# STAKEHOLDERS, GOVERNANCE AND RESPONSIBILITY

**Edited by** Shahla Seifi
and David Crowther

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DEVELOPMENTS IN
CORPORATE GOVERNANCE
AND RESPONSIBILITY

**VOLUME 14**

# STAKEHOLDERS, GOVERNANCE AND RESPONSIBILITY

# DEVELOPMENTS IN CORPORATE GOVERNANCE AND RESPONSIBILITY

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EDITED BY

**SHAHLA SEIFI**
*University of Derby, UK*

**DAVID CROWTHER**
*De Montfort University, UK*

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| | |
|---|---|
| *Hazman Shah Vijayan Abdullah* | Universiti Teknologi Mara, Malaysia |
| *Nojeem Amodu* | University of Lagos, Nigeria |
| *Mahadir Ladisma @ Awis* | Universiti Teknologi Mara, Malaysia |
| *Nicole Renee Cvenkel* | My Work & Well Being Consulting Inc., Canada |
| *Yasmin Farjana* | Premier University, Bangladesh |
| *Ananya Sankar Guha* | Indira Gandhi National Open University, India |
| *Thinh Hoang* | University of Roehampton, London |
| *Isagahah Lawrniang* | Indira Gandhi National Open University, India |
| *Norziana Lokman* | Universiti Teknologi Mara, Malaysia |
| *Nour Mohammad* | Premier University, Bangladesh |
| *Peter Neergaard* | Copenhagen Business School, Denmark |
| *Louise Helene Nielsen* | Copenhagen Business School, Denmark |
| *Roopinder Oberoi* | University of Delhi, India |
| *Chimaobi Okere* | Wemy Industries Ltd, Nigeria |
| *Roshima Said* | Universiti Teknologi Mara, Malaysia |
| *Sam Sarpong* | Narxoz University, Kazakhstan |
| *Ferhan Kuyucak Şengür* | Anadolu University, Turkey |
| *Loreta Tauginienė* | Mykolas Romeris University, Lithuania |
| *Jolanta Urbanovič* | Mykolas Romeris University, Lithuania |
| *Bijan Vasigh* | Embry-Riddle Aeronautical University, USA |

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# PART I
# STAKEHOLDERS' ROLES IN ORGANISATIONS

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# VALUE CREATION FROM STRATEGIC PARTNERSHIPS BETWEEN COMPANIES AND NGOs

Louise Helene Nielsen and Peter Neergaard

## ABSTRACT

*Recent years have witnessed a change in the corporate social responsibility (CSR) debate from questioning whether to make substantial commitments to CSR, to questions of how such a commitment should be made. Given that CSR initiatives increasingly are carried out in collaboration with non-governmental organizations (NGOs), business–NGO (Bus–NGO) partnerships are becoming an increasingly important instrument in driving forward the sustainable development agenda. The aim of this chapter is to explore motivations to partner, the value-added of Bus–NGO partnerships as well as what is enabling and impeding the realization of this value.*

*An analytical model is developed based on contributions from partnership literature (Austin, 2000, 2007; Austin & Seitanidi, 2012a, 2012b; Seitanidi & Ryan, 2007) and the resourced-based view. This has resulted in a process model with the following three phases: (1) formation and motivation; (2) implementation and execution; and (3) outcomes and challenges.*

*The empirical part of the chapter focuses on three specific partnerships in Kenya. Kenya is one of the most prosperous and politically stable states in Africa, with high growth rates making it an attractive launch pad for businesses to enter partnerships with NGOs.*

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*The partnerships studied were all pilots still flirting with this new form of collaboration modality and struggling themselves to clearly define the value-added. Partnerships are still experimental efforts involving a steep learning curve, and showing signs that they have to evolve further as well as innovate in order to produce the expected benefits. All three partners referred to learning as one of the most important intangibles.*

*Business and NGOs had both different and overlapping motivations that made them propel into cross-sector alliances. The partnerships have to be configured to satisfy a variety of different motivations, resulting in complex stakeholder management. For the NGOs, it is about designing new development models, due to an instrumental need of resource enhancement and idealistic need to deliver more sustainable and efficient solutions. The analysis shows clear signs of NGOs beginning to realize the importance of classical business skills, such as management, marketing, and technical systems that companies can provide. Looking at the business, the partnership fit right into the wider strategic sustainability "umbrella" of the corporation, notably the employees are central stakeholders. It is argued that a business's approach to CSR and perception of its own responsibilities need to evolve to higher levels according to Austin's Collaboration Continuum to produce valuable synergies in a partnership with an NGO (Austin, 2000).*

*Finally, the analysis shows a Bandwagon effect throughout the sectors, where the reason to form a partnership is because everybody else is doing it, and both NGOs and businesses do not want to miss out on potential benefits.*

**Keywords:** CSR; sustainability; capabilities; collaboration; learning; value-added

## INTRODUCTION

Since the 1990s, cross-sector social partnerships aimed at promoting socially, environmentally and economically responsible forms of business have emerged (Bitzer & Glasbergen, 2010). The imperative for collaboration can be derived from probably irreversible changes being generated by powerful political, economic, and social forces (Austin, 2000). Additionally, awareness has grown on the complexity of the world's sustainability and development problems, increasingly asking for joint approaches. No longer can society look to the governments as the main problem-solver, and the limits of the state have been acknowledged putting an end to the era of the ever-bigger national government (Austin, 2000).

Nonprofit organizations have proliferated to address social and environmental problems, but face serious challenges due to a reduction in government support as well as changes in traditional philanthropy. Constrained by a diminishment in resources and limited institutional capacities, nonprofit organizations are encouraged to generate revenues with commercial activities by collaborating closer with the private sector (Selsky & Parker, 2005), and despite numerous concerns, partnerships are now viewed as a necessary tactic (Selsky & Parker, 2005).

The private sector today also faces increasing expectations to provide evidence of corporate social responsibility (CSR) to their customers and stakeholders (Austin & Seitanidi, 2012a, 2012b). Businesses are therefore increasingly re-examining their traditional philanthropic practices and seeking new strategies of engagement with their communities (Austin, 2000). However, the more corporations have begun to embrace CSR, the more they have been blamed for society failures (Porter & Kramer, 2011). Engaging in cross-sector partnerships is therefore a way to attempt the third-party endorsement needed for businesses in order to be viewed as good and responsible citizens (Austin, 2000).

Such a changed environment has implications for the way businesses and nongovernmental organizations (NGOs) think and work. While both scholars and practitioners have paid much attention to nonprofit-business partnerships and proclaimed it to be the next big wave to hit large both corporations and NGOs, few organizations have yet succeeded in implementing it (Olsen & Boxenbaum, 2009). This chapter investigates the growing interdependence of the sectors, which continuously develop new rules of collaboration, and provide a deeper understanding of, notably, the added value of cross-sector partnerships. The research questions to be addressed are: *What motivates businesses and NGOs to spend time and valuable resources working together? And which factors enable and impede the realization of the value-added in Bus−NGO partnerships?*

## THEORETICAL FOUNDATION

The partnership and CSR literature is still an emerging area of research and, due to the multidisciplinary subject matter, poses serious challenges to theory. There is no singular theory dealing with all aspects of Bus−NGO partnerships. When studying Bus−NGO partnerships, several underlying mainstream theories are often applied such as stakeholder theory, resource dependency, social network theory, transaction cost theory, and the resource-based view of the firm. Although developed within the management area, it is argued that they can be applied to other kinds of organizations, such as NGOs, as well.

