive conservation and development, and biodiversity conservation.

The partnership is currently expanded and working in over 50 countries globally, partnering with various other organizations in different sector, with the aim to inspire further collaborations.

TCCC annual sustainability report defines their achievements in five general objectives it achieved throughout its Water Stewardship program (TCCC, 2013):

1. Conserve seven of the world’s most important freshwater basins
2. Improve water efficiency within the Company’s operations
3. Reduce the Company’s carbon emissions
4. Promote sustainable agriculture
5. Inspire a global movement to conserve water

Furthermore, the overall goal (one of the reason TCCC engaged in the partnership with WWF) of TCCC in their Water Stewardship sustainability program states (TCCC, 2017) that the corporation aims: By 2020, safely return to communities and nature an amount of water equal to what we use in our finished beverages, whereas they achieve this by (TCCC, 2107):

- helping provide access to safe water and improved sanitation
- protecting watersheds
- providing water for productive use
- replenishing water used in global sales volumes back to communities and nature throughout collaborative projects
- return water used to make company beverages back to communities and nature

Since the initial project showed successful results and impact when ending in 2012, the organizations decided to expand their operation and redefined new goals for the up following period through 2020, highlighting the importance of not only conserving freshwater but tackling challenges and factors which influence their impact on
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freshwater. The organization's established four general goals their partnership wishes to attain (The Coca-Cola Company and WWF, 2013):

1. Help ensure healthy, resilient freshwater basins in 11 key regions
2. Measurably improve environmental performance across the Company's value chain
3. Convene influential partners to help solve global environmental challenges
4. Integrate the value of nature into public and private decision-making processes

Whereas, the organizations added two new 2020 joint goals through their water for their water replenishment initiative (World Wildlife Fund, 2013):

1. Replenish 100% of water used. Coca-Cola will return treated water from its manufacturing processes back to the environment at a level that supports aquatic life, and replenish the water used in its finished beverage products through continuing its community water projects with partners in more than 100 countries. To date, Coca-Cola’s replenishment work has balanced an estimated 52 percent of product volume through 468 projects.
2. Reach a 75% recovery rate of bottles and cans in developed markets. Coca-Cola will work with the beverage industry and local organizations to establish baseline information and work to increase recovery and recycling in developing markets. The Company will continue to reduce the amount of material and energy used in its packaging as well as continue to use both recycled and renewable content.

Motivation

Why TCCC and WWF engaged in this partnership roots to a variety of several reasons, whereas both organizations differ in their initial motivations, but still engage in many touching drivers and factors influencing the decision. Firstly, both organizations could gain valuable capacities from one another in which they lacked, such as TCCC benefiting from WWF's global network, community engagement and scientific expertise, whereas WWF could benefit from TCCC's financial resources, supply chain and business expertise.

From the perspective of TCCC, the company set a goal to expand their distribution and sales, precisely within emerging economies (China and India for example), whereas as a new player trust was needed to be built with members of communities where the corporation sought out to operate. The company therefore focused on building these strong relationships since the wellbeing of these communities became of significant importance to them and their operating strategy. However, the concern for community well-being suddenly increased when locals and NGOS protested in front of a Coca-Cola bottling company in India, arguing that the corporation was contributing greatly to the issue of water scarcity by polluting water with plant wastewater throughout its operation and activities. The company was triggered by accusations that environmental groups and other activists publicized regarding how the corporation was endangering the local community by allocating their water for their operations. One of the main issues which
raised was the importance of agriculture and its contribution towards freshwater, alongside to how local farmers do not have the necessary amount of water for farming. However, even if TCCC presented reliable data and information to defend themselves from accusations, they continued to recognize that the issue of freshwater was indeed a large concern, raising ethical questions regarding water scarcity, which they ultimately addressed globally. Even though TCCC has previously addressed the issue from a strategic point of view by engaging with in the partnership it moved further and incorporated responsible water consumption throughout their whole value chain. Another motivation of TCCC could be the need for the corporation to expand their stakeholders beyond their primary ones and this was demonstrated by entering the partnership with WWF. Koch, argues that one of the drivers were to gain on the ground perspective and expertise for their strategic initiatives (Freeman et al, 2017) Engaging with a world leader in environmental protection and tackling SD issues guaranteed these resources. After all, previous successful partnership projects contributed to the decision of TCCC and WFF to work together.

Furthermore, WWF sought out the benefits and impact it could generate if they were to engage in a partnership with TCCC. Contrary to TCCC's primary strategic and CSR nature of motivational drivers, the WWF was driven to engage with the corporation primarily because of the opportunity to further their own mission (whereas water conservation was already a part of) which could be achieved from the financial resources provided by TCCC and influencing the integration of sustainable activities within the corporation's internal and supply chain processes. Finally, access to particular corporate capacities which NGOs lacked such as business know-how, management and financial management and leadership were brought into the partnership.

