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From looking good to doing good: Mapping CSO-business partnerships

by Bruce Byiers, Francesca Guadagno and
Karim Karaki

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Key messages

2015 saw agreement within the development community on the prominent role that multi-stakeholder partnerships including CSO-business partnerships will play in achieving the Global Goals of the 2030 Agenda for Sustainable Development. While seen as a way to pool complementary resources, capabilities and knowledge, very little is known or discussed about how they work in practice.

Increasingly aligning commercial and social interests are creating new business models and logics that benefit from partnership. By reviewing the literature and existing taxonomies on CSO-business partnerships this paper highlights the enormous heterogeneity in partnerships, ranging from pure philanthropy to market-based shared-value models. In turn this raises questions about how to draw lessons and learn from partnerships.

The mapping discusses partnership variation in motivation, activities, partner roles, but also challenges. Partnerships can also evolve through time from philanthropic to being more strategic. This raises questions about impact, the balance between development and commercial interests. It also underlines the need for policy-makers to understand partnership processes if such mechanisms are to be supported.

The mapping identifies four key dimensions to classify CSO-business partnerships: the relation to core business; the degree of partner engagement; the partnership activities; and the governance structures. These dimensions are directly related to the processes and dynamics internal to the partnerships, and so with their relative opportunities and challenges. These dimensions will be crucial for looking at case studies to deepen our understanding.

¹ ECDPM Alumnus.

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The views expressed in this Study are those of the authors only and should not be attributed to any other person or institution.

Acronyms

B2B	Business to Business
B2C	Business to Consumers
BMZ	German Federal Ministry for Economic Cooperation and Development
BOP	Base of the Pyramid
CA	Corporate Accountability
C&E	Candeadvisory
CCC	Clean Clothes Campaign
CSOs	Civil Society Organisations
CSR	Corporate Social Responsibility
DFID	Department for International Development
ECDPM	European Centre for Policy Development Management
EC	Economic Community
ETI	Ethical Trading Institution
EU	European Union
FDI	Foreign Direct Investment
GIZ (GmbH)	Deutsche Gesellschaft für Internationale Zusammenarbeit
HIV	Human Immunodeficiency Virus
IBAN	Inclusive Business Action Network
ICMM	International Council for Mining and Metals
ICTs	Information Communication Technology
ISO	International Organization for Standardization
MNCs	Multi-National Companies
NGOs	Non Governmental Organisations
POs	Producer Organisations
R&D	Research and Development
SAI	Social Accountability International
SDGS	Sustainable Development Goal
SNV	Stichting Nederlandse Vrijwilligers
UN	United Nations
UNAIDS	United Nations Programme on HIV and AIDS
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNGC	United Nations Global Compact
UNGP	United Nations Guiding Principles
US	United States
UTZ	Utz Kapeh
VSS	Voluntary Sustainability Standards
WBSCD	World Business Council for Sustainable Development
WWF	World Wide Fund for Nature

Executive Summary

CSO-business partnerships are a rising phenomenon, brought about by increasing emphasis on sustainable actions in multi-stakeholder partnerships, greater recognition of the role of private sector in development and shrinking budgets from civil society organisations (CSOs) and a renewed private sector interest in investing in Africa and other developing countries in a sustainable manner. The growing alignment between firm-level commercial and social interests has contributed to new business models and logics that benefit from partnership forms. Partnerships have also gained additional importance in the Sustainable Development Goals framework (e.g. SDG 17) and are growing in prominence as a developmental tool more broadly. Yet research about the challenges and opportunities partnerships face, their process and their governance is clearly lacking. This in turn may impede the work of policy-makers, private sector and CSOs who aim to encourage, design, support and manage multi-stakeholder partnerships.

This study reviews a wide range of studies and taxonomies to provide a mapping of some of the key characteristics of CSO-business partnerships highlighted in the literature. It does this by looking at what the literature says about (i) the main drivers and trends around business-CSO partnerships and the different roles that partners take; (ii) the main partnership characteristics that emerge as important in the process of establishing and maintaining effective partnerships and; (iii) the potential role for donors aiming to support such partnerships.

The study begins with the context in which CSO-business partnerships are proliferating, and highlights the different motivations for engaging in such ventures from a civil society organisation, business, and donors perspectives, given their different approach and mission. Although there is a general agreement that there is a clear need to collaborate to achieve additional tangible and intangible resources, the types and roles of CSO and companies have a direct impact on the business model of the partnership. In this regard, an evolution from philanthropy to a shared-value approach (Bottom of the Pyramid, Value-Chains or Standard-setting approaches) has been to some extent witnessed. This in turn affects and is affected by the risk-sharing model of the partnerships.

A careful review on the existing literature on CSO-business partnerships reveals four interrelated key dimensions for classifying and understanding business-CSO partnerships. Firstly, they differ in terms of *relation to core business*, a key aspect of the partnership's purpose. As a recent Financial Times article quotes, "It's when you can shift the system that you get big sustainability gains - not just small, one-off corporate actions that only survive one business cycle" (Murray, 2015). Another key dimension is the *degree of partner engagement* in CSO-business partnerships. Partners can operate as fully-engaged operators in an project, or as arm's length funders or advisers, depending on core business concerns. The third important dimension is the *partnership activities* actually undertaken which have important implications for how the partnerships operates and its impact. And finally, all of these different aspects of CSO-business partnerships also differ according to their *governance structures*. These aspects are related with the processes and dynamics internal to the partnerships, and so with their relative opportunities and challenges.

Looking ahead, it will be important to see how CSO-business partnerships can maximise investment developmental impact and what policy-makers, including donors, can do to facilitate this. Among others, private investment can have a positive impact on socio-economic development by creating new job opportunities and/or improving the quality and access of employment. The literature reviewed here suggests that CSO-business partnerships have the potential to hence employment creation and improve employment quality and access at a local level, potentially linked to spatial development approaches.

To highlight effectiveness factors and criteria of partnerships, it is necessary to pay more attention to governance structures, which define how partnerships are set and managed (e.g. partners' motivations; how roles and responsibilities are divided); and reflect the way capacity and influence are distributed within the partnership. To a large extent, this is to date a 'terra incognita'. Taking into account the partnerships' economic, social and political institutions and drivers would be also important to highlight policy implications for policy-makers.

1. Introduction

The 'Africa Rising' narrative has become commonplace, with African economies increasingly regarded as the 'last investment frontier' for international investments. African governments increasingly promote themselves as destinations for roaming international investors looking for growth markets. This has led to increasing attention from investors and rising flows of foreign direct investment (FDI), not least in the natural resources sectors

Nonetheless, investors still face a number of challenges in investing and operating in developing countries in relation to both the regulatory environment but also their linkages with the local economy for sourcing supplies and/or establishing a market. At the same time, international firms are increasingly motivated, or pushed, to be seen to be 'acting responsibly', due to internal objectives (e.g. business concerns related to corporate social responsibility - CSR) or external pressure (e.g. consumer pressure, regulations).

Allied with the growing recognition among donors and civil society organisations (CSOs) of the potentially positive (and necessary) role played by firms in promoting development, and pushed by declining public funds available for CSOs, business-CSO partnerships are a rising phenomenon, ostensibly allowing both CSOs and firms to achieve their separate and shared objectives. Given their growing prominence, donors increasingly also see the potential for boosting the development impact of their often declining budgets by supporting such partnerships

CSO-business partnerships cover a wide range of activities and objectives. They can operate in a range of different sectors - manufacturing, agriculture, mining - , with potentially multiple goals - e.g. CSR, market access, securing supplies, sharing risks, creating jobs, addressing global challenges like food security and undernutrition - and varying impacts in terms of scale and benefit. Given this breadth of scope, relatively little is known publicly about the *process* of establishing and maintaining such partnerships, and how this is affected by or related to the characteristics and aims underlying it.

This study provides a mapping of some of the key characteristics of CSO-business partnerships highlighted in the literature, addressing the following questions:

1. What are the main drivers and trends around business-CSO partnerships and the different roles that partners take?
2. What are the main partnership characteristics (core business, degree of engagement, nature of activities and governance) that emerge as important in the process of establishing and maintaining effective partnerships and through what channels do CSO-business partnerships aim to maximise the developmental impact of FDI?
3. What is the potential role for donors aiming to support such partnerships?

The remainder of the paper is structured as follows. The next section describes the context in which CSO-business partnerships are proliferating and provides some empirical evidence on the magnitude and incidence of the phenomenon and the main drivers for both CSOs and firms. The following section provides a detailed literature review on the existing mappings of CSO-business partnerships.