Austin (2000) has extensively researched cross-sector partnerships. He puts forward the paradox: "differences are what make cross-sector social partnerships work and valuable, but also what makes them extremely challenging." The literature on Bus−NGO partnerships has extensively documented some of these challenges, but remains a relatively young research field and is mostly concerned with the business case for engaging in partnerships (Neergaard, Janni, & Crone, 2009). Here research on Bus−NGO partnerships has been driven primarily by resource dependency and transaction cost theories where value tends to be defined economically and from the perspective of a focal firm (Koschmann, Kuhn, & Pfarrer, 2012; Phumpiu & Gustafsson, 2009). However, critics are emerging on the feasibility to study Bus−NGO partnerships by focusing on individual organizations. It is instead proposed to consider these partnerships as distinct organizational forms, beyond the sum total of their individual members, as the level of analysis (Koschmann et al., 2012). A consideration that is also supported by Seitanidi, seeing cross-sector partnerships as evolving new forms of organizing institutions that touch upon a number of social issues (Seitanedi & Crane, 2009).

Due to their dynamic character and versatile forms, Austin (2000) characterizes the degree and form of interaction between NGOs and business as the Collaboration Continuum (CC). The underlying logic of his theory is a conceptual shift in the nature of profit/nonprofit relations (Seitanidi & Ryan, 2007). He terms four stages through which a relationship may pass: the philanthropic stage (traditional philanthropy); the transactional stage (sponsorship and cause-related marketing); integrative stage (partnerships); and, finally, the transformational stage (shared value).

According to Austin & Seitanidi, 2012a, 2012b, what is central to effective collaboration is value creation, and he therefore advocates that academics and practitioners deepen the understanding of the collaborative value creation process. A basic theoretical premise, which has been confirmed in practice to some extent, is that new value can be created by combining each organization's distinctive resources and capabilities. What has not been giving great attention is how the magnitude of the value created is related to the nature and use of the resources deployed within the partnership context (Austin & Seitanidi, 2012a, 2012b).

Austin and Seitanidi, (2012a, 2012b) have therefore developed a conceptual framework named the Collaboration Value Construct (CVC) to enable the analytics of the co-creation of value in Bus−NGO partnerships. They define collaborative value as: "the transitory and enduring benefits relative to the costs that are generated due to the interaction of the collaborators and that accrue to organizations, individuals, and society" (Austin & Seitanidi, 2012a, 2012b).

Austin and Seitanidi argue that the CVC provides a more refined set of reference terms and concepts with which to examine how NGOs and businesses come together to create value. Where the CVC involves both the micro, meso, and macro levels, and involves four interrelated components through which one can analyze the co-creation process, we will consider the value generation process through the window of which Austin and Seitanidi term the Value Creation Spectrum. The Value Creation Spectrum posits four *sources of value* and identifies four *types of collaborative value* that suggest different ways in which benefits arise (Austin & Seitanidi, 2012a, 2012b). The four sources of value are: resource nature; resource complementarity; resource directionality;

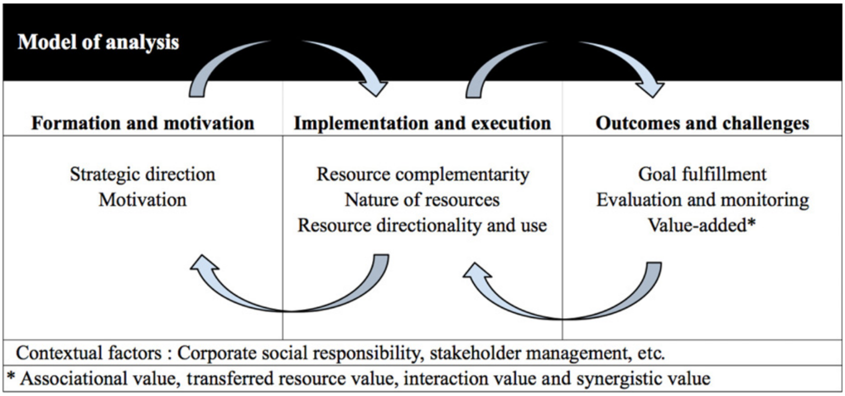


*Fig. 1.* Analytical Framework.

and linked interests; and the four types of values are: associational value; transferred resource value; interaction value; and synergistic value.

Value creation in partnerships is depending on the combination of the distinctive resources and capabilities from business and NGOs. The resourced-based view (RBV) argues that sustained competitive advantage derives from the resources and capabilities firm controls that are valuable, rare, imperfectly imitable, and nonsubstitutable (Barney, Wright, & Ketchen, 2001), as well as having the organization in place that can absorb and apply them. These resources and capabilities can be viewed as bundles of both tangible and intangible assets (Barney et al., 2001), and when these resources and their related activity systems have complementarities, their potential to create sustained competitive advantage is enhanced (Eisenhardt & Martin, 2000). RBV is a value addition to the analysis expanding the work of Austin.

The following analytical framework has been developed based on the theoretical foundation (Fig. 1).

## PHASE ONE: FORMATION AND MOTIVATION

How a partnership originates reveals much about the subsequent processes and outcomes of the partnership. As an example, it can reveal much about the power relations that will emerge among participants (Miraftab, 2004). Who initiated the process and sought partnership with the other sectors is significant. So is the way in which one partner may fill a need of another (Miraftab, 2004). Presumably, corporate motives to engage stakeholders will influence the character and outcome of the partnership. Examining the partners' *motivations* can reveal linked interests by providing an early indication of partners' intentions and expected benefits (Seitanidi, Koufopoulos, & Palmer, 2010). Seitanidi et al. (2010) suggest that the formation stage of partnerships reveals much about their dynamics and their potential to deliver organizational and social change. The formation stage will also be used to discuss the degree of which the collaborating organizations can achieve congruence in their respective perceptions, interests, and *strategic direction* (Austin & Seitanidi, 2012b). In the first phase, focus will be centered on the following factors: *motivations and strategic direction*.

## PHASE TWO: IMPLEMENTATION AND EXECUTION

The focus in second phase is how Bus–NGO partnerships are executed and implemented. It is argued that implementing the partnership is the value creation engine of cross-sector interactions where the value creation process can be either planned or emergent. It is important to investigate the specific sources of value, with a focus on strategic argumentation, resources, and capabilities.

Looking at the *Nature of resources*, partner organizations can contribute to the collaboration either with generic resources or they can mobilize and leverage core valuable organization-specific resources (Austin & Seitanidi, 2012a, 2012b). Furthermore, these resources can be either intangible, such as knowledge, capabilities, managements practices, and skills, or tangible, such as money, land, facilities, machinery, supplies, and natural resources (Chen & Chen, 2003). However, how does the nature of resources, be it generic, core, intangible, or tangible, create value in Bus–NGO partnerships?

> Some assets are depreciable, for example cash or product donation gets used up, and other assets are durable, for example a new skill learned from a partner, becomes an ongoing improvement in capability. (Austin & Seitanidi, 2012a, 2012b)

*Resource complementarities* have been widely discussed as a key factor in driving the formation of strategic alliances (Chen & Chen, 2003). The resource-based theory argues that complementarities should be more important than similarity when organizations seek strategic alliances (Harrison, Hitt, Hoskisson, & Ireland, 2001). Thus a fundamental basis for collaboration is obtaining access to needed resources different than one possesses. "The multitude of sector differences between businesses and NGOs are simultaneously impediments to collaboration and sources of value creation" (Austin & Seitanidi, 2012a, 2012b).