**Stakeholders and beneficiaries**

The Business Dictionary (n.d.) defines a stakeholder as a person, group or organization that has interest or concern in an organization. Stakeholders can affect or be affected by the organization's actions, objectives and policies.

Since company’s actions impact their external environment, for corporations to address CSR and sustainability issues, it is necessary they engage in identifying relevant stakeholders and how they are affected by these actions, alongside to establishing whether or not their needs and expectations are met. The engagement corporations undertake with their stakeholders matters for a variety of reasons, one being that stakeholders need to be responsible towards their commitments if such a wide network of stakeholders is involved, which ultimately contributes to the success of the partnership as well.

TCCC’s operations depends on numerous suppliers and distributors because of their expanded supply chain. For this reason and others, it simultaneously created a wider network of stakeholders which expanded beyond their primary ones while the partnership moved forward (engaging with other organizations along the way). This developed a
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wide span of stakeholders affected by the organization's and partnership's activities. The stakeholder and beneficiary groups can be divided as follows:

- **SOCIAL**
  - **Primary:**
    According to TCCC annual report these are (Sustain Case – CSR Magazine, n.d.):
    - Bottling partners: 300 bottling partners
    - Consumer/customers: Operating in over 200 countries
    - Distributers
    - Employees +10,001
    - Investors
    - NGO’s
    - Partners: Supporting the execution of SD goals
  - **Secondary:**
    - Media
    - Government and political actors

2. **NON-SOCIAL**

- **Primary:**
  - Environment
  - Future generations

- **Secondary:**
  - Imposed laws and regulations

TCCC measures and communicated their engagement with their stakeholders by the use of the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards), principles which are adopted globally and a tool widely accepted for measuring sustainability performance (GlobalReporting.org, n.d.).

In 2014, TCCC applied the GRI Standards to address the priority issues, whereas the process of engaging stakeholders started off by working with a third party and using sustainability reporting standards to develop a list of 100 relevant environmental, social and governance topics. Afterwards, from the corporation reviewed a wide range of sources to gather information about their stakeholder engagement, sources such as formal documents, surveys, conducted interviews and other. Finally, the corporation ensured they engaged with their stakeholders throughout holding face-to-face meetings and receiving and reviewing direct feedback from various departments. This all ensured the company clearly understood the needs and expectations of their relevant stakeholders, the issues these stakeholders find important to address and how their activities affect them and their well-being.

Because of their successful stakeholder engagement by expanding their pool of stakeholder when entering the partnership with WWF, the overall impact and created value for all stakeholders involved increases and continuous to show positive
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<table>
<thead>
<tr>
<th>Activities and actions</th>
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<tbody>
<tr>
<td>Both TCCC and WWF strategically aligned activities as to how they will tackle the interrelated issues of agriculture, water use and energy generation. One of the ways TCCC contributes to creating an impact throughout water conservation is developing an understanding of the Water-Energy-Food Nexus, meaning that these areas are linked and by executing an action in one area, a reaction i.e. impact would follow in one or all other areas. Meaning, a 360-degree perspective is needed. Other action actions TCCC and the WWF undertake in addressing water scarcity is throughout (The Coca-Cola Company, 2017):</td>
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<tr>
<td>- Improving water use efficiency</td>
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<tr>
<td>- Managing wastewater and storm water</td>
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<tr>
<td>- Mitigating risk throughout developing partnerships</td>
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<tr>
<td>- Replenishing used water</td>
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Furthermore, effective management and leaders contribute towards the successful outcomes the partnership keeps generating and one of the ways this is done is throughout establishing a clear line of roles and responsivities. The Office of Sustainability is responsible for the water stewardship, whereas the safety and environment team execute program activities and report to the Chief Technical Officer, who is part of the Company's Operating Committee and can influence decision-making. The partnership as well assures that leading experts and valuable employees are engaged in executing their activities and guide the overall program.

Strategically, the initial step TCCC undertook for addressing the issue of water conservation was incorporating the importance of water usage into its core strategy and throughout its whole value chain. Together, WWF and TCCC conducted the source vulnerability assessments (SVA) for bottling partners, ultimately leading to a draft and implementation of relevant Source Water Protection Plans (SWPP) in 2014 (Freeman et al, 2017). Possible partnerships were then supplemented to each SWPP and the partners continued to developing a Water Efficiency Toolkit, distributed to all TCCC's bottling partners. The toolkit was used to reduce water footprints, estimate potential water savings and determine solutions for more efficient water usage.