2. Partnership drivers

2.1. Drivers of CSO-business partnerships

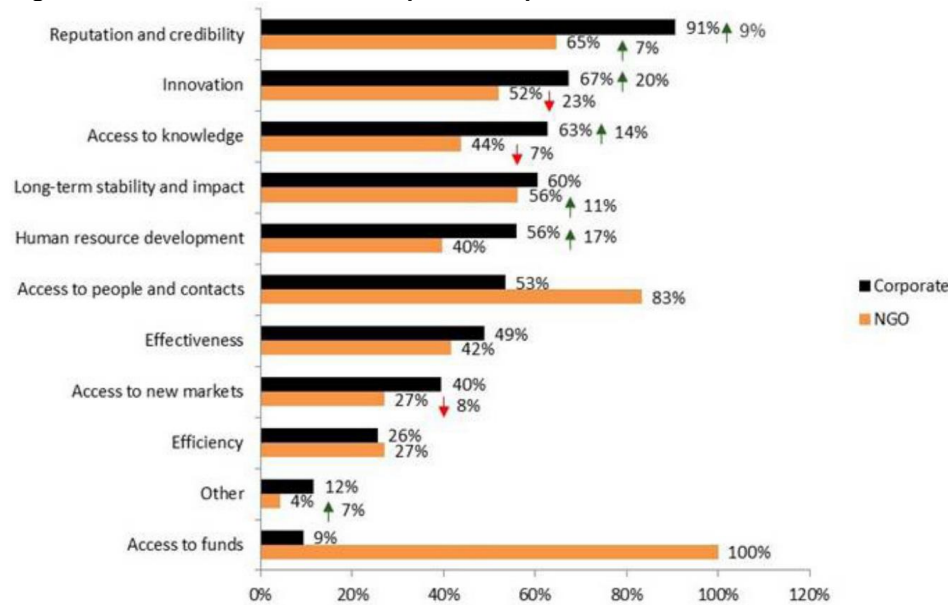
The growing relevance of CSOs-business partnerships is partially explained by two key trends. Firstly, the private sector is increasingly recognised as a contributor to socio-economic development, a role that is more and more scrutinised by its public and private stakeholders. Businesses create employment and invest, and so contribute to economic growth, structural transformation, and poverty reduction. That said, contributing to inclusive and sustainable economic growth may demand additional resources and knowledge that are not adapted or available.

Secondly, collaboration through CSO-business partnerships is increasingly perceived as a way to create “sustainable ‘public value’ that would not otherwise be created by a single sector alone” (Kuenkel & Aitken, 2015). This is in partial response to criticisms of the aid sector, including CSOs, for a perceived lack of efficiency in achieving developmental objectives, and increasingly constrained CSOs due to falling finance in donor and/or government’s programmes through CSOs. Given the underlying difference in missions, approaches, and strategies of these two actors, investigating the motivations that drive the private sector and CSOs to engage in CSO-business partnerships is a legitimate question.

Private sector motivations

In this new scenario, engaging with CSOs is seen as improving the private sector’s reputation given the greater public trust attached to NGOs (Darko, 2014). Moreover, firms recognise that they cannot conduct social activities without the active involvement of their stakeholders (Kolk et al., 2008) and that certain social issues are so challenging that no single organisation can solve them by themselves (Wilson and Charlton, 1997; Idemudia, 2009). Finally, partnering builds on synergies between the private and the civil sector and allows risk-sharing when returns are uncertain or when CSOs have specific expertise that can lower the risk profile of the venture (Kolk et al., 2008). These different motivations are captured in the C&E Corporate-NGO Partnerships Barometer 2013, illustrated in Figure 1.²

² These statistics are based on confidential surveys of a sample of 120 individuals, representing UK-based firms and NGOs. The sample is split almost equally between the two, namely 46% of the respondents comes from the private sector and 51% from NGOs. Private sector respondents were drawn mainly from the FTSE100, Interbrand’s Best Global Brands Ranking, and Business in the Community’s Corporate Responsibility Index, NGO respondents from the leading UK charities, ranked by brand and revenue ranking.

Figure 1: Drivers of business-CSO partnerships

Source: C&E (2013), p. 9

The private sector is motivated to engage in CSO partnerships for reputation reasons, but also seeks to develop new innovations and access complementary knowledge. Nine out of ten surveyed firms mentioned reputation and credibility. Kolk et al. (2008) also notice that business-to-business firms are less likely to engage in partnerships than business-to-consumer firms, confirming that reputation and branding plays a key role in CSO-business partnerships. Reputation and credibility are also important to obtain the so-called ‘social licence to operate’, i.e. the acceptance of the local communities and stakeholders. This acceptance is necessary for the smooth operations in a certain country or area and is particularly important in the extractive industries, for example (e.g. Hilson, 2012; Smith et al., 2012).

Reputational motivations were followed by innovation (67 percent of respondent firms) as a driver of their partnerships with CSOs, a twenty percent increase over the 2012 survey. Innovation is one of the key elements of BOP ventures, discussed in the next section. Process innovations are needed to adapt production processes to available infrastructures, like unsanitary conditions, dust, abuse, and shortages of water and electricity (Prahalad, 2006). They may also be needed to adapt products to local consumer preferences and to their cultural, social, and economic peculiarities. Civil society organisations possess valuable (and often unique) knowledge on the specific needs of the targeted groups. This can therefore be seen as being related to market creating.

This also explains why the third most cited motive for firms to engage in CSO-business partnerships is to access complementary knowledge. CSOs count on dense and extensive networks that are usually different from those of governments and businesses; hence they can tap into different knowledge (Allard and Agrella, 2008; Dahan et al., 2010).

As already mentioned, some CSOs possess knowledge on BOP as consumers and as providers leading firms to seek for information on suppliers. These partnerships are increasingly recognised as “promising mechanisms for including smallholder producers in developing countries in (global) value chains” (Drost et al., 2012a: 4). Smallholder farmers face several constraints related to access to markets, technologies, and capital. Multi-stakeholder partnerships can strengthen producers’ capacities and promote good agricultural practices and quality certifications. These partnerships ultimately increase producers’ incomes. At the same time, the private sector is guaranteed stable and high-quality supplies, while the CSOs can pursue its interests in generating sustainable, productive, and decent employment.

CSO motivations

CSOs increasingly also recognise the role of the private sector in development. Consequently, and despite frequent ideological differences, many of them decided to adopt a pragmatic approach and work directly with multinational companies. This trend is reinforced by the perception that over the long-run, NGOs and the aid sector have not efficiently addressed developmental challenges (e.g. Jamali and Keshishian, 2008; Darko, 2014), and a tendency towards government retreat, self-regulation by the private sector, and support for CSR activities (den Hond et al., 2015).

At the same time, CSOs face financial constraints, due to reduction in donor programs, consequence of fiscal austerity in the global North (Darko, 2014). In this situation, increasing FDI flows in emerging and developing countries and increased financial support for cross-sector partnerships come as a great financial opportunity for CSOs. This is highlighted by the C&E Corporate-NGO Partnerships Barometer 2013, all the NGOs surveyed in the C&E Corporate-NGO Partnerships Barometer 2013 indicate access to funds as the main driver of business-CSO partnerships, while 80 percent mention access to people and contacts (and so networking for further partnering). These dynamics are not expected to change in the near future, even if both expect increased mutual recognition of the benefits to partner (C&E, 2013).

Therefore a number of advantages accrue to partners engaging in CSO-business partnerships. Partners gain ‘associational value’, i.e. reputation and credibility from being associated with the other partner. They also gain access to finance, skills, and knowledge (‘transferred resource value’). Partnerships build social capital (‘interaction value’) and ‘synergistic value’, the most unique and innovative product of the cooperation, as it comes from the complementarity among the sets of knowledge and expertise that the partners possess (Austin and Seitanidi, 2012; Kindornay et al., 2014). In addition, these activities can give employees additional motivations to work in the company and increase their identification with the firm (Bobenrieth and Stibbe, 2010; Vock et al., 2014).

Donor interest in CSO-business partnerships

CSO-business partnerships are also often supported by public policy-makers, financially or otherwise. This reflects increasing awareness of this approach to development, with the 2002 Monterrey Consensus giving prominence to the private sector as a key actor in development. In the same year, during the World Summit on Sustainable Development, the role of the private sector in development was recognised and partnerships became a central instrument of development policy agendas in an increasingly number of countries. The UN Commission on the Private Sector and Development stressed the role of the private sector, especially MNCs in spurring local entrepreneurship (UNDP, 2004).

More recently, Goal 17 of the Sustainable Development Goals (“Strengthen the means of implementation and revitalise the global partnership for sustainable development”) also emphasises the role of multi-stakeholder partnerships, especially those that “mobilise and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals in all countries, particularly developing countries”. This was earlier also reflected in the EC’s communication on “A Stronger Role for the Private Sector in Development in Achieving Inclusive and Sustainable Growth in Developing Countries” (EC, 2014) that highlights CSO-business partnerships as a potential tool for boosting the impact of traditional aid.