Beyond the nature of resources and the partners' potential complementary resources is the *resource directionality and use* within the partnership (Austin & Seitanidi, 2012a, 2012b). The resource exchange can be unilateral, coming primarily from one partner – much like philanthropic relations still dominating the Bus–NGO collaborations. Or they can be characterized as bilateral or reciprocal exchanges approximating the partnership constellation. This will illuminate to what extent new resources are created by the partnership that neither of the partners could have created alone, thus the source of synergies. In the second phase, the factors *nature of resources, resource complementarities*, and *resource directionality and use* will be subject to analysis.

## PHASE THREE: OUTCOMES AND CHALLENGES

Finally, we will look at the outcomes and yielded benefits of the three partnership cases. There is widespread agreement in the partnership literature on the need for evaluation and impact assessment of partnerships. Assessing the potential and actual *value* of Bus−NGO partnership, configurations is central to the creation and continued development of an alliance (Austin, 2000). *Associational value* can be derived benefits accruing to another partner simply from having a collaborative relationship with the other organization (Austin & Seitanidi, 2012a, 2012b). *Transferred value*, on the other hand, is the benefit derived by a partner from the delivery of a resource from the other partner, and the significance of the value will depend on the nature of the assets transferred and how they are used (Austin & Seitanidi, 2012a, 2012b). Furthermore, can one reason an *interaction value*, presented as the intangibles steaming from the processes of partners working together and finally a *synergistic value* that arises from the underlying premise of all partnerships that combine partners' resources and enables them to accomplish more together than they could have separately (Austin & Seitanidi, 2012a, 2012b). The final factors will be *goal fulfillment, evaluation and monitoring*, and *value-added.*

The theoretical framework as outlined above provides a way to systematically analyze and discuss the partnership cases as internal and external value creation mechanisms as well as what is hindering this value to be realized (Austin & Seitanidi, 2012a, 2012b). Finally, the framework will provide a basis for a critical discussion and reflection that will bring an answer to the research questions.

## METHODOLOGY

The chapter is rooted in multiple case studies of Bus−NGO partnerships in the realm of CSR, using mostly qualitative data collected through semi-structured interviews with relevant actors. Nineteen semi-structured interviews with respectively key actors from the three partnerships have been conducted. Furthermore, various kinds of documentation related to the partnerships under study including information from the involved organizations' webpages, promotional videos and brochures, internal meeting summaries, and newspaper articles have been used.

The aim of the research was to investigate strategic partnerships. This was accomplished in so far as the chosen partnerships represent some of the strongest cross-sector engagement of the implicated organizations. The main partners are either big Danish companies or Multinationals as well as well-known NGOs and their local partners.

It proved necessary to suggest a signed confidential statement with business partners, in order to respect the sensitivity of the information asked for. Why business organizations as well as all personnel are presented anonymously. The NGO partners are briefly presented in the following table.

| | Business | NGO | Sector | Country |
|---|---|---|---|---|
| Case study 1 | Company A | Red Cross | Technical devices | Denmark/Kenya |
| Case study 2 | Company B | CARE | Retail | Denmark/Kenya |
| Case study 3 | Company C | CARE & Plan Int. | Banking | Global/Kenya |

## *Red Cross*

The Red Cross is the world's largest humanitarian organization. The Red Cross is a neutral NGO with more than 13 million volunteers in 186 countries worldwide. The core of the Red Cross in Denmark is to help people in distress and soothe human pain, wherever it might take place. The vision of the Red Cross Kenya is to be the most effective, most trusted, and self-sustaining humanitarian organization in Kenya.

## *CARE International*

CARE International is one of the world's leading humanitarian organizations fighting global poverty. CARE was founded in 1945 to provide relief to survivors of World War II. The mission of CARE International today is to serve individuals and families in the poorest communities in the world. They aim to do this by drawing strength from their global diversity, resources as well as experience, and promote solutions and advocate global responsibility. In 2011, CARE worked in 84 countries, supporting 1,015 poverty-fighting projects that reached more than 122 million people.

## *Plan International*

Plan is one of the oldest and largest children's development organizations in the world and works in 50 developing countries across Africa, Asia, and the Americas to promote child rights and lift millions of children out of poverty. Plan is working toward three main mission statements: first, enabling deprived children, their families, and their communities to meet their basic needs and to increase their ability to participate in and benefit from their societies; second, building relationships to increase understanding and unity among people of different cultures and countries; and finally, to promote the rights and interests of the world's children.

## PRESENTING CASE STUDIES

### Case Study 1: Clean Water

The first partnership is a corporate (Company A) CSR program in collaboration with the Red Cross, focusing on providing clean water to poor communities in Africa.

#### Partnership Formation and Selection

In 2007, Company A created a new business concept aiming to supply safe and affordable drinking water for rural communities in Africa, Asia, and Latin America. Where Company A has been involved in selling products to the development sector for many years, it is the first initiative where the company is involved on the ground in the entire process of site identification, social mobilization, technical implementation, community development training as well as after sales services. The initial business model for Company A in Kenya was based on a commercial model, where communities would obtain a loan to cover the upfront cost of the technical devices provided. The loan was then to be paid back through the water consumption. Early in the implementation process however, it became clear that the commercial model was not viable in Kenya due to the population density, water consumption, and price level would not generate sufficient revenue to pay back the loan.

At the end of 2009, Company A started planning a CSR program alongside the launch of a Climate White Paper. The Climate White Paper is Company A's position on climate and sustainability issues, including a paragraph on how the company wants to create a green mindset among its employees. The program was thought of as a donation and awareness program for the 18,000 employees globally, giving them an opportunity to voluntarily donate money to a predetermined social cause. Every time an employee donated one dollar, Company A would match this contribution and, at the same time, create awareness about the millions of poor people in the world, living without access to clean drinking water.

At the same time, Company A had to change the business model in order to continue in Kenya, and consequently changed it into a "donation model," where the upfront cost of the technical devices is funded by an external donor whereas the ongoing water consumption in the community financing the services and maintenance the systems require.

Company A therefore started to identify an NGO working in Kenya, who could be responsible for receiving the product donations to ensure external credibility to the program.

Company A used quite a large amount of resources to contact various NGOs, but who for the most part were skeptical and abstemious toward the partnership proposal. Company A had an initial interaction with the Red Cross in Kenya, and made contact with the Danish department that was at that time looking to establish strategic partnerships with the private sector. It was the first time for Company A to engage in such a close collaboration with an NGO and also the first time they linked a CSR activity with employee involvement on that level. In 2010, Company A signed a partnership contract with the Red Cross in Kenya, to deliver drinking water to approximately 150,000 people over the following five years. Additionally, the NGO would work with side-localization, water, and sanitation training and in parallel to the product donations.

### Partnership Design and Operation

However, several problems arose in the negotiations concerning the partnership contract. First of all, there was a pressure from the top-management of Company A to start putting the technical devices in the ground fast, resulting in very tight timeframes in the establishment of the partnership. A time horizon both the NGO and Company A's partnership managers found unrealistic. Second of all, the local NGO in Kenya, the organization that was going to be in charge of the actual implementation-side of the partnership, was not involved in the preliminary planning phases in Copenhagen. And third, the two partners did not agree on the financial aspects of the partnership activities. It was important for Company A that both partners brought financial resources into the collaboration. The NGO was therefore to find external funding to cover their cost of the implementation activities of the donated technical devices. Funding they received through the Nordic Climate Fund (NCF). The three donors are: the NGO covering roughly 50% with funding from the NCF and the other 50% split between Company A's employees and Company A's management. Company A's management matching every contribution made by their employees.