TCCC and WWF report that throughout incorporating their water stewardship culture into their agriculture supply chain they are improving their efficiency and effecting their suppliers globally to reducing their water wastage. The corporation has contributed to SD goals throughout agricultural initiatives in 25 countries so far. TCCC states the following:

transformations. (Freeman et al, 2017.) states that these positive outcomes were achieved because:

- A common ground was reached
- Trustful relationships were developed
- Stakeholder responsibility was promoted
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as some actions they undertake to generate their SD impact throughout sustainable agriculture (The Coca-Cola Company, n.d.):

- Working with corporations, sugarcane producers and NGOs to implement global metrics standards for sustainable sugarcane production
- Partnering with EARTH University and TicoFrut to promote sustainable citrus production
- Providing financial support for farmer-driven innovations
- Collaborating with multiple partners in the U.S. to help farmer use water more efficiently and improve the water quality of rivers
- Working on a project with Cargill Incorporated and WWF on sustainable corn for increasing farmer livelihoods and protecting biodiversity

Figure 21 presents a summary of how their major areas of sustainability issues and their provided solutions intersect.

As for WWF, which long before engaging in the partnership undertook within its mission the conservation of water, approaches the issues strongly throughout several initiatives (some mentioned earlier in the organization’s CSR insights). Firstly, WWF strongly engages in corporate and other cross-sector partnerships when addressing water scarcity issues. This is done by providing information and building an understanding of current and potential water risks to other players in society such as governments, corporations, NGOs, investors, local communities and the overall society with the aim of these organizations adopting responsible water practices in their organizational processes (World Wildlife Fund, n.d.). The organization as well provides scientific assessments and water footprinting and mapping tools (Water Risk Filter). Secondly, WWF promotes good water governance by providing valuable support to river basin management with aims of increasing their effectiveness in protecting the environment and natural capital, and continuously pushes governments globally to incorporate this practice in their decision-making processes. Thirdly, WWF executes actions which protect freshwater ecosystems by providing a holistic basin-wide approach, whereas throughout working on seven key river basins globally they are implementing new SD solutions to tackle the challenges of freshwater conservation. Finally, WWF addresses the importance of managing water usage in a changing climate and the benefits effective management
brings, one way the organization executes this activity is by engaging with institutional partners in Asia’s High Mountains and Chihuahuan Desert (World Wildlife Fund, n.d.). In their recent case study Collective Action for better governance (WWF, 2017), the WWF highlighted how they engaged in freshwater conservation activities in China, India and Pakistan, concretely parts of the Yangtze, Ganga and Indus river basins. With the cooperation of multiple partners, local small and medium enterprises and NGOs and single households, WWF managed to achieve successful results in influencing these partners in incorporating better water governance. Because each region was unique to itself, bringing forth its own challenges the organization applied different strategies to tackle the issues. Finally, the case study highlights the following actions they executed (WWF – Pakistan, India and China, 2017):

1. INDIA
   - Focus on working in cities Kanpur and Moradabad (issues with high levels of pollution due to massive industry making it the most polluted area on Ganga River)
   - Water risk studies were complemented for both cities
   - City level platform established in Moradabad for stakeholders
   - Establishing a platform for international buyers of leather from Kanpur (reducing water pollution in supply chains)

2. PAKISTAN
   - Partnering with Cleaner Production Institute to launch water stewardship project (better water management of small and medium enterprises in Lahore)
   - Gathered evidence for better understanding the effects heavy industrialization leaves on the overall water in Lahore and what the benefits of efficient water management are
   - Used demonstration projects focused on water management practices of 35 SMEs across the four main industry sectors in Pakistan, resulting in implementing developed action plan for better water management and finally gathering feedback through follow-ups after implementation

3. CHINA
   - Decision to work with Industrial Parks within the Taihu basin governed by an Administration Committee. This initiative monitors each company’s wastewater and punishes with penalties those who do not meet the standards.

Finally, in their 2016 annual partnership report (TCCC and WFF, 2016), the organizations highlight the following actions and activities undertaken to contribute to water conservation:
   - Protecting freshwater through fire prevention, certifying sustainable sugar and employing science.
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- Protection of 350 hectares of forest in the Pasabien River basin in Guatemala
- Launching Rio Belize Task Force, a collective action platform
- Reaching agreement with Guatemala’s National Forestry Institute for new water reserves
- Partnership helped Magdalena sugar mill in Guatemala attain the Bonsuco certification, totaling now in two certified sugar mills in the area
- Using science and investing in measuring isotopes and releasing isotope studies as a tool to help organizations identify their water resources
- Protecting the Yangtze River throughout partnering with the Hunan provincial government
- The habitat reconstruction at Jinjing Tea Garden was named one of the 30 most beautiful tea gardens of 2016 by a Chinese Agriculture Association, and constructed wetland for increasing biodiversity
- Released the Natural Capital Assessment of the Liuyang River report in October 2016, in response to the 13th Five-Year Plan for National Economy and Social Development of Hunan Province

Outcomes

Some of the initial outcomes the partnership achieved during their first 5-year collaboration were specifically successful in operating areas such as India (part of the initial motivation driver towards the partnership) and China, whereas the partnership improved water use efficiency by 25% in the targeted area. Further achievements highlighted in this period of action are the establishments of responsible action towards freshwater basin in four continents, increasing the water use ratio by 20% within TCCC’s plants and reducing 9% of emission in developing countries they operate in (Freeman et al, 2017.)