In particular, the communication emphasises the role of CSO-business partnerships in accelerating sustainable trade in agricultural commodities (Action 7); in promoting responsible business practices like respect of human rights and environmental rules, and prevention of bribery and tax evasion (Action 10); and in supporting the replication and scaling up of successful initiatives (Action 11).³

At the national level, several European Union (EU) countries emphasise the role of partnerships as an important tool of development policy. In Germany, the Inclusive Business Action Network (IBAN) is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). This initiative provides actors with a platform to discuss and take action on issues related to how to engage the private sector for development, how to finance and support inclusive business, how to overcome barriers to inclusive businesses and replicate successful ventures, how to measure developmental impacts, and how to organise the network of these stakeholders for inclusive business prosperity. The Practitioner Hub, created by the DFID’s Business Innovation Facility in 2010, also offers a platform for practitioners to share practical experiences of inclusive businesses and connect with each other.⁴

Beyond setting policy objectives and creating platforms for lesson-sharing, donors also increasingly contribute financially to multi-stakeholder partnerships. While the level and role of public finance varies enormously, and information is hard to find, Kolk (2014) points out that donors’ attention is still very much focused on areas for which a high number of initiatives are already present, while areas with largest needs and problems are overlooked. For example, initiatives in conflict countries or countries with *low governance records* are rare. Local communities are rarely engaged, which reduces the level of representation of affected communities. This has important practical implications as failing to engage local communities results in mis-prioritisation of communities’ needs and cultural clashes (e.g. Idemudia, 2009). In these contexts, local NGOs can help local communities by introducing public stages for debates and preparing people for public speaking (Cheyns, 2014).

³ The communication explicitly affirms that “the Commission will support new forms of partnerships and multi-stakeholder alliances between national or local authorities, enterprises and NGOs for skills development and the provision of basic services, such as access to sustainable and affordable energy, water, healthcare, and education, as well as in the areas of agriculture and nutrition especially in rural areas, to women and other excluded groups” (ibid. p. 13).

⁴ For example, IBAN and the Practitioner Hub are practitioners’ platforms focused on practical insights on how to implement (and succeed in) inclusive businesses, while the Partnering Resource Center and the Partnering Initiative are more focused on research, training, and business consultancy services.

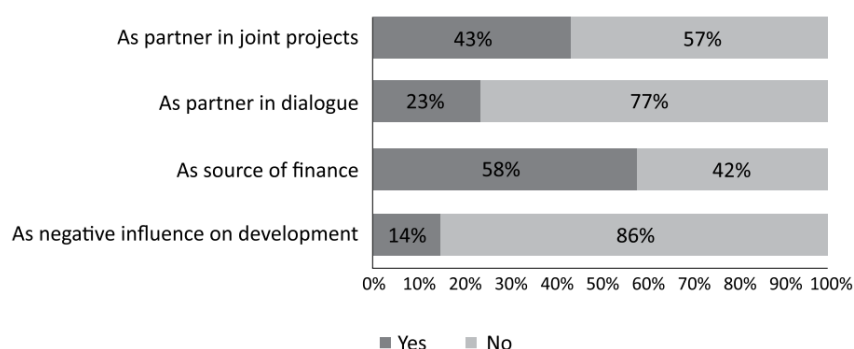
2.2. CSO pros and cons

A CSO typology

Partnering with businesses can potentially put CSOs/NGOs in a conflict of interests. On the one hand, additional financing helps them to achieve their mission. On the other, partnering with the private sector might limit their freedom of action or decrease their efficacy (Tennyson et al., 2008). CSOs risk being part of an ‘image-washing’ initiative, damaging their own image in the process, especially when approached by firms with a track record of irresponsible behaviour. In these cases, CSO-business partnerships might undermine CSOs’ credibility (Elbers, 2004) though arguably also offer the greatest opportunity to effect change.

According to Elbers (2004), two thirds of the NGOs surveyed received donations from the private sector. These donations are particularly important for small NGOs (with less than 20 employees), where between 3% and 10% of their annual turnover comes from the private sector. According to the 2011 State of Partnership Report by the Partnership Resource Center (2011), most partnerships of Dutch NGOs are philanthropic and most NGOs see businesses as a source of finance for development, rather than as a strategic partner (see Figure 2 below).

Figure 2: NGOs’ perceptions of the private sector



Source: Partnership Resource Center (2011, p. 36)

Some CSOs also fear that partnerships with businesses threaten CSO autonomy and so limit their activities of advocacy and watchdogging (Elbers, 2004; Baur and Schmitz, 2012). As Chesbrough et al. (2006) puts it, “the NGO rightly guards its independence and does not wish to be seen as the agent of any single company” (p. 59). In this line, for certain CSOs, partnerships are not an option, either because their goals conflict with joint action with the private sector, or because their reputation is so established that a partnership with the private sector would not be perceived as beneficial (Ahlstrom and Sjostrom, 2005).

Consequently, many CSOs are still reluctant to recognise the private sector as a development agent. Zharkevich and Judge (2010) categorise NGOs according to whether they have a positive (or negative) attitude towards the private sector and whether these attitudes are justified by firms’ behaviours (Figure 3 below).

Figure 3: Types of NGOs

	Polariser	Integrator
Non-discriminator	SHARK Ignores relative performance and attacks most targets	SEA LION Ignores relative performance and works with anyone
Discriminator	KILLER WHALE Scrutinises relative performance and attacks selected targets	DOLPHIN Scrutinises relative performance and selects appropriate partners

Source: Zharkevich and Judge (2010, p. 3)

NGOs that kept a negative attitude towards the private sector, the ‘polarisers’ either discriminate between good-performers and bad-performers and attack only bad performers, ‘killer whales’, or do not discriminate according to firms’ ethical performance and attack all firms, ‘sharks’. By contrast, integrators are willing to cooperate with the private sector. Some are more selective in choosing partners, ‘dolphins’, while others, so-called ‘sea lions’ are open to work with any firm (Zharkevich and Judge, 2010). By this thinking, integrators realise that business capacities are necessary to solve development problems (Ashman, 2001) and perceive that partnering with business can be an opportunity to make globalisation work for the poor (Zharkevich and Judge, 2010) and a means to maximise their impact by enlarging the outreach of their projects (e.g. Rondinelli and London, 2003; Bitzer et al., 2009).

Importantly, this classification is not necessarily static, with differences in attitude potentially also evolving, as exemplified by the case of the NGO Care. At the end of the 1990s, Care decided to transform its activities in war-hit Bosnia from emergency-relief to economic development by engaging with the Dutch private sector to induce them to move their operations in Bosnia and offer work opportunities to the local population (Elbers, 2004).

CSO roles

Depending on their type, CSOs therefore play different roles in engaging with businesses. Van Tulder and Pfisterer (2013) distinguish between roles of *mutual support*, *advocacy*, *partnering*, and *service provision*.

In *mutual support* cases, NGOs’ activities are aimed at creating a community of citizens, potentially in cooperative-type organisations, where the need to partner with the private sector is not indispensable though it can help improve producer-buyer relations. NGOs engaging in *advocacy* might partner with the private sector to ensure adoption of standards and improve social and environmental impacts. In this case, they act as watchdogs. According to some research, more than half of CSO-business partnerships are of this type (e.g. van Tulder and van der Zwart, 2006; Laasonen et al., 2012). *Partnering*, or brokering, requires NGOs to work as mediators or brokers, linking businesses to local producers or addressing social conflicts or also, as already mentioned, in value chain partnerships. Finally, CSOs might be involved in *providing a service*, like in the case of social entrepreneurship or advisory services in marketing-oriented partnerships. Some partnerships might entail elements of all four.

2.3. Private sector types and roles

Firm types

In the literature there are no similar taxonomies that describe the attitudes of the private sector in terms of engaging with CSOs. However, a range of different classifications may offer insights.

Discussion of the potential different roles for businesses in partnerships must take explicit account of the wide heterogeneity within “the private sector”. A key distinction is between firms producing tradable and non-tradeable goods and services given the different relations this creates with input and output markets, while other important characteristics also affect firm behaviour such as firm size, age, sector, legal form and status, nationality, owner-origins, and the underlying “business model” among others. The sector, in particular, affects the degree to which a firm requires access to sources of inputs, their interest in frontier markets and the relative need to engage with a partner. Whether or not a sector is consumer-facing or working in business to business relations also impacts on the role that public image concerns play in the firm’s concerns regarding partnerships.

Given the importance of international business in the work on partnerships discourse, it is also useful to look at the different categories of FDI. In his seminal 1993 paper, Dunning categorises FDI as: market seeking, resource seeking and efficiency seeking. While these are not uniquely defined categories, *market-seeking* FDI will seek to engage with a CSO for different reasons to *resource-seeking* FDI, not least given the differing focus on consumers and producers between the two. Similarly, *efficiency-seeking* FDI may see CSO partnerships as a risk-mitigation tool or CSR, therefore affecting the role that the firm plays in the partnership.

Beyond pure CSR, or philanthropic projects, it was noted already in the early-80s, “in the next decade it will become increasingly important to stress that business can discharge its ‘social responsibilities’, only if it converts them into ‘self-interest’, that is into business opportunities” (Drucker, 1984: 59). This has led to numerous business models that push firms to engage in partnerships.