## Case Study 2: Fair Trade

The second partnership focuses on economic and social development among small-scale farmers in rural Kenya. The main objectives of the partnership are to increase competitiveness for vegetables produced in Kenya and increase the livelihoods of small-scale farmers. The initiative is part of a larger ambition for Company B to strengthen Africa through trade.

### Partnership Formation and Selection

Company B, a Danish Consumers' Cooperative Society owning the largest retail company in Denmark, has established a so-called Africa fund, an investment fund with the aim of supporting the development of sustainable trade with Africa under the headings of "trade – not aid." The Fund has allocated 1.5 million Euros to be invested in the improvement of African farmers toward 2015. The fund is primarily investing in existing or potential suppliers to its retail stores. In this way, Company B is seeking to improve the quality of African products as well as the efficiency of production. Where the retail company is purely commercial, its owner, the Cooperative of consumers, has a broader agenda.

Initial contacts were made by CARE Denmark's corporate department to the Cooperative "on an open note" in March 2011, after the fund-raising director had read about the vision of the Africa Fund in a magazine. The Cooperative also saw the overlapping domain of work in developing countries and the potential of closer collaboration with CARE, and negotiations of the partnership began in the period of April–September 2011. Besides working with CARE in Kenya, collaborations have also started with the World Wildlife Fund in Tanzania and the Meatco Foundation in Namibia. Some of the products supported by the fund are part of a new series of branded African products, sold in retail.

### Partnership Design and Operation

The partnership encompasses the following organizations: CARE, the Cooperative, the retail group as well as their Kenyan vegetable supplier Sunripe, and the joint project was named "Kilimo Biashara," which means "commercial farming" in the local language Swahili.

A steering group has been formed with representatives from the five partners involved, CARE Denmark, CARE Kenya, the Cooperative, the retail group, and Sunripe, which have meetings twice per year with a focus on strategy and learning. The partnership agreement itself has been negotiated between the partners Company B and CARE in Denmark, without direct involvement of partners from the South. The project in Kenya comprises 24 activities including access to capital (Village Savings & Loan Association (VSLA)), better quality seeds, training, etc. and implemented by CARE Kenya.

## Case Study 3: Financial Inclusion and Financial Literacy

Finally, we study a global partnership, where Plan and CARE International in collaboration with one of the leading Banks (Company C) in the world focus on financial inclusion and financial literacy. The partnership focuses on savings-led community finance initiatives and represents a three-year commitment. It was officially launched in 10 countries in 2009, but the empirical data in this article concentrate on the Kenyan project.

### Partnership Formation and Selection

CARE and Company C share a history as they have been working together in northern Uganda on something called the Katine project in collaboration with the English newspaper *The Guardian*. The Katine project was a big aid and development program. Working with this project in Uganda, Company C's staff encountered UWEZO by coincidence, a nonprofit organization working with VSLA groups. The VSLA methodology was launched by CARE in Nigeria back in 1991, and replicated across sub-Saharan Africa. VSLA is arranged loan and savings groups each of 15–25 women, formed primarily in remote rural areas, but also in urban slums in developing countries. The group of women meets on a weekly basis perhaps in the village under a tree and the money saved are being kept safe in a metal box with three locks. One woman keeps the box, and three women each keep the keys, meaning that all women have to be present in order to be able to open the box. For CARE, VSLA groups are the first "step" toward financial inclusion.

Learning about VSLA Company C contacted CARE in the UK due to an interest to engage in community projects. Plan later joined the partnership. After numerous informal conversations and meetings, the partnership began to take form, and took around two years to negotiate.

**Partnership Design and Operation**

When negotiating the design of the partnership, the partners brought in a third party, Automatic Data Processing (ADP), a global consultancy firm to facilitate meetings and who supported the set up of the partnership (designing the strategy, defining governance, M&E, etc.). The governance structure is divided into three main groups at the UK level: the Executive Committee (all three partners represented), the Steering Committee (all three partners + ADP), and the Program partnership and management group (all three partners). The program managers in the UK meet face-to-face twice per month and besides that have regular phone calls. There is no code of conduct or MoU between the partners, but they have a sponsorship framework, which is more oriented toward the use of names and logos and doesn't touch on the roles and responsibilities of each partner from an implementation perspective.

The partnership aims to implement its program in 10 countries across Africa, Asia, and South America. CARE is leading the projects in some countries and Plan in others. In three countries, the two partners are working together to implement the project. Three main objectives have been defined within the partnership. The first one is the scaling up of the VSLA, the second one is ensuring a real impact on poor people through the provision of basic financial services within communities, but also by focusing on providing training. The final objective is inclusion, piloting, and testing new delivery mechanisms to better target and reach new or existing clients to improve their level of financial inclusion.

All the partnerships represent to different extents what Austin terms the collaboration frontier.

## ANALYSIS

This section will present the findings of the in-depth interviews and apply the theoretical process model to the empirical data generated. The aim of the process model is to offer insights into how partnerships emerge and evolve over time and the types of threats and barriers that might need to be overcome along the process. Each of the three phases, formation and motivation, implementation and execution, and finally outcomes and challenges, will in turn be presented.

### *Formation and Motivation*

When looking at factors that drove and motivated corporate partners to enter into alliance with NGOs, one can identify several common denominators. The decision to partner with an NGO is usually influenced by the strategic objectives of each organization. This holds true in the case of the three private sector partners where one can detect a clear link between the partnership and strategy. All three partnerships were embedded and aligned with the wider corporate sustainability strategy of the business.

First and foremost, all partnerships are a central part of the CSR engagement and located and managed in CSR departments. Manifested motivations for business to engage in CSR can be sorted into three distinguishable strategic categories: values-driven, business-opportunity-driven, and finally the stewardship-orientation (Austin, 2007; Nijhof, de Bruijn, & Honders, 2008). Where the values-driven orientation is primarily about strengthening organizational identity, the business-opportunity strategy focuses on the external demands and asks whether it can satisfy those. The stewardship-orientation builds upon a broad holistic view on communities stressing the interdependence between different actors and the struggle to integrate multiple goals – both economic and noneconomic (Berger, Cunningham, & Drumwright, 2004; Nijhof et al., 2008).

For Company A, the motivation to establish the partnership with the Red Cross was largely twofold. The first driver was the business opportunity. “We realized that we have the technology. But we need people to provide the funding” and “it was also an opportunity to show-case our products” (CEO, CA). Second a strong value-driven component in the motivation was represented by the internal CSR-employee program. “The partnership came as a strong internal need to engage employees, in line with our Strategy Paper and part of value-based leadership” (Program manager, CA).

Company B expresses a broader agenda and vision statement:

> … we must not only be concerned with the bottom line today, but also by top line of tomorrow. We must protect our reputation, global understanding and loyalty, and shape it into a business potential. (CEO, CB)

Nevertheless, where the motive to approach NGOs is rather idealistic for Company B, one can also detect a business-opportunity component in the partnership configuration. Creating awareness around the newly launched Africa brand was an important feature for Company B, why brand story tellers were selected and trained by their NGO partner CARE.