As stated earlier, because of significant outcomes generated throughout attaining their objectives, the two organizations extended their successful collaboration, achieving even greater outcomes up to 2017 and have set goals for the years to follow, specifically until year 2020. Specific achievements they’ve generated can be found in a variety of reports published online by the two organizations such as TCCC’s sustainability reports, TCCC+WWF partnership reports and updates, quantifying reports, partnership fact sheets and others.

Some of the quantified outcomes achieved with the partnership from the relaunch of their collaboration in the past years are as follows:

2014 (TCCC, 2014/2015; Sustain Case – CSR Magazine, n.d.):
- From 2005 – 2014, TCCC balanced 94% of the equivalent amount of water used in its beverages, totaling to app. 153.6 billion liters of replenished water (estimated 94% out of 100% goal)
• TCCC improved by 10% since 2010 by using 2.03 liters of water per liter of product, with a new set goal to reduce this amount to 1.7 liters of water per liter of product
• Continued to assess water source risks throughout implementing a rights-based approach which resulted with all bottling plants conducting the SVA and ultimately TCCC implementing the SWPP
• Achieved 99% alignment with wastewater treatment standards (for recycling and treating water)
• Improved water efficiency in manufacturing operation by 25% compared to 2010
• Launched New World: Sustainable Human Development Initiatives with UNDP, whereas TCCC provided US$2.5 million in grants

Figure 22 below shows TCCC water use ratio and their improvement from 2005-2014.

Figure 22: TCCC water use ratio from 2005 – 2014 (TCCC, 2014/2015)

• Achieved goal of 100% water replenishment, an estimated 115% of water used in its finished beverages
• Replenished 191.9 billion liters of water throughout 248 communities in 71 countries
• Returned app. 145.8 billion liters of water used in manufacturing
• Achieved goal of providing access to safe water for +2 million people and +1800 communities globally
• TCCC and the TCC Africa Foundation pledged US$35 million for water-based initiatives in Africa
• New World initiative has reached over 1 million people through their 44 projects
• Participated in variety of SD events and activities
• 27% reduction in water use in manufacturing from 2005
• In 2016 221 billion liters of water were replenished throughout project, specifically 175 billion L/Y (79%) for protecting watersheds and 34 billion L/Y for providing water for productive work
• In 2016, water efficiency in manufacturing operation improved by 2% from year 2004, totaling a 13% improvement
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- In 2016, the partnership returned app. 132.9% of used water back to nature and society
- In 2016, 3.0365 billion liters of water produced 155 billion liters of TCCC’s products and moved towards achieving their goal of 1.7 liters of water used per liter of product, whereas some bottling plants already are operating at 1.4 liters of water per liter of product

TCCC uses range of accepted scientific and technical tools in collaboration with third parties to review their overall and sustainability performance and impact, whereas the corporation then complies the data and launches fully transparent and easily accessible reports of their achievements to their stakeholders. The corporation states that it publishes system wide quantitative goals; demonstrates accountability for water use; and provides accurate data, analysis, validation and verification (TCCC, 2014/2015). Precisely, third parties they work with would include independent organizations such as The Nature Conservancy, LimnoTech and Deloitte (TCCC, 2014/2015) whereas the corporation’s reporting framework is in accordance to GRI Standards, UN Global Compact LEAD Program Advanced Criteria, UN Guiding Principles Reporting Framework and SD Goals (The Coca-Cola Company, 2017). Furthermore, the corporation aims to assure disclosures by providing performance measurement metrics and relevant information regarding the area by implementing a Responsible Marketing Policy reviewed by Ernest&Young LLP (The Coca-Cola Company, 2017) By working with external independent organizations the corporation provides assurance for its sustainability performance indicators as well and work to expand their list of KPI’s annually. Other specific details about their quantifying approaches and methodology for performance measurement can be found in their performance reports online (https://coca-cola.MaterialInc.com/en/sustainability/sustainability-approach-and-performance/sustainability-performance/).