Base of the Pyramid partnerships

The concept of ‘shared value’ developed by Porter and Kramer (2011) “involves creating economic value in a way that also creates value for society by addressing its needs and challenges”. This means that shared value is different from social responsibility or philanthropy, in “a new way to achieve economic success” (Porter and Kramer, 2011, p. 4). Shared value is not about redistribution, but about enlarging the pie for all stakeholders. To illustrate, initiatives like the Fair Trade movement, which increases the share of profit appropriated by small farmers in developing countries, is not considered a shared value initiative as it modifies the distribution of the value rather than expanding the amount of value created. A shared value initiative, instead, increases the value for small farmers by improving production techniques. Porter and Kramer (2011) identify two main ways of creating shared value: by *adapting* products and services to new markets; and by *increasing productivity* in global value chains. In the next paragraphs, we will delve deeper into these two business strategies.⁵

In the last decade or so, some MNCs adopted the strategy of ‘doing business with the poor’. This strategy potentially increases profits by enlarging demand to untapped markets in developing and emerging countries (Kolk and van Tulder, 2006; Chakravorti et al., 2014). As Prahalad (2006) noted, 4 billion consumers, the ‘bottom of the pyramid’, live with less than 2\$ per day. This represents a huge market

⁵ The concept of shared value has been criticised for not being realistic enough about the opportunities of potential win-wins, the financial viability of these initiatives, and their developmental impact (Crane et al., 2014).

opportunity for MNCs whose Northern markets are almost saturated and can adapt their products and services to that price bracket. This move “makes economic sense and can give companies active in this way a competitive edge” (Kolk and van Tulder, 2006, p. 790). Base of the pyramid (BOP) ventures can involve either selling, ‘BOP as consumers’, or sourcing goods and services, ‘BOP as producers’ (e.g. Leonard, 2007; Rangan et al., 2007). This also opens up potential new opportunities for market-driven FDI.

However, due to the peculiarities of the BOP market, both international and local firms face challenges in serving it (Webb et al., 2010), opening up the potential of partnerships. Serving the BOP requires adapting products and services to the needs of the poor and acquiring reputation and respect. ‘Social embeddedness’ or ‘native capability’ is “the ability to create a web of trusted connections with a diversity of organisations and institutions, generate bottom up development, and understand, leverage, and build on the existing social infrastructure” (London and Hart, 2004, p. 164). Hence, BOP ventures often require cooperation between firms, consumers, civil society organisations, donors, and governments. WBSCD (2004) analyses a number of BOP business cases and concludes that in most successful cases, firms engage with governments and NGOs. In particular, partnering with NGOs is beneficial because “[t]he NGO’s knowledge reduces sources of uncertainty and perceived costs resulting from the institutional distance between multinationals’ home markets and BOP markets” (Webb et al., 2010, p. 566). This implies that such partnerships form part of risk strategies.

NGOs’ involvement in BOP initiatives also serves another important function. Case studies reveal that due to the challenges of BOP initiatives, partly due to lack or poor infrastructures, firms take five years or more to implement effective business models and turn BOP initiatives into commercially sustainable operations. NGOs can contribute to creating the initial business model infrastructure. On top of their unique knowledge sets, NGOs’ time horizons are much more flexible than are those of businesses and are more used to the slow changes in the developing world. All these factors make NGOs successful in the first phases of the market-building work. This is beneficial to the firm, that can resolve its time horizons issue, but also to the NGO, that can invest in building the social benefits for their targeted group and has an ‘exit strategy’ when the venture becomes financially viable (Chesbrough et al., 2006).

Value-chain approaches

Globalisation of production, made possible by ICTs and low transport costs, induced MNCs to source from or move activities of their production processes to developing countries - in line with what was referred to as resource-driven FDI. In this case, the literature talks about ‘BOP as producers’. This creates a number of challenges and opportunities to the private sector in both developed and developing countries. On the one hand, MNCs from developed countries can reduce their production costs and producers and manufacturers from developing countries can access global value chain and international markets. On the other, MNCs working in developing countries often have to intervene to close a number of gaps such as supply chain deficiencies, natural and environmental problems, and lack of healthy, educated, or sufficiently skilled workforce. All of these can hamper their operations in these countries (Chakravorti et al., 2014).

While this strategy allows for potentially large cost reductions, it also generates significant transaction costs. In these circumstances, MNCs seek NGOs to manage production networks and improve their functioning. NGOs help MNCs establish and maintain production chains, a task that is particularly difficult in industries like agribusiness where producers are numerous, small-size, unorganised, and geographically scattered (e.g. Linton, 2005; Bitzer et al., 2008; Perez-Aleman and Sandiland, 2008; Blowfield and Dolan, 2010). NGOs establish trading relationships, organise work, and provide training or health services to local workers. In this way, NGOs help ensure MNCs a reliable and high-quality production supply.

Standard-setting approaches

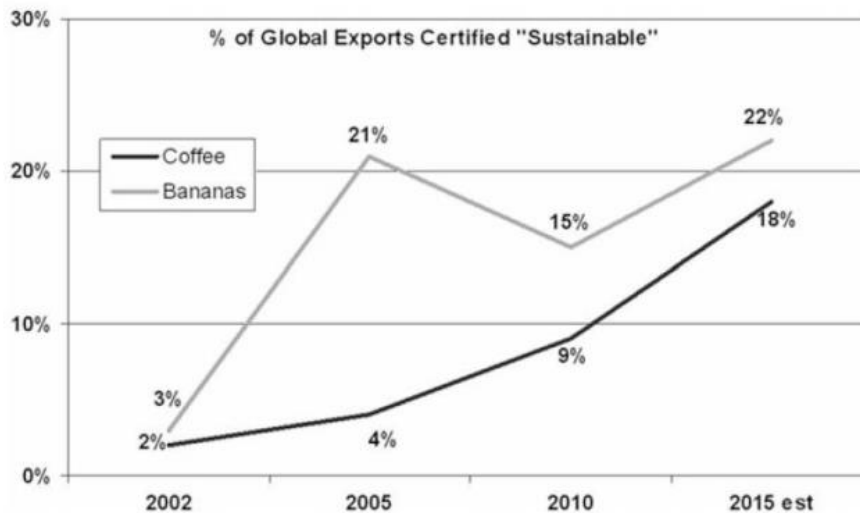
More sustainable and ethical ways of production have also been raised as objectives by some MNCs - linked to efficiency-seeking FDI. Even if the image of the private sector has considerably improved over the last decades, the private sector, and MNCs in particular, are often subject to criticisms and boycott campaigns for their production practices, especially with respect to environment protection and labour rights. These sensibilised Northern consumers as to the social and ecological behaviour of MNCs (Elbers, 2004), but also personal health and food safety (Giovannucci et al., 2014). In the literature, these standards are referred to as 'voluntary sustainability standards', or VSS (Giovannucci et al., 2014), while the partnerships aimed at establishing these partnerships are called 'corporate accountability partnerships' (Reed and Reed, 2009). NGOs organise movements and campaigns to improve business practices.

To respond to these criticisms and mitigate the negative externalities created by their production activities, lead firms in the private sector increasingly adopt environmental and labour standards, with CSOs operating as watchdogs.

Today, there are 458 eco-labels operating in 197 countries and 25 industries.⁶ These include ISO 14001 on environmental management or SAI SA8000 standards on labour conditions. Firms also join standard-setting initiatives like the Clean Clothes Campaign (CCC) or the Ethical Trading Initiative (ETI), and adapt their production processes to comply with ethical and sustainable labels like Fair Trade, UTZ Certificate, and Organic. Apart from philanthropy and public image, firms adopt these standards for economic reasons: given the existence of a new niche of environmental, social, and health conscious consumers, compliance with ethical and sustainable labels is a profitable business strategy (Giovannucci et al., 2014). In 2004, 37 firms were members of ETI and today, ETI counts with more than 70 members. This strategy signals the company as responsible and potentially gives it a competitive edge (Utting, 2005). Together with eco-labels, roundtables are increasingly initiated to make commodity supply chains more sustainable (e.g. Schouten and Glasbergen, 2011). Figure 4 shows how quickly VSS are spreading in two important industries in developing countries, namely the coffee and the bananas industries.

In these initiatives, CSOs often play the role of 'civil regulators', conferring legitimacy and credibility to production practices. CSOs are either responsible for externally monitoring companies' performance or are partners of the private sector in setting and implementing these standards (e.g. Bartley, 2003). For example, in the Netherlands, NGOs advocated for the CSR Frame of Reference, which regulates issues related to responsible chain management, broad stakeholder involvement, transparency and reporting (Elbers, 2004).

⁶ <http://www.ecolabelindex.com/ecolabels/> Last accessed: 23th March 2015.