The motivation in Company C's own words was to deliver shared outcomes of business as well as social benefits, as a sustainable business-led development solution to financial exclusion in countries the partnership program work in. "The partnership fits within our community Investment strategy to develop financial and enterprise skills. It fits with the way we expand our markets in Africa" (Program manager, CC). The rationale for partnering with NGOs beyond philanthropy is due to the synergies steaming from different partners having the same goal of wanting to provide basic financial services to the poorest communities.

> If you are just giving NGOs cash, all they can do is spent the cash through their own network. If you leverage the power of business a long side, the expertise of NGOs and move it away from just philanthropy, what you can do have a much greater impact with the society as a whole, the potential to scale up activity is much greater, the potential to bring in other corporations is much greater. It makes good business sense, as well as social sense. (Associate Director, CC)

Summarizing the private sector partners' motivation, it appears to involve different approaches simultaneously. Commonly a high priority is attached for both internal and external recognition and communication, making the reputational aspect important. Of the three categorical strategies, the social value-led model appeared to be predominant, in terms of the corporations working to build a corporate social identity and defining corporate organizational values.

For the business, the partnership fit right into the wider strategic sustainability "umbrella" of the corporation, with notably the employees as a central stakeholder group and as an important asset to be leveraged within the partnership. The business motives are primarily classified as idealistic, rather than instrumental.

Austin identifies three motivational categories for NGOs to enter into a partnership with the private sector: funding-driven, capabilities-driven, and mission-driven. The NGO partners in the three partnerships studied had largely a mix of all three motivational factors as the logics for partnering,

> … if you look at donor funds, they are getting thinner and thinner globally, so PPP (Public-Private-Partnership) will become more important, in getting money for humanitarian work in the future. (HOD, Red Cross Kenya)

He further argues,

> … the second motivation was to do something innovative. To do something new. Because this industry has been stagnated over the last 10 years. We are doing the same things over and over again, and we are seeing the same problems. (HOD, Red Cross Kenya)

The wish for developing new sustainable development models out of considerations for own resource inadequacy came out quite strong across all of the interviewed NGO partners. As one of the NGOs put it "It is not because we don't think that sponsorships from the private sector are lovely. But it does not create any major changes" (Head of section, CARE Int.).

The mission-driven motivation was fundamental for the NGOs, and in the selection process it was important to identify companies with a significant degree of congruency with the NGO's own missions and goal statements. One NGO states: "for our own organization, it's a great branding platform to partner with such a large and well-known organization, so people get a better understanding of what we do" (Fundraising Director, CARE DK).

However, although there is an increasing focus on establishing partnerships across sectors, finding relevant corporate partners was a significant challenge. "Businesses are not standing in line, it's hard work, we've talked about it the last 10 years and there is still not much happening from the business' side" (Fundraising Director, CARE DK). Nevertheless, it was also argued that if the business had a CSR department, it was an advantage to start there, because it meant that as an organization they had acknowledged CSR as a priority and something they work with "it is easier now to communicate with the companies, as we can link up to the CSR "departments" (Consultant, Red Cross).

However, it is not without problems "we appreciate there are some challenges from the perspective maybe of CSR people to get their business people involved and understanding this" (Program manager, CARE Int.). The CSR department is a "door" into the company, but

> … the problem is that we will have meetings and present our cases in CSR or marketing departments, which is often our entry into the company. Sometimes they say yes we would like to cooperate but then it dies because they/we cannot get further inside the company. We still have 3-4 companies with who we have a dialogue in the second year. (Fundraising Director, CARE DK)

The same is true for one of the other partnerships:

> … we are still, here at the UK level mainly communicating with people from the community investment program and not from the business side. We try more and more to engage people with the business perspective so that we can actually really put this on a sustainable track. (Program manager, CARE Int.)

To sum up the NGOs were equally idealistic and instrumental. The idealistic motives derive from the idealism that surrounds NGOs, but can also be an expression of the individual belief of NGO employees (Seitanidi et al., 2010). The instrumental motives on the other hand use the partnership as means to an end. Especially CARE is seeking partnerships with the private sector that offers access to new resources that can strengthen or compliment their current capabilities and on that basis achieve a greater impact. The rationale to establish partnerships with the private sector was in order to demonstrate new and innovative models, build reputation within the business world, but also as an alternative funding avenue and to recruit new members. Furthermore, were there clear signs of NGOs beginning to realize the importance of classical business skills, such as management, marketing, and technical systems, that companies can provide.

## IMPLEMENTATION AND EXECUTION

Implementing the partnership is the value creation engine of cross-sector interactions. The analysis will focus on resources, types of resources, the complementarities, and how the resources are deployed.

Concerning the *nature of resources*, it is often assumed that companies provide the monetary funds in the partnerships. However, it is not the case in the studied partnerships. In the first partnership, the NGO partner Red Cross contributed a significant amount they received from the Nordic Climate Facility fund. As the corporate partner states:

> Our business bring money to our part of the project, and the Red Cross bring money for their share of the pie. And we were aware from the start that it should be partners who is also willing to make their own contribution. We would not come and do it all. (Program manager, CA)

With the second partnership Danida – a government agency – supplied significant funding. Danida provides companies with a possible reimbursement of 75% (max. 100,000 Euro) of expenses in the planning phase and 50% (max. 670,000 Euro) of expenses in the implementation phase.

Engaging employees and members was a central business motivation to form partnership with NGOs. Businesses, in general, do not have great capabilities in mobilizing groups for social purposes. All the companies expressed difficulties in engaging employees. However, partnerships can enable a more social oriented culture in the business, as the partners in charge of the partnership are working to engage and brand the social issue being clean water, fair-trade, or financial inclusion. This can change the mindset of the employees toward one that is more socially attuned. Both reputational enhancement and increased affinity of employees and other stakeholders are manifestations of associational value.

> We have developed products in cooperation with our (NGO) partners. That is quite new for an organization to do. Normally products are developed solely for commercial benefits. But this is born out of a community engagement. So I would say it has changed us as an organization. (Associate Director, CC)

According to theory, the more the partners are willing to deploy their distinctive *organization-specific resources*, the greater will be the potential for value creation (Austin, 2000). However, reality seems more nuanced. In all three partnerships, it was primarily the NGOs having invested the time, capabilities, and effort of their personnel in the execution of partnership activities on the local level in Kenya. Especially it seems that the NGOs use more human resources to get the partnership running than the business.

*Resource complementarities* have been widely discussed as a key factor in driving the formation of strategic alliances (Chen & Chen, 2003). This view was echoed by notably the interviewed NGO partner organizations "… what is great about this partnership is that each of us is bringing in a different kind of knowledge" (Program manager, CARE Int.).

However, an interesting finding is that Company A did not value the complementarities of the Red Cross, but instead preferred to engage in the communities with own organizational capacities, or same sector partners.

> My advice for other companies is to get out there. Get a taste of the local conditions and understand the culture. It is fine to draw on NGOs that have relevant local knowledge, but it must never be a replacement for having your own people on site. (CEO, CA)

And further states:

> In most cases we engage communities directly without a partner like Red Cross because we have the in-house capacity to mobilize communities. However, if a donor channels their funds through Red Cross then we have no option but to work with that partner. (CEO, CA)

Empirical evidence from a Dutch National Research Programme on CSR also proves that corporations known for their efforts and results in the field of social and environmental responsibilities show a limited or sometimes even totally insignificant role of NGO partners (Jonker & Cramer, 2005; Nijhof et al., 2008).