Finally, for addressing their water use and the corporation’s efficiency towards it, TCCC uses the Water Foot printing approach, which ultimately aims to assess the total volume of water used for producing one unit of product and provide an overview of how water use is incorporated throughout their manufacturing operations and supply chains. This is done throughout the collaboration with The Nature Conservancy, which helps the organization determine impacts of water throughout the mentioned areas. Furthermore, for agricultural means, TCCC uses their Sustainable Agriculture Guiding Principles (SAGP) developed with other NGO’s used for outlining goals throughout their whole supply chain (The Coca-Cola Company, 2017).

<table>
<thead>
<tr>
<th>IMPACT ANALYSIS</th>
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<td><strong>Environmental</strong></td>
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<tr>
<td>Human activity, precisely industrial activity and pollution, provides one of the largest threats towards freshwater and the survival of its species and their habitats. Every larger use of water, ultimately effects the quality of the water for our environment, whereas</td>
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large multinational corporations such as TCCC and others directly affect freshwater on a global level due to their mass industry activities. The already scarce and unevenly distributed freshwater (remaining freshwater is in ice caps and glaciers), such as swamps, rivers and lakes, provide a habitat to over 250 species of fish and over 70 species of amphibians, whereas because of pollution, the number of these freshwater species has fallen over 70% in the past 70 years (Croatia.panda.org, n.d.). Several other activities influence the quality of our freshwater and its accessibility to humankind, some of which are water regulations, dam construction and accumulation, irrigation and poaching, however the biggest threat towards rivers remains hydropower development (Croatia.panda.org, n.d.).

The damages go beyond just affecting the specific species’, such damage due to environmental degradation (depletion of resources, pollution and climate change) causes biodiversity losses, creating an imbalance in our entire ecological equilibrium, ultimately imposing a threat for the food chain and therefore humankind. Furthermore, on the other hand, when resources are used in an unsustainable way, such as TCCC did when entering these new markets (whose communities are already facing massive freshwater scarcity issues) overexploitation can occur (for instance fisheries are facing threats where their biomass is less than the level which would be sustainable for them)

Even though the remaining app. 97% of water comes from oceans, which is useful for transportation, navigation, climate processes and other, this water is not useful to people for their “necessary” daily life routines.

WWF had the conservation of freshwater and oceans initially set in their mission and objectives, whereas with the collaboration of TCCC (precisely resources, networks and business capacities they lacked) they were able to ultimately reach a larger impact by working together on conserving seven of the world's most important river basins - The Yangtze River, Southeastern U.S. Rivers and Streams, the Rio Grande/Rio Bravo River, the Mesoamerican Reef, the Mekong River, Rivers and Lakes of Coastal East Africa and the Danube River, and attacking issues of climate change. On the other hand, TCCC understood that a greater impact could be made and their image can be re-established as responsible if they partnered with an organization which could provide them with knowledge and expertise in watershed.

Furthermore, it didn't take long for TCCC to realize the importance of incorporating this practice throughout its whole supply chain, launching together with the WWF another project, specifically effective water use practices for their bottling partners and production facilities to implement. The ultimate aim was for TCCC to become water neutral, which they eventually managed to accomplish. To support this and assure that their partners were using water efficiently, together the organizations developed the Water Efficiency Toolkit which ultimately provided their bottling partners information such as their water-use ratio, water efficiency assessments, best practices and more with the aim for each plant to reduce the water footprint in their operations.
Even though the corporation wasn’t initially shone in a good light, TCCC managed to become a leader in water efficiency use by applying the importance of water in their core strategy, throughout their value chain and by the help of a large ENGO, eventually impacting other MNC’s worldwide to learn from their best practices in contributing to the conservation of freshwater, whereas in 2016 together they managed to provide freshwater to almost 3 million people in targeted areas.

Water, an essential element towards sustaining life-form and an existential fluid for living organisms constitutes 71% of our Planet’s surface, whereas only 2% of Earth’s total water volume is freshwater. Not only does this element play a crucial role towards the sustainability of the general ecosystem and environment, it is crucial for any kind of economic development and effects the economy and businesses in multiple ways.

Firstly, freshwater is contributed app. 71% (2.100 billion m3) towards agriculture as it is used for crop, stock and fisheries (major food source globally), whereas it is also used as a means of transportation (sea, rivers, lakes and canals) for manufactured products and commodities. Secondly freshwater is used in large amounts throughout the industrial processes of organizations, in terms of using water for cooling, heating, washing containers and machines, as an ingredient for chemical substances and other final products. Thirdly, water is a crucial element for electricity generation, whereas it is used for turning turbines and producing steams for power plant machineries. And lastly, water is used as a form of entertainment for people (swimming pools, boating, diving and other sports) which contributes to their health and well-being.