Figure 4: Diffusion of VSS, coffee and bananas industries, 2002-2015

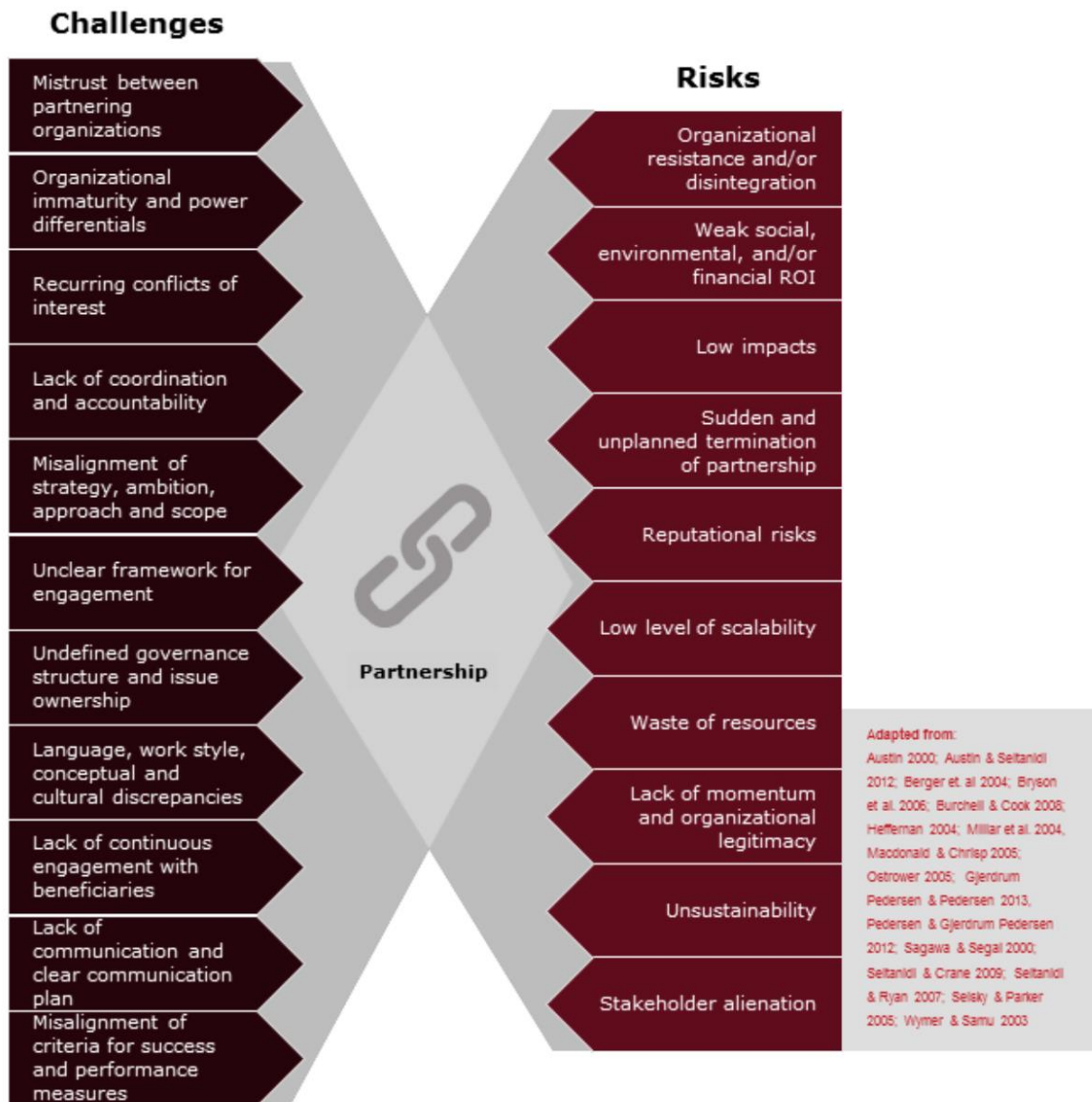
Source: Giovannucci et al. (2010, p. 372)

While the literature has focused on the new forms of partnerships described so far as CSR initiatives and BOP partnerships, they reflect CSO-business partnerships characteristics. For example, if a firm engages with CSOs to facilitate operations in a certain developing country, this constitutes a case of CSO-business partnership motivated by business motives but not necessarily about expanding consumer or producer markets. This is for example the case of partnerships seeking a 'license to operate'. These partnerships are frequent in the extractive industry (e.g. Hilson, 2012; Smith et al., 2012).

This discussion shows that the objectives, drivers and roles within CSO-business partnerships vary considerably across partnerships. Some are philanthropic relationships motivated by social objectives; others are strategic-oriented, i.e. characterised by an alignment of social and commercial interests and motivated by sustainable and ethical business objectives such as reaching new markets and improving brand image. CSOs might help the private sector to achieve these goals and at the same time pursue their own mission.

2.4. CSO-business partnership challenges and risks

Although the interests of CSOs and businesses for partnership are undoubted, differences in terms of underlying drivers, roles and attitudes can sometimes be challenging to manage in a partnership. In this regard, the Danish Red Cross (2015) provides a useful analytical framework that enumerates the challenges CSOs-business collaboration, and the consequent risks if they are not properly handled, illustrated in Figure 5.

Figure 5: The challenges and risks of CSO-business collaboration

Source: Danish Red Cross (2015, p18).

As Figure 5 highlights, CSOs-businesses partnerships can be a challenging process to initiate and manage, creating demand for adequate resources and time in order to make it successful. Most interestingly the challenges appear to be linked with partnership governance and structure issues - mistrust, organisational maturity, coordination, engagement frameworks and communication - areas which have been overlooked by the literature. These challenges are not unique to partnerships, but nonetheless may be more important when trying to bring different organisations together. The associated risks are important - low impacts, reputational risks, wasted resource and unsustainability - highlighting the importance of understanding lessons around governance challenges.

Beyond the internal mechanisms of the partnerships, external factors may also play a role. Beisheim and Liese (2014) find that partnerships in areas characterised by weak governance in terms of rule of law or anti-corruption policies, prove to have more operational difficulties than their counterparts evolving in areas characterised by strong governance. Analysing the context and hence the actors being part of it should

also be considered as a way to check whether all relevant stakeholders have been included in the project design, implementation and management. Therefore, from a CSO-business partnership perspective, learning and building on “local institutional and governance structures” (Pattberg and Widerberg, 2014) is crucial when delivering common goods.

Another final point to be made is that, the relations between the institutional context and the CSO-business partnership functions in a two-ways direction. If the institutional context affects the partnership and its outcomes, the CSO-business partnership can also influence institutions, the most obvious example being setting up new industrial standards.

3. Four dimensions of CSO-business partnerships

This section discusses four key dimensions for classifying and understanding business-CSO partnerships. Firstly, they differ in terms of *relation to core business*, a key aspect of the partnership's purpose. As a recent Financial Times article quotes, "It's when you can shift the system that you get big sustainability gains - not just small, one-off corporate actions that only survive one business cycle" (Murray, 2015). Another key dimension is the *degree of partner engagement* in CSO-business partnerships. As is discussed below, and related to core business concerns, partners can operate as fully-engaged operators in an project, or as arm's length funders or advisers. The third important dimension then is the *partnership activities* actually undertaken which have important implications for how the partnerships operates and its impact. And finally, all of these different aspects of CSO-business partnerships also differ according to their *governance structures*.

Each of these is addressed in turn below.

3.1. Dimension 1: Partnerships related to core-business activities

As the above discussions suggest, partnerships can be described in relation to whether or not they involve 'core business' activities of the partners. Partnerships that involve the core business have been called 'strategic partnerships'. This is as opposed to 'philanthropic partnerships' that do not involve partners' core business (Ashman, 2001). In the former, partners "combine the complementary strengths associated with their sectoral identities, e.g. the productive capacity of business and the social organising capacity of civil society" (*ibid.*, p. 1098). In the latter, firms only donate funds to CSOs, but do not engage further with them.

Strategic partnerships are believed to create mutual benefits for the strategic activities of both parties (Ashman, 2001). Strategic partnerships are profit-seeking partnerships, and so are generally allocated more time and resources. Despite being more costly and time-consuming, they also tend to be more financially sustainable than philanthropic partnerships because a clear commercial incentive provides business with a solid incentive to participate and maintain the partnership (Lucci, 2012). These partnerships are also more demanding because firms need to adjust their management practices. NGOs might therefore prefer donations rather than cause-marketing and strategic relationships in which "money is 'earmarked' for specific projects or activities, which is inherent to a degree of inflexibility" (Elbers, 2004, p. 25).

Galaskiewicz and Sinclair-Colman (2006) make the same distinction in a slightly different way. They distinguish between philanthropic, strategic, and commercial partnerships. Their philanthropic partnerships refer to donations. In contrast with Ashman (2001), Galaskiewicz and Sinclair-Colman (2006) refer to in-kind donations and event sponsorships as 'strategic partnerships' because the private sector expects some direct benefit in return. For example, computer companies that donate equipment to schools and universities do it not only for social reasons, but also to form prospective employees and experiment with new operating systems and softwares. In 'commercial partnerships', instead, the private benefit of the firm is more evident. Examples are cause-related marketing initiatives and licensing.