This finding seems to run contrary to one of Austin's causalities namely that the more centrally aligned the partnerships purpose is to each organization's strategy and mission, the more important and vigorous the relationship appears to be. Our research indicates that the closer the CSR activity is to the strategy and mission of the business, the more the business is likely to prefer to work with same sector partners or internalize needed competencies and capabilities.

Beyond the nature of resources and the partners' complementary resources is how those *resources are deployed* within the partnership (Austin & Seitanidi, 2012a, 2012b). The more the partners need each other's resources and the better the joint endeavors are at providing them access to these resources, the sounder the foundation for innovation and significant organizational advancement (Berger et al., 2004). It is suggested that conjoined intermingling of complementary and distinctive resources that produce new services or activities that neither organization could have created alone or in parallel, co-creates new value (Austin & Seitanidi, 2012a, 2012b).

However, in the three partnerships studied, there was still much "sole creation" instead of "co-creation." Our empirical evidence reveals serious hindrances. Asking whether the partnership has potential to develop new products, one business partner explains,

> … no it is not a platform for us to develop new products. What we have done is to adopt existing products, so they are appropriate to specific audiences that need them, in this case village savings groups. (Associate Director, CC)

Instead the partnership is referred to as an innovation in itself, being a partnership across three different organizations. However, the NGOs on the ground, Plan and CARE, expect more of their corporate partner, and find that there are hindrances to realize the partnership potential and express:

> … there is nothing else that have come aboard. Even though we have had the discussions, and there is ideas like a credit aspect, which they have not given us right now. (Program coordinator, Plan Kenya)

In one of the other partnerships, the NGO was also skeptical when asked whether or not they were able to influence their business partner in a more social direction. Fundraising Director in CARE DK explains that the partnership is a small pilot project, and where they are working with only a small part of the value chain in Kenya, they are not able to affect the business operations of their corporate partner back in Denmark. Nevertheless, they hope that in time, working with that one part of the value chain will be transferred to other value chains and products as well. The partnership is arguably important to the business, but still peripheral to its core operations, where CARE employees consider the partnership activities in the field as "business as usual." Instead the NGO partner points to the relationship itself with the cooperation as adding value, and where they can derive a lot more benefits than the partnership alone. To give concrete examples, CARE and their business partner are arranging a joint conference on the subject of cross-sector collaboration. This is consistent with other researchers arguing that in Bus−NGO collaborations, communication is part of their resource exchange and that the communication of cross-sector collaborations allows NGOs and businesses to obtain capital that may otherwise be unavailable (Jonker & Cramer, 2005).

Entering partnerships are resource-intensive for the NGOs. The execution of social partnership activities is part of the NGOs operations and job description. In contrary for the business, the engagement has a more voluntary character and where the area of work is relatively new and experimenting. This sets high demands on the ability of the business to mobilize employees to engage in social responsibility activities. Successful outcomes become highly dependent on the personalities and personal engagement of business people in most cases the CSR staff.

The NGOs contribute to the partnership implementation with their capabilities working in the social arena, but to really capture synergistic value, partnerships being managed in CSR departments risk embedding leveraging on the core capabilities of the business. This was especially evident in the second as well as third partnership case.

## OUTCOMES AND CHALLENGES

This final section will examine Bus−NGO partnership outcomes, in terms of goal fulfillment, monitoring, and evaluation as well as a more focused discussion about the value-added and what is hindering and enabling its realization.

*Goal Fulfillment*

The interview guide for the partners included Likert scale questions, and these findings are presented in Table 1. Using a scale ranging from 1 to 5, informants were asked how satisfied they had been with the process of collaboration with their partner organizations, and also with the outcomes that the partnership had yield. The second partnership case was not sufficiently far in the process to review outcomes.

Evaluating the results, all partners are fairly happy with the fulfillment of goals, and they have reached targets. In one partnership, targets were even exceeded. However, there is a clear distinction between the level of satisfaction of partners in terms of the collaboration process, compared with the level of satisfaction in terms of goal fulfillment. Focusing on especially the statements from the NGOs, clearly reflect how the partnerships have reached targets, regardless of challenges and discrepancies.

The first partnership ranked five in terms of goal fulfillment. The local program manager from the Red Cross declared, "we have been very satisfied. We have delivered what we have committed to do" (HOD, Red Cross Kenya). And continues, "the outcomes of it. Yes. The outcomes of this partnership are very aligned with our strategy" (HOD, Red Cross Kenya). But how did the Red Cross and their business partner manage to reach goal fulfillment even though their partnership process was highly conflict-ridden and the local program manager even wanted to put an end to the relationship? "… and there have been times where I have even told our business partner (CEO, Company A), look, I am not interested in working with you anymore, pack up and go home"

***Table 1.*** Level of Satisfaction.

| | Collaboration Process | Goal Fulfillment |
|---|---|---|
| Case study 1 | | |
| Company A CSR DK | 2.5 | 5 |
| Company A Kenya | 3 | 5 |
| Red Cross Kenya | 2 | 5 |
| *Average* | 2.5 | 5 |
| Case study 3 | | |
| Company C UK | 3 | 4 |
| CARE UK | 3.5 | 5 |
| Plan UK | 3.5 | 5 |
| CARE Kenya | 5 | 5 |
| Plan Kenya | 2.5 | 4 |
| *Average* | 3.5 | 4.6 |

(HOD, Red Cross Kenya). One possible explanation can be found in the context. It is suggested that individual Bus–NGO interactions are influenced by a wider stakeholder context, encompassing many more stakeholder interdependencies than the one between the focal business and NGO (Van Huijstee & Glasbergen, 2010). The partner organizations hold accountabilities for partnership success toward a number of key stakeholders. In this case, Company A's CSR team needed to demonstrate that employees who were putting their personal time and money into the project had been put to good use. The Red Cross on the other hand, had to demonstrate accomplishments towards the Nordic Climate Facility, which in the future possibly again could be an avenue for funding. These two stakeholder groups function as the power that strive for the partnership to work and flag the importance of stakeholder analysis in managing risk of misalignment (Austin, 2000).

A local program manager from Plan explains his satisfaction about the collaboration process in the following way: "2,5. But I would have given it 4 if it was not for our business partner. Plan and CARE meet a lot. Our business partner is becoming better, but they were not in it from the beginning" (Program coordinator, Plan Kenya). And concerning the outcomes, "4. Because you can always do better. We reached our targets" (Program coordinator, Plan Kenya). The evolution of Company C is clearly reflected in these comments and how the level of engagement from the corporate partner, as well as scope of activities, is perceived lower on the local level.

Finally, it is important to stress that the results of the Likert scale are only indicative and one has to make certain reservations. First, partners asked to state their level of satisfaction of the collaboration process, and outcome could be expected to over-value the results. Furthermore, the partnership is a process during a period of time and therefore not static; that is based on the interviews conducted, one can see a pattern where the satisfaction level is very high in the formation phase, but during implementation they begin to face realities and the satisfaction decreases. At the end of the partnership, the satisfaction level rises again as a converse U-curve.