There is no surprise that the world is tackling water scarcity issues with today’s growing population, growing industries and land degradation, alongside to poor water use which is constraining as well, amongst other developments, the economic development. Water remains one of the most important resources for manufacturing and production of businesses and the world is currently facing large water shortages in particular parts of it, ultimately disabling industrial growth within those areas. Majority of these problems can arise due to the lack of quality and efficient water management (especially needed in agricultural production).

It didn’t take long for the corporation to answer to accusations and address ethical questions from the local societies they operated in by launching new initiatives to support sustainable water use. However, even in a scenario where these accusations did not occur, the corporation would have still had to at one point address the issues and concerns by implementing an innovative SD solution throughout the entire supply chain due to their massive industry activities. TCCC first addressed the negative impact its wastewater was generating for the local communities, their agriculture and their overall economic development (which influences the organization’s success ultimately) in 1995, but quickly went from the perspective of purely achieving strategic goals to eventually incorporating efficient water use in their core business strategy by engaging in the partnership with WWF in 2007. From there, the organization
partnered with other organizations globally and addressed the water usage of its 300 bottling partners, whereas in 2014 they managed to implement Source Water Protection Plans in all their bottle partnering organizations, therefore expanding their sustainable water management globally. Partnering and implementing a water efficient culture in their expanded network affected employability opportunities (water largely used for construction) and opportunities for local small producers and NGOs to economically scale up and improve their overall performance. Conclusively, by disseminating together with the WWF their knowledge and practices of freshwater conservation and efficient water use, alongside to successful partnership creations in communities they operate in and into their partners’ strategies, the partnership positively affected the impact to have a more global reach. It can be said that water development influences the overall economic growth, whereas for example many capital cities lay on important rivers which ultimately generates a high concentration of economic activities for them, whereas water is a factor that influences the decision of the corporation to choose a specific site to execute their operational activities. TCCC therefore choose seven of the world’s most important river basins as a target for increasing efficient water use and water replenishment, resulting with the outcomes mentioned earlier.

In their manufacturing activities, TCCC incorporates that all their used water is returned back to the environment and society and this is done throughout their wastewater management program (strict standards for returning and treating water), whereas the company announced that this is now a standard operating requirement. Treatment plants were successfully established in 800 corporation system facilities, whereas only four failed to deliver, while two are in construction and three in planning. Finally, instead of using the water in their beverages the corporation replenishes the water through their manufacturing activities contributing to efficient water use.

Furthermore, TCCC’s global water stewardship managing director Koch said that our business can only be as sustainable as the sustainability of communities where we exist, and that begins with water (Freeman et al, 2017), which finally presented how serious the corporation was in implementing SD changes towards the conservation of water in their full value chain. The first step the partnership engaged in was to source their raw material, after which the resources were distributed to their 300 bottling partners which ultimately manufactured the products leaving operators to distribute them. According TCCC (Freeman et al, 2017) the company also began concentrating on reverse logistics, investing in plants for recycling cans and bottles, producing lighter-weight plastic bottles from plant material, and harvesting wastewater from operations.

From a socio-economic perspective, the partnership highly invests in and communicates the importance of knowledge, science and expertise by providing volunteering experiences, employment opportunities, seminars, trainings, online educational materials and fully transparent reports of their practices, alongside to developing the water footprint analysis which several multinational corporations now
use. Ultimately, this impacts the economic growth in countries they operate in (employing +10,000 skilled individuals worldwide, alongside to 5000 supporters) and has empowered woman farmers (1.7 million precisely) as well.

**Social**

Access to freshwater is a basic human right to all living beings currently residing on our precious planet. Nevertheless, 844 million people live with lack of access to freshwater and 2.3 billion people lack adequate sanitation conditions (Water.org, n.d.). From a social perspective, not only is water essential for our survival, it impacts a variety of different aspects regarding society and their overall well-being. Therefore, water can increase the sustainable impact in terms of providing educational and employment opportunities, improve health conditions for communities, reduce mortality rates and empower women and their rights.

Water largely affects women and children in these communities, whereas they are primarily in charge of water collection, specifically women spend 6 hours per day to do this (Water.org, n.d.). This leads to them engaging less in other activities such as work and school where they pursue knowledge, skills and abilities, ultimately contributing to poverty. Furthermore, poor sanitation leads to poor health and an increase in developing diseases (alongside to diseases induced by insect bites) in these communities, whereas 1 million people are killed annually because of hygiene related diseases (Water.org, n.d.). Implementing freshwater and sanitation gives the society an opportunity to improve their health conditions, reduce the mortality rates and physical injuries as well as increase the safety of their women from sexual assaults i.e. improves the overall well-being of the society. Health issues ultimately decrease the productivity of the community and cause hunger and poverty affecting therefore the economic development as well. Currently, around app. 795 million people live in poverty with lack of access to food, whereas this is primarily actual in developing territories such as Asia and Sub-Saharan Africa where around 100 million children are underweight (Water.org, n.d.). In these developing countries, managing the water use can significantly contribute to improving health conditions and therefore productivity itself.