Hence, compared to Ashman (2001), Galaskiewicz and Sinclair-Colman (2006) are less explicit in drawing a line between partnerships involving or not core business, i.e. between philanthropic and strategic partnerships. For example, in-kind donations and marketing initiatives are not labelled as 'philanthropic partnerships', because even these might have a connection with the firm's core business.

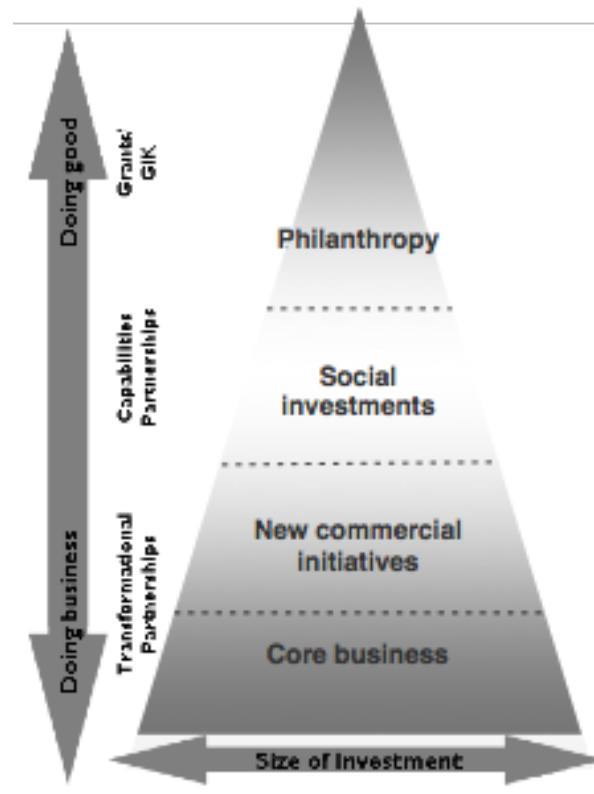
The distinction between partnerships involving or not the core business is also important in the analysis of the United Nation Global Compact (UNGC, 2007), which recognises that “the real potential in partnering lies in the synergy and scalability of competencies, resources and expertise that drive successful initiatives” (p. 3). Partnerships between firms and the UN are defined as ‘core business’, ‘advocacy’, or ‘strategic social investments/philanthropy’. While UNGC defined these partnerships in terms of firms-UN relations, these categorisation is easily extendable to CSO-business partnerships.

Advocacy partnerships are aimed at advancing specific causes. These may or may not relate to firms’ core business. For example, a French construction company, Lafarge, joined UNEP to design sustainable practices in the building sector. Another example of advocacy partnerships is the partnerships between Shell and UNAIDS to join advocacy activities in the area of HIV fighting. In the first case, Lafarge’ s competencies and expertise is much more adapt to contribute to the partnership than are Shell’s in contributing to HIV solutions.

Apart from advocacy, the private sector might either make donations to support initiatives in areas related with their core business (‘strategic social investment’) or use its business competencies to contribute to the achievement of UN goals (‘core business’). UNGC defines UN goals in a rather broad way: “projects that create employment and foster entrepreneurship; contribute to economic growth; generate tax revenues; implement social, environmental, or ethical standards; or provide appropriate and affordable goods and services” (p. 3). For example, in Tanzania Unilever partnered with the Dutch NGO SNV and contributed to the UNDP’s Growing Sustainable Business initiative. The partnership aimed at building a supply chain for oil made from the seeds of the *Allanblackia* tree, a tree typical of tropical zones in Africa used in traditional medicine and to produce the *Allanblackia* oil. This partnership created demand for an indigenous product (which benefited disadvantaged communities in Tanzania) and at the same time provided Unilever with a new input for its own supply chain (which ultimately benefited its business operations).

Hence, despite calling certain partnerships ‘core business’, ‘core business’ partnerships as defined by UNGC (2007) are not the only ones related with the core business of the partners, and so are not the only ones that can be defined ‘strategic partnerships’.

Tennyson et al. (2008) classify partnerships according to two dimensions: size of investments and degree of business versus social orientation. They distinguish between philanthropy, social investments, new commercial initiatives, and core business (Figure 6).

Figure 6: Philanthropy, social investments, new commercial initiatives and core business activities

Source: Tennyson et al. (2008), p. 14

At one extreme, philanthropy potentially involves smaller financial resources (grants or gift-in-kind) and is motivated by the need to improve the firm's image by doing something socially good. Social investments (like community development programs, cause-related marketing, and targeted education programs) involve more organizational resources and can be used more strategically - if aligned with the firm's core business.⁷

What the UNGC calls 'core-business' is divided here into two categories: new commercial activities and core business. Both of them are profit-seeking and transformational, but 'core business' partnerships involve more investments than 'new commercial initiatives'. New commercial initiatives are meant to bring products or services to new markets (e.g. low-income consumers) or to new geographical areas (e.g. rural areas). Examples are partnerships aimed at adapting existing products to BOP markets. Core-business partnerships are more strategic actions, intended to strengthen firms' social or environmental practices (e.g. by adopting international standards or ethical production practices). These are generally innovation-related partnerships where partners look for innovations to better address the needs and living conditions of the poor and/or marginalised.

On the discussion on strategic versus philanthropic partnerships, the literature on corporate social responsibility adds some interesting insights. CSR are voluntary activities undertaken by the private sector, often to improve its public image or motivate workers with social interests. Husted (2003) identified 'centrality', the degree of closeness of fit between CSR activities and firms' missions and objectives, and 'specificity', i.e. the extent to which firms can profit from CSR activities, as the main drivers of CSR partnerships.

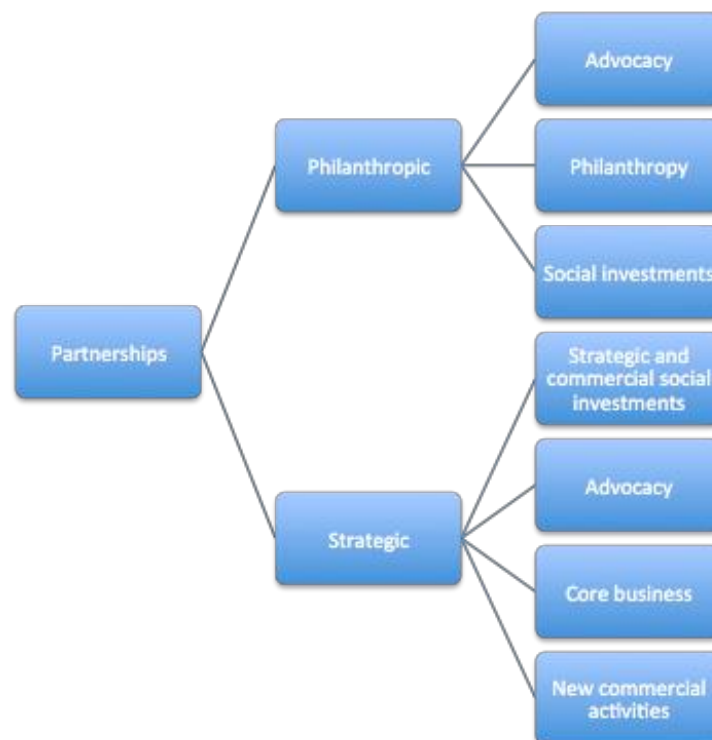
⁷ Cause-related marketing relates to marketing efforts devoted to a social or charitable cause.

Despite being beneficial to economic development, CSR activities and partnerships are often criticised: “[w]hile laudable from a humanistic perspective, there is nevertheless little evidence that this charitable approach makes much of a difference in the long term sustainability of a business or the environment in which it operates” (Giovannucci et al., 2014, p. 356). In particular, when CSR activities are disconnected from business core activities, they tend to be short-lived and modest in scale and to do too little to alter how the business runs. Their development impact has also been seriously questioned (Blowfield, 2005) and CSRs have been criticised for having only a mitigating effect and ignoring the structural factors behind poverty (Zharkevich and Judge, 2010). Instead, when CSR activities are integrated in business’ core activities, all operational issues are aligned with the CSR’s guiding principles and so the impact of CSR is much larger (Giovannucci et al., 2014; Reed and Reed, 2009).

To conclude, some authors make a dichotomous distinction between strategic and philanthropic partnerships, while others identify more varieties of partnerships, depending on the degree of ‘strategic-ness’ of partnerships. Still, whether partnerships have to do or not with the core business of the partners is an important dimension of CSO-business partnerships: strategic partnerships are believed to be the most transformative partnerships because they intend to change firms’ behaviours and business practices, and not simply its image.

Figure 7 summarises the literature on philanthropic and strategic partnerships by listing the labels used in this literature.