### *Monitoring and Evaluation*

There is widespread agreement in the partnership literature on the need for evaluation and impact assessment of partnerships. However, this research clearly demonstrates serious challenges regarding such mechanisms, either lacking, conflicting, or at best limited in the three partnerships studied. This appears to represent a common finding (Jamali & Keshishian, 2009; Neergaard et al., 2009; Rein & Stott, 2009), and consequently difficult to assess whether the good intentions behind partnerships were in fact translated into real benefits for both partners and target groups. A program manager from the Red Cross explains:

> … we did have a written review where we asked critical questions on the partnership. But nothing formally. I don't think they (Company A) would even allow it. Because there are some things you keep behind closed doors. (HOD, Red Cross Kenya)

Looking at the third partnership case, the following citation is indicative:

> I think this was an error in stage one, where we waited pretty much for three years before we were going to get a robust evidence base. There should have been milestones along the way, but looking to the future we would make sure that this is in place. (Associate Director, CC)

Besides limited evaluation and monitoring, most partners expressed challenges concerning how such mechanisms should be carried out. It was a common argument that businesses are more accountable and have higher demands in terms of reporting than do NGOs.

> Businesses are used to report to much greater level and details, than what has been previously expected from NGOs, and definitely more so when you are in a partnership than when you are just writing a check. (Associate Director, CC)

Furthermore, were there inconsistent explanations on who was in charge of M&E. According to both CARE and Plan, it has been Plan in charge of monitoring and evaluation where Company C's response to this was "no no. The evaluation work is categorically not Plan who is doing that" (Associate Director, CC).

A Red Cross consultant explains:

> … our business partner can go and say that they have happy employees, but nobody asks them how much money they have used or how. At Red Cross we are always confronted with how the money is used. What do the partners get out of being in the partnership, and how much do we really achieve with the resources? (Consultant, Red Cross DK)

> It can therefore be argued that it is necessary to assess what the outputs and outcomes of a partnership's work have been at a number of different levels, for example, the communities in Kenya. This further complicates value assessment because outcomes of the exchange rest on the respective perceptions of the partners rather than a readily measured common outcome. (Austin, 2007)

The financial benefits of the partnerships are in all cases not stated from the business side. To exemplify the responsibility of Company C is not clearly reflected in the partnership's objectives, beyond the monetary contribution. When the partnership has exceeded targets, it is in terms of the number of VSLA groups created and the sole responsibility of CARE and Plan, and not in terms of linkages created to the bank or product innovation, which has shown rather poor results after the three years of duration. Furthermore, looking at the objectives of the second partnership, there are no clear goal statements of the business much beyond wanting to raise the awareness of the Danish public to the reasoning of "trade with Africa." The business does not have anything concrete to commit themselves to in the stated partnership objectives beyond money and in-kind contributions to the partnership.

## DISCUSSION: VALUE-ADDED AND CHALLENGES

The purpose of this chapter is to explore the value-added of Bus−NGO partnerships, and what is enabling and impeding its realization. The three partnerships are strategic and evaluated to range between the transactional and the integrative stages of Austin's CC. A good match between partners enables advancement along the CC, allowing for more complex partnership configurations. Furthermore, partnering motivations increasingly move from CSR to competitive enhancement as the collaborations migrate from the philanthropic to the transactional, to the integrative stage. But it also seems to complicate and challenge the relationship.

A manager from Plan UK explains the development in the partnership with their business partner: "so that is where we need to be, otherwise if this is only ever kept in the CSR area, then we are not talking about doing business, we are still talking about philanthropy," adding, "it is interesting to see that our partner is now increasingly wanting to make a Business case for this" (Program manager, Plan Int.). Empirical evidence supports the hypothesis that the business' approach to CSR and perception of its own responsibilities need to evolve to higher levels to produce valuable synergies in a partnership with an NGO (Austin & Seitanidi, 2012a, 2012b). It has implications for the NGOs in terms of getting the right people involved in partnership activities from the business side, accessing valuable competencies, the level of commitment of the business as well as ensuring sustainability to the project, as "CSR" money eventually will run out.

Additionally, there is evidence in the three partnerships studied that the NGOs are more in favor of advancing the CC than their business partner. Several NGO partners were considering their business partners' competencies and resources as significantly complimenting their own and bringing in an element of sustainability into their own social projects.

> We can achieve a great deal as an individual NGO, on our own, with our projects … but particularly when it comes to economic empowerment, financial inclusion and the creation of jobs, you have to engage with the private sector. They are key actors in terms of sustainability and simply creating and facilitating development in the countries where we work. (Program manager, Plan Int.)

However, if the partnerships are based on predefined CSR strategies and periphery to business operations, the flexibility and scope of partnership activities risk meeting constraints and limitations. Consequently, it gives the NGOs a perception of not being able to realize the full potential of the partnership. Whereas the business sector on the other hand aims to engage in mission-focused partnerships to achieve visible social or environmental impacts, they can easily demonstrate toward important stakeholders, leveraging on a high associational value.

The ambition to develop the partnership further is illustrated in the following citation "through partnerships we aim to change the way businesses work" (Head of Section, CARE Int.), and Plan,

> I think the real value-added for Plan … over time the trend has to be that when you engage with the private sector you engage in areas that are core to their business and make them stronger. You know, where you are building the actual way of doing business, not just taking their money. (Program manager, Plan Int.)

Another NGO partner argues:

> if we can leverage or use this pilot to build more solid models to increase small holders in value chains, and if we can scale this up and replicate to other value chains, and use this knowledge in the "CARE family", in other countries – then it makes sense. (Program manager, CARE DK)

Both citations imply that the partnerships from the NGO perspective need to evolve on the CC in order to really create synergistic value.

All the NGO managers interviewed expressed that working in partnership with the private sector was still an experimenting process yielding a modest value at best. Red Cross Denmark has 5–10 strategic partnerships with the private sector, and the person managing the partnerships explains,

> … partnerships with the private sector is quite demanding. Often I find it difficult to see that we achieve better results when you collaborate. I personally think that there is a potential. But we are far from there yet. (Consultant, Red Cross DK)

CARE also explains how partnerships are still an experimenting effort.

However, the NGOs are different when it comes to commercial aspects. The commercial aspect is essential for CARE and even considered an important premise. A CARE manager explains that it is "the level playing field" (Program manager, CARE Int.) when partnering with a private sector partner, whereas the Red Cross seems less attuned toward the idea of the commercial aspect and experience greater difficulties in aligning this aspect with their mission "it is not about sales here, it is about much deeper things than sales. It cannot be done in the same way" (HOD, Red Cross Kenya). CARE and RED Cross are both Humanitarian relief organizations; however, CARE has increasingly focused on long-term development issues. Furthermore, collaborating with the private sector has been institutionalized within CARE to a greater extent in their global organization than the Red Cross. CARE therefore experience more "linked interest" with their private partners.

To conclude the role of NGOs in CSR initiatives is more nuanced than often assumed, and also challenge the theory of Austin. Where Company B and Company C primarily entered the partnership for ethical considerations, in order to learn about social issues and to capture associational value, the case of

Company A is different. When CSR becomes integrated in business operations such as with Company A, there is evidence of the businesses preferring to collaborate with same sector partners or internalize social capabilities and local knowledge, questioning the role of the NGO in a partnership. It suggests that the institutionalization of CSR in the corporation might not enhance partnerships or development of partnerships along the CC.

### *Managerial Challenges*

Often partnerships sit in one particular department – most of the time the CSR department – with only a small number of employees working on the project. If those persons move on, there will be no continuity. If proper governance systems are in place and the partnership is successfully embedded within each organization, then there is trained staff with dedicated time to develop and manage the partnership, and they are supported by legal and human resources and other technical departments within the organization to draw the right kind of skills and resources to the partnership. One can even emphasize the stakeholder engagement and cross-sector partnership skills as becoming essential organizational skills yielding massive benefits.