97% of TCCC’s grants are focused on water, woman and community well-being, whereas the corporation received US$106 million in 2016, which benefit over 230 organizations worldwide in 71 countries. Their initiative for replenishing freshwater and wastewater in Africa generated an impact of providing 2 million people with safe water. Furthermore, the partnership generated an impact of providing safe water to app. 3 million people by 2016 (TCCC, 2017) with their expanded network of project partners.

Because of TCCC’s interrelated nature of sustainable activities (mentioned earlier), the water stewardship program influenced the impact of other programs such as empowering woman and creating sustainable communities, whereas throughout their partnerships TCCC managed to empower 1.7 million women in 2016 (TCCC, 2017).
Finally, the partnership between TCCC and WWF continuous to tackle these concern towards 2020 by sustaining current projects, implementing new projects and invest in supporting community water projects.

Table 21: TCCC + WWF: Freshwater Conservation Initiative analysis (Author’s original)

9.2. Success Factor Comparison

The comparison of success factors derived from theory and other case studies found in partner formation guidelines and those success factors derived from the analysis of the Freshwater Conservation Initiative can be seen in Table 22. This framework will highlight those success factors which are equal or similar and later on describe those factors unique to the analyzed case study and determine the gap between theory and practice if existing.

<table>
<thead>
<tr>
<th>THEORY DERIVED SUCCESS FACTORS</th>
<th>CASE STUDY SUCCESS FACTORS</th>
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<tbody>
<tr>
<td>• Common vision and view</td>
<td>• Full transparency towards all stakeholders involved</td>
</tr>
<tr>
<td>• Credibility and legitimacy</td>
<td>• High level of awareness and clarity of the issue/problem from organizations involved</td>
</tr>
<tr>
<td>• Openness, transparency and mutual trust</td>
<td>• Mission and objectives implemented throughout all levels of both organizations</td>
</tr>
<tr>
<td>• Clarity of roles and responsibilities</td>
<td>(in the core strategy)</td>
</tr>
<tr>
<td>• Clarity of goals and roles</td>
<td>• High level of understanding how the solution is implemented</td>
</tr>
<tr>
<td>• Access to local and global resources</td>
<td>• Reliance on independent third parties</td>
</tr>
<tr>
<td>• Mutual respect</td>
<td>• An effectively established internal and external communication system</td>
</tr>
<tr>
<td>• Senior management involvement</td>
<td>• Large networks</td>
</tr>
<tr>
<td>• Benefits for all partners involved</td>
<td>• High level of community engagement</td>
</tr>
<tr>
<td>• Flexibility and adaptability</td>
<td>• Continuous reassessment</td>
</tr>
<tr>
<td>• A history of collaboration or cooperation in the community</td>
<td>• Continuous evaluation (from start to end)</td>
</tr>
<tr>
<td>• Appropriate cross-section of members (representatives from each segment of the community which are affected by the partnership activities)</td>
<td>• Resource management</td>
</tr>
<tr>
<td>• Ability to compromise</td>
<td>• Leadership and experts</td>
</tr>
<tr>
<td>• Multiple layers of participation and active participation</td>
<td>• Level of interaction</td>
</tr>
<tr>
<td>• Appropriate pace of development</td>
<td>• Knowledge dissemination and lessons learned</td>
</tr>
<tr>
<td>• Established informal relationships and communication skills</td>
<td>• Supply chain interventions</td>
</tr>
<tr>
<td>• Excellent multidisciplinary team</td>
<td></td>
</tr>
<tr>
<td>• Supply chain alignment and collaboration</td>
<td></td>
</tr>
</tbody>
</table>
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- Focus on strategic, measureable objectives and co-benefits
- Project coordination team and project coordinator
- Leveraging partner expertise and strengths
- Planning and decision-making
- Measureable results
- Commitment
- Regular assessment
- Ability to evolve

ASSESSING THE GAP

On the basis of this research and the analyzed partnership creation processes/guidelines, only a small gap between theory and practice exists concerning success factors. Overall, the partnership between TCCC and WWF relies strongly on all the derived theoretical success factors. Still, several other success factors stand out in the partnership which are not mentioned earlier. Such factors would be: full transparency not only towards partners, but towards all relevant stakeholders affected by their actions; reliance on third parties, which not only assures transparency but can help in more efficient evaluation and performance measurements and other areas in which the corporation might not possess expertise; continuous reassessment, which can not only determine how the project is currently developing and what improvements are needed, but can help the partnership react easier and more efficient to irregularities and setbacks, possibly determine a potential threat earlier; knowledge dissemination and lessons learned, particularly important when organizations such as TCCC have large supply chains, a large number of employees and influence on their consumers; community engagement, which can also be done throughout disseminating knowledge (partnership building per se); supply chain intervention and strong resource management.