Figure 7: Philanthropic *versus* strategic partnerships



Sources: Author’s elaboration based on Ashman (2001); Galaskiewicz and Sinclair-Colman (2006); UNGC (2007); and Tennyson et al. (2008).

3.2. Dimension 2: Degree of partners' engagement

Strategic partnerships are more time-consuming and require partners to modify their management practices. In light of this, it is reasonable to assume that these partnerships call for greater partners' engagement. The degree of partners' engagement is another important dimension to classify CSO-business partnerships.

The most influential contribution in this area is the seminal paper by Austin (2000). Austin (2000) envisages a 'continuum of collaboration' from shallow to intense collaboration in which he distinguishes three types of partnerships: philanthropic, transactional, and integrative partnerships. Philanthropic partnerships need minimum engagement due to their short-term nature and the low degree of interaction required for implementation. Transactional relationships are also short-term and financially constrained. While they call for more resources than philanthropic partnerships, they do not require intensive engagement of the partners. Both philanthropic and transactional partnerships are largely driven by self-interest, where firms are motivated by reputational motives and NGOs seek for financial resources to achieve their mission.

By contrast, *integrative partnerships* are long-term and open-ended partnerships. They are motivated by common interests and involve core activities of both partners. Hence, integrative partnerships feature the highest degree of partners' engagement. What is also clear is that integrative partnerships correspond to 'strategic partnerships' as described by Ashman (2001). The difference between the two approaches is solely on the criteria used to define them.

Other authors refer to the same concepts but with different terminologies. Rondinelli and London (2003) distinguish different degrees of intensity of relationships, identifying three types of partnerships: 'arm's length relationships', 'interactive collaborations', and 'formal management partnerships'. While these by and large correspond to the philanthropic, transactional, and integrative partnerships described by Austin (2000), engagement is more clearly defined in terms of frequency and intensity of interaction. According to Rondinelli and London, this distinction is important because higher intensity partnerships are considered to be more risky, require alignment of objectives, resource sharing, and cultural compatibility.

Bitzer et al. (2009) translate this idea of degree of interaction intensity in value-chain partnerships and classify partnerships into 'broker networks', 'strategic alliances', and 'collaborative partnerships'. Broker networks involve irregular or temporary interaction between the parts and aim at creating "new linkages between actors along the value chain, with parties from outside the value chain often assuming the role of a broker" (ibid.: 11). Hence, CSOs act as brokers, that help connecting supply from developing countries' producers and demand from multinational companies in the North. In strategic alliances, the degree of involvement and interaction is higher because the activities performed (e.g. programs to increase producers' capacity) require greater information sharing, higher frequency of interaction, and longer time commitments. Because of this, these partnerships bear a more strategic value both for business partners and NGOs. Collaborative partnerships are characterised by very high degree of partners' involvement as these partnerships require resource and risk sharing. Due to this, these partnerships are often formalised. This has implications for the governance structure of the partnership.

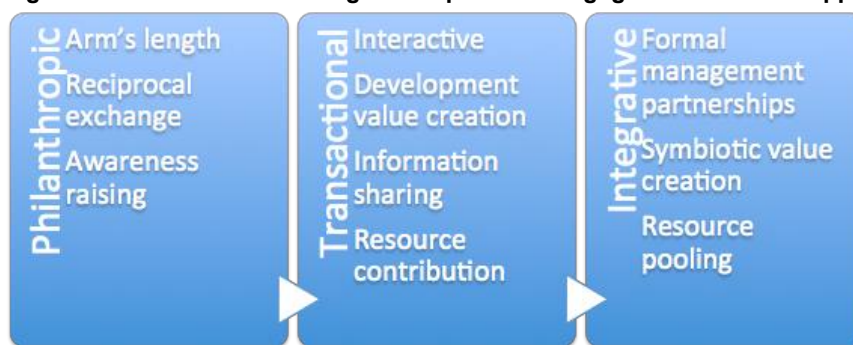
Instead of referring to intensity of interactions, Googins and Rochlin (2000) decline the concept of partners' engagement in terms of the resources invested in the partnership. They call transactional partnerships 'reciprocal exchange' because this type of partnerships involves an exchange of goods or services between the two parties. Examples are cause-marketing initiatives whereby the private sector can increase its sales and the NGO its financial resources. 'Developmental value creation' requires joint work to generate benefits for the two parts. Examples are workforce development initiatives in which NGOs are

interested in generating sustainable employment, while the private partner looks for higher skill labour. So, this type of partnerships still keep a transactional element because execution of the partnership requires joint planning but concerns exchange of separately developed resources. ‘Symbiotic value creation’ partnerships are larger scale and longer term initiatives that aim to achieve ambitious goals. Partners engage in these initiatives when it is clear that their objective is so ambitious to require a consortium of agents. These partnerships require a “mutually dependent exchange of ideas, resources, and effort” (ibid.: p. 139), corresponding to the integrative partnerships described by Austin (2000).

The classification proposed by Darko (2014) also envisages a continuum of collaboration. At one extreme, ‘awareness raising partnerships’ are the least intensive collaboration between the partners. These for example are partnerships for advocacy activities meant to increase public awareness on a certain issue. ‘Information sharing partnerships’ are initiated to share complementary sets of information. For example, information sharing partnerships are partnerships in which the private sector and CSOs share market and technical knowledge to set global production standards. ‘Resource contribution partnerships’ is a quite broadly defined category that encompasses donations as well as actual collaborative initiatives in which the resource contribution is in the form of skills or knowledge. These partnerships might also involve financial contributions, and so a certain degree of risk sharing. Finally, ‘resource pooling partnerships’ are the most equal, cooperative, and strategic forms of relationships between firms and CSOs. These initiatives build on core-business activities and are aimed at creating new business models or activities.

In the literature, the degree of partners’ engagement in CSO-business partnerships has been defined in terms of the intensity of interaction or the amount of joint-work needed to implement the partnership. These ways are clearly related because the more the joint work needed the higher the intensity of interactions. This dimension is also clearly linked to the previous dimension, i.e. the ‘strategic-ness’ of partnerships, as more strategic partnerships are likely to require more interaction both in terms of frequency (time-commitment) and joint work. Hence, it is reasonable to conclude that more intense relationships are more complex and risky to manage but potentially more beneficial to both partners. Figure 8 pictures the continuum of collaboration described by Ashman (2001) and lists the overlapping categories as defined in different taxonomies.

Figure 8: Continuum of the degrees of partners’ engagement and overlapping classifications



Source: Authors’ elaboration based on Austin (2000), Rondinelli and London (2003), Googins and Rochlin (2000), and Darko (2014)

Some lessons have also been drawn based on multiple case studies led by Kuenkel and Aitken (2015) and the Danish Red Cross (2015). These highlight three key aspects:

1. Dedicating and investing the necessary time and resources at each phase of the partnerships naturally increases the likelihood of success. As emphasised by Kuenkel and Aitken (2015), the private sector contribution goes far beyond financial resources. Intangible resources such as competencies – in e.g. business development or project management, entrepreneurial and innovative mind-sets are as, if not more, important in order for a partnership to be successful.
2. Partnership resource needs often tend to be underestimated (Danish Red Cross 2015), e.g. when project management activities demand more resources than expected, the project implementation has to be adjusted, or the partners need to provide more resources. The study led by the Danish Red Cross (2015) hence recommends partners remain flexible in terms of financial and human resources commitment. This flexibility is important as limited financial resources could undermine the partnership sustainability, and/or possibly affect negatively partner's internal commitment.
3. Complementarity of resources has also been pointed out as key for successful multi-stakeholder partnerships, based on the assumption that members should be confident that the right set of competencies and knowledge is present within the partnership, not in each individual but as a group. Therefore, Kuenkel and Aitken (2015) argue that partnerships lacking knowledge or competencies will ultimately fail achieving their goals.

3.3. Dimension 3: Partnerships' activities

Partnerships may involve a whole range of different activities. The literature has listed them with various degrees of detail. Tennyson et al. (2008) provide one of the most detailed list of CSO-business partnerships' activities, summarised in Figure 9.

Figure 9: List of activities performed in the CSO-business partnerships

A-Z of engagement options
<ul style="list-style-type: none"> • Advisory services • Advocacy • Alternative technology development • Capacity building partnerships – internal • Capacity building partnerships – external • Employee engagement • Employee giving • Ethical sourcing / procurement • Facilitating large-scale collaborative initiatives • Facilitating small-scale local partnerships • Institution-building partnerships • Issue-driven partnerships • Matching product donations/expertise to projects • Product development • Product licensing • Project support • Resource mobilisation partnerships • Social business creation • Sponsorship • Strategic partnerships

Source: Tennyson et al. (2008), p. 20

They then group these activities in six categories: advocacy, sponsorship, marketing, capacity building, brokering, and business partnerships. Advocacy-partnerships are essentially the advocacy partnerships described by UNGC (2007) or Darko (2014). Sponsorship-partnerships, instead, correspond to philanthropic partnerships or social investments as defined by Tennyson et al. (2008). Marketing-partnerships include cause-related marketing activities, employee fundraising, or product licensing. Like sponsorship-partnerships, marketing-partnerships are transactional and tied to old logics of CSO-business relationships. Their philanthropic nature suggests that these partnerships are mainly motivated by self-interest, i.e. by shrinking NGOs' budgets and firms' interests in social initiatives or image-washing. These three types of partnerships, therefore, are the least innovative forms of CSO-business partnerships.