This may explain the businesses hesitation in advancing along the CC. For the three business partners, it was the first integrative partnership with an NGO, and they see it as an experimenting pilot. The partners expressed difficulties in defining the terms and responsibilities of the partnerships, why it can be benefitting to bring in a third party in the initial negotiation and design phase of the partnership like in the third case.

Nevertheless, it is also clear how there is a Bandwagon effect throughout the sectors, and where one certain point is to form a partnership because everybody else is doing it. Both NGOs and businesses do not want to miss out on potential benefits.

All three partners referred to learning as one of the most important intangibles, and we also see examples on how this learning can be leverage toward other activities. Partnerships are still experimental efforts involving a steep learning curve, and showing signs that they have to evolve further as well as innovate in order to produce the expected benefits, supporting the theory of Austin.

Another interesting finding is that most of the partners interviewed and responsible for running the partnership had a background in the other sector. Corporations increasingly hire NGO staff in their CSR and sustainability departments and the same apply to the NGOs. When increasingly nonprofits begin to mirror business structures and approaches, and corporations internalize social competencies and local knowledge, opportunities for the organizations to learn from the traditional strengths of each other diminish. This is a potential challenge as learning and the interaction itself seems to be rather important. Perhaps this tendency diminishes the need for partnerships in the future.

Communication is a challenge encountered in the partnership process.

> I think the biggest challenges have been in terms of coordination and communication through the relatively large layers of partners working around the partnership. Even from our side we have always had two different situations around the table, the CSR team and the business team. (Program manager, CC)

The same challenges are facing the NGOs, namely the challenges of communicating the partnership to their local partners, being Kenya in this matter.

> So I think yes the biggest challenges really how does an NGO work with a corporate on the global level? In the UK that is properly more advanced, but when it comes to declining it to the country level, that becomes a bit more challenging. (Program manager, CARE Int.)

Whereas communication in general poses a challenge, it seems less complicated at the local level. Several of the interviewed partners in the South highlighted how local partnerships without direct involvement from headquarters are both easier to manage and facilitate. The strategy that seems to prevail is that the partnerships are rooted in the HQ of the business partner and NGO. Partners in HQs come to an agreement and mutual understanding before involving key partners in the South. Not involving these partners poses a serious challenge in notably the first partnership.

The studied partnerships had two key areas of focus. One is creating awareness about the social issue in the HQ of the companies. Another is to enable and increase social development in Kenya within clean drinking water, financial inclusion, and improvements of local value chains. In this regard, it is interesting to see how the local NGOs implementing the partnership in the field perceive and understand the partnership. A Red Cross manager argues,

> … so what we care about is not what is discussed in board rooms, but what is happening in the field. They are not concerned about how the community perceive this project, but how the Directors from the business perceive the project. I really think that it is the wrong way to approach things. It is not a corporate culture, you have to be sensitive. We are dealing with human beings. (HOD, Red Cross Kenya)

It has been out of the scope to the present research to study local implementation.

## *Discussion*

The modern marriage between business and NGOs is considered being a potential new type of configuration within sustainable development. Nevertheless, the partnerships studied in this thesis were pilots and still flirting with the newer form of collaboration modality and still struggle themselves to clearly define the value-added.

Cross-sector partnerships are complex with a lot of different partners engaged and operating on a lot of different levels. Business and NGOs had both different and overlapping motivations that made them propel into cross-sector alliances. The partnerships have to be configured to satisfy a variety of different motivations, resulting in complex stakeholder management. All of the studied partnerships had several stakeholders, some global and some local. It poses a challenge to future research of partnerships. Studying just the business partner and the NGO will only give very limited insights into problems of partnering.

The chapter proposes that due to mechanisms behind the different strategies to CSR the relationship between NGOs and businesses can be highly problematic. It furthermore argues that consequently finding the right balance in integrative Bus–NGO partnerships is more difficult than often assumed.

For the NGOs, it is about designing new development models, due to an instrumental need of resource enhancement and idealistic need to deliver more sustainable and efficient solutions. Furthermore, there were clear signs of NGOs beginning to realize the importance of classical business skills, such as management, marketing, and technical systems, that companies can provide.

Looking at the business, the partnership fit right into the wider strategic sustainability "umbrella" of the corporation, and notably the employees are central stakeholders. However, with the evolution of CSR it was also clear how the companies increasingly are relying on strategies taking into account social, environmental, and developmental issues, approaching a traditional NGO agenda.

It is suggested that CSR is both enabling and embedding the partnership to advance along the CC. In the context of a Bus–NGO partnership, it has implications for the NGO partner in terms of getting the right people involved in partnership activities from the business side, accessing valuable competencies, the level of commitment of the business as well as ensuring sustainability to the project, as "CSR" money eventually will run out.

Additionally, there is evidence in the three partnerships studied that the NGOs are more in favor of advancing the CC than their business partner. Instead the business sector aims to engage in mission-focused partnerships, where they draw on their resources to achieve visible social or environmental impacts, they can easily demonstrate toward important stakeholders, leveraging on a high associational value. It is suggested that business may not need NGO to advance on that avenue.

The partnerships studied were pilots and still flirting with this new form of collaboration modality and still struggle themselves to clearly define the value-added. Partnerships are still experimental efforts involving a steep learning curve, and showing signs that they have to evolve further as well as innovate in order to produce the expected benefits. All three partners referred to learning as one of the most important intangibles. Nevertheless, it is also clear how there is a Bandwagon effect throughout the sectors, where the reason to form a partnership is because everybody else is doing it, and both NGOs and businesses do not want to miss out on potential benefits.

Empirical evidence supports the hypothesis that the business' approach to CSR and perception of its own responsibilities need to evolve to higher levels to produce valuable synergies in a partnership with an NGO. However, when businesses align CSR with their operations, one could argue that it brings the role of the NGO in jeopardy in a partnership context. To conclude the role of NGOs in CSR initiatives is more nuanced than often assumed, and also challenge the theory of Austin.

Several limitations of the research are worth mentioning here. First, it is our individual interpretations of the information given that constitute the foundation for the analysis. Second, the interviews conducted reflect the point of view of the interviewees at a certain point in time. Therefore, one might expect a danger of retrospective recall, due to changes in personnel during the lifespan of the partnership. As an example, people coming in later may perceive the partnership differently as opposed to people involved in the formation and initial phase of the collaboration.

One of the empirical problems studying Bus–NGO partnerships is that the "raw material" for critical research is scarce. This is mainly due to an emphasis on successful partnerships as well as the enormous sensitivities about going public and airing differences that may disrupt ongoing collaboration or "suggest" that a partnership has failed (Rein & Stott, 2009). Such issues were unfortunately also experienced in the data collection process. In particular, business partners were hesitant to give information about the partnerships.

The use of Austin's framework and RBV was applicable as a theoretical framework as Austin considers the resource configurations as providing explanations about the value generated. Nevertheless, the partnership literature is still in its infancy, and the partnership theory of Austin also has its limitations. One of the main challenges with the research area is the challenge of conceptual definitions, in dealing with amorphous concepts and finding clarity.

Cross-sector partnerships are becoming more important and strategic in nature; however, in a difficult economic climate, it is imperative that business and NGOs focus even harder on securing the greatest possible value from their investments in partnerships (C&E Corporate-NGO Partnerships Barometer, 2011). From here, the challenge will be to move beyond the rhetoric of partnership and achieve a clear understanding of the potential of partnerships and the value-added.

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