However, these success factors are not fully applicable to all corporate-NGO partnerships, because as established earlier, each is unique to itself. The estimated gap in success factor results therefore apply specifically to the case study of the TCCC+WWF and other partnerships this large in scale which are similar in their nature.

Table 22: Success factor comparison (Author’s original)

10. HYPOTHESES TESTING

Table 23 presents the results of the set hypotheses for this thesis, grounded on the theoretical background analyzed and case study results.
### HYPOTHESIS | RESULT
--- | ---
**H1. Cross-sector partnerships are key to sustainable development** | ACCEPTED

**H2. Partnerships help corporates increase the growth of their corporate social responsibility (CSR) activities.** | ACCEPTED

**H3. Corporates help NGOs scale faster.** | PARTIALLY REJECTED

**H4. Corporate-NGO partnerships are established for long-term strategic objectives.** | PARTIALLY REJECTED

**H5. Only when the partnerships are developed in a strategic and systemic way can corporate-NGO partnerships create sustainable development and be effective.** | ACCEPTED

Table 23: Testing Hypotheses (Author’s original)

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## 11. CONCLUSION

Cross-sector partnerships are complex, can include a large number of parties involved and depend on a multitude of factors for achieving results. This is why each partnership is unique to itself and precisely why there still lacks insufficient academic research for a concrete definition and context in which these partnerships are formed and under which influences they fail or succeed.

The increase in collaboration of the two organizations which once collided indeed show that corporate-NGO partnerships are key to attacking current sustainable development issues. However, for these solutions to truly be sustainable several success factors must be taken into account before engaging. Furthermore, these collaborative partnerships can be created because of various different motivational drivers, being purely out of altruistic reasons, strategic reasons or other, whereas in any case, resource dependency on one another remains a motivational driver in any case. It is clear that corporates enter these partnerships, amongst other reasons, because NGOs can help them increase the understanding and amount of their CSR activities (which are not necessary SD activities). On the other hand, it is clear that NGOs enter these partnerships primarily because they are aware of the financial resources corporates can provide them, whereas corporations do not necessarily always help NGOs scale faster, since these
relationships sometimes remain on pure philanthropic reasons and could be very short in nature. Such relationships which remain on this level cannot therefore provide sustainable solutions.

MNC’s and NGO's can complement each other with their capacities, from NGOs offering intangible capacities such as legitimacy and corporations offering managerial and leadership skills for example, but still for both organizations to extract the best possible outcomes of their partnerships, both must strategically align their goals and mission and implement their new joint strategy together throughout all levels of their organizations, whereas openness, transparency, commitment and trust play major factors as well.

The partnership between The Coca-Cola Company and World Wildlife Fund represent an excellent example how two completely different organizations can achieve sustainable development goals and truly have an impact on society. Whether the company engaged in such a partnership to regain their good image back due to their misconduct in India or because they indeed did realize the importance of freshwater on our planet is not fully clear, but the impact made however is. Not only did the partnership achieve their joint goals, but it also set an example how effective solutions can arise when collaborating, whereas many other MNC’s and NGO’s followed their example afterwards and discarded the motion that these organizations cannot find a way to cooperate with each other. This was a partnership which moved beyond just a strategic focus and TCCC redesigned their whole business model in order to create value for each stakeholder affected by their actions. In other words, supply chain interventions, alongside to partnering with a secondary stakeholder were necessary success factors, meaning this was a stakeholder oriented partnership. When two large organizations such as TCCC and WFF integrate their operations, the scope of their collaboration impacts even those which were not sought out as beneficiaries at first. Therefore, current sustainable development issues rely highly on the collaboration of all actors and entities in our society.

Although, the concrete collaboration between TCCC and WWF did succeed, this does not imply that all areas of their best practice can apply to other corporate-NGO partnerships, particularly because the majority of them are between organizations which still lack proper financial resources and broad enough networks to make a significant impact on society i.e. an impact reaching beyond their specific targets.
However, disseminating knowledge of how this particular partnership gained its success not only creates educational value, but creates an overall social value by fostering change in business practices worldwide, encouraging the implementation of these practices, fostering the importance of partnership building when addressing SD issues and ultimately embedding society's overall behavior towards our world.

Further research should however focus on developing and analyzing more case studies of these partnerships which are also smaller in scale, and what brought them to success or failure, particularly by focusing on the type of corporation/NGO involved, type of industry in which the partnership operates in, level of commitment and level of strategic alignment reached. Nonetheless, some time will have to pass before any trends or patterns of these partnerships can be established.
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