The other three types of partnerships, i.e. capacity building, brokering, and business partnerships, are more innovative as they are more directly related with business' regular operations. Among these, capacity-building partnerships involve skill transfers and institutional building programs. Brokering partnerships are essentially value-chain partnerships, aimed at coordinating production between a range of players. As Tennyson et al. (2008) put it, these are 'transformational activities' that focus on 'sustainability of outcomes'. Finally, business partnerships are sort of joint ventures between the private sector and CSOs. These include advisory services to improve business operations, or development of social enterprises or products for the BOP. Because of the characteristics mentioned above, these three types of partnerships are generally long-term, strategic, and integrative.

Dahan et al. (2010) focus on strategic CSO-business partnerships and identify market research, product R&D, procurement, distribution, marketing, and new business development as their principal activities. As this list suggests, the authors restrict their analysis to strategic partnerships because all activities listed correspond to regular business activities.

Departing from these two lists of activity-defined partnerships, and in line with the FDI categories of market-seeking, resource-seeking and efficiency-seeking partnerships (Dunning, 1989) cited above, strategic partnerships can be broadly classified into marketing-oriented, production-oriented, or new business development partnerships.

Marketing-oriented partnerships include more than just the marketing-partnerships as defined by Tennyson et al. (2008). This broadly-defined category also includes 'BOP partnerships', i.e. partnerships aimed at better serving the market at the bottom of the pyramid. As mentioned, one way in which the private sector is engaging in development is by serving the BOP market with suited variations of their products and services. In entering these ventures, the private sector encounters several challenges as it has to acquire information on the needs of its new market and the logistical and cultural specificities that can affect the success of the venture. In these cases, NGOs possess valuable knowledge that firms can use to tailor their marketing strategy to the new market.

Following Dahan et al. (2010), market-oriented partnerships can involve market research, product R&D, distribution, and marketing. Collaborating with local NGOs in market research and product R&D allows firms to better tailor their products, services, production techniques, and organisation structures to local tastes and conditions. There is an extensive literature on innovation at the bottom of the pyramid. As mentioned, serving the poor and marginalised require firms to modify their products, production processes, and marketing strategies. These innovations are essential to the success of the venture. The literature on innovation at the BOP shows that NGOs help firms to interact with local communities in the process of co-inventing BOP initiatives (e.g. Prahalad, 2006; Kolk et al., 2013).

Distribution is another key and complex activity in developing countries: while MNCs often have access to global distribution systems, they lack knowledge about local distribution systems. NGOs can connect them with their local network and guarantee capillary distribution. Also, because marketing in developing countries is often bundled with complementary services, like technical assistance or finance, NGOs can assist firms in performing these tasks. For example, NGOs' educational activities to explain how to use a certain product or service and increase awareness of a certain product's advantages, can be a boost to marketing strategies (Dahan et al., 2010).

Another form of market-oriented collaboration between firms and NGOs is co-branding, i.e. the practice of obtaining endorsement from an NGO on a certain product or marketing message. This can bring considerable commercial benefits and increase MNCs' credibility.

Production-oriented partnerships, or value-chain partnerships (e.g. Drost et al., 2012; Bitzer et al., 2009), are aimed at improving production practices and facilitating insertion of developing countries' producers into global value chains. At the same time, these partnership can guarantee low-cost, low-margins, high-volumes production. This is an additional reason for MNCs to be interested in such partnerships.⁸

In terms of activities, these partnerships essentially involve procurement and production. NGOs assist firms in procuring inputs or intermediary products, selecting and training local workforce, and ensuring decent labour conditions and sustainable production practices. Hence, in these partnerships the NGO becomes the interface between large MNCs (the buyers) and small local producers (the sellers), often organised in producer organisations (POs). In terms of the advantages of these partnerships, firms gain cheaper or higher-skilled workers and more secure production flows, while the NGOs can pursue advocacy for fair labour conditions and, more broadly, contribute to socio-economic development (Dahan et al., 2010). In practice, various large multinational firms (e.g. Nestlé or Starbucks) are partnering with NGOs to provide workers in developing countries with training and health services.

Different activities, different impacts

With respect to the developmental impact, and in particular, the impact on economic transformation and employment progress, the literature on value chain partnerships emphasises elements of job quantity, quality, and access, where employment quantity concerns the number of jobs created, quality of employment means reducing vulnerable and indecent employment, and access to employment refers to the inclusion of marginalised portions of the society, like women, the youth or the poor (e.g. Byiers et al., 2015).

In the literature, it is argued that CSO-business partnerships facilitate insertion in global value chains, which ensures employment and incomes to producers in developing countries. However, it is also noted that: "[s]uccessful business models for lower income markets are usually based on low cost, low margin, high volume patterns" and "NGOs can help with procurement, particularly of low cost labor" (Dahan et al., 2010, p. 333). At the same time, NGOs (together with local governments) can "improve local conditions and promote sustainable farming practices" and "support (...) fair labor conditions, helping reduce abusive child labor and slavery" (ibid., p. 333).

This means that CSO-business partnerships have the potential to increase both quantity and quality of jobs in developing countries. Because the first might be easier to achieve than the second, it would be interesting to understand how CSO-business partnerships can achieve these two objectives simultaneously. This offers an interesting question for future research.

⁸ For a review of the literature on value-chain partnerships, see Bitzer and Glasbergen (2015).

Other CSO-business partnerships aim at improving production practices among developing countries' producers by providing various types of support during the phase of adoption of global standards like the Fair Trade certification (e.g. Blowfield and Dolan, 2010; Phillips, 2014). Compliance with international standards is functional to the insertion in global value chains, which, in turn, might be beneficial for employment and incomes. At the same time, improving production practices might have a long-term impact on competitiveness, productivity, sustainability, and poverty reduction. Hence, the developmental element of these partnerships is more directly related with economic development and structural transformations.

For example, in the coffee industry, certifications of sustainable production are giving small producers from developing countries the opportunity to survive in the market and avoid extreme poverty (Linton, 2005). Starbucks and Conservation International joined forces to define and adopt sustainability standards. This partnership achieved upgrading among producers from developing countries by guaranteeing them a large market and assisting them with financial and technical resources (Perez-Aleman and Sandilands, 2008).

However, while the adoption of these standards can be beneficial to socio-economic development, many small producers from developing countries are unlikely to comply with these standards. These are likely to be the poorest and least integrated producers. In these cases, these actions are likely to exclude them from global value chains and so from access to international markets (Phillips, 2014). Also, it has been noted that while sustainability partnerships allow tackling various sustainability issues at the production level (such as poor working conditions and environmental degradation), "the benefits for producers remain unclear" (Bitzer et al., 2008, p. 282).

Examples of these partnerships also show that daily practice of CSO-business partnerships is quite complex. For example, Drost et al. (2012b) describe the practical difficulties that NGOs face in coordinating and ensuring production. These difficulties are essentially related with product-specific business conditions like how prices are determined in the market and how information spreads in the network created between the MNCs, the NGOs, the POs, and local producers. Similarly, Phillips (2014) analysed a partnership aimed at joining the Fair Trade initiative in the Malawi's sugar industry and noticed that not all farmers had heard about Fair Trade.

Finally, partnerships for new business development are defined as multiple-organisation partnerships devoted to "the co-imagining and co-creation of complex multi-organisation business models" (Dahan et al., 2010, p. 334). New business development itself can clearly be further divided according to the underlying market model or motivation. Much as the FDI literature categorises investments into those that are market-seeking, resource-seeking and efficiency seeking (Dunning, 1993), the distinction between partnerships that target producers (so resource of supply-chain securing e.g. in agriculture or extractives) or that target consumers (so enriched foods, BOP goods, banking services) may also be important in determining the process and potential success of such a partnership (see also Byiers and Seravesi, 2013).

For example, in the agricultural sector, firms' contribution to development can be grouped into five types of interventions; in all of them NGOs have a potentially relevant role for the success of the initiative (Chevrollier et al., 2012). 'Farmer development services' are aimed at improving quantity and quality of production by providing smallholder farmers with products and services. As already mentioned, these initiatives are difficult to implement because establishing links with small farmers and ensuring high-quality supply and loyalty is not easy. In these initiatives, partnering with NGOs facilitates establishing and maintaining contact with local communities. 'Secured sourcing schemes' ensure up-to-standards production. NGOs can help the private sector solving at least some of the challenges of these initiatives, such as lack of formal structures or institutions that organise farmers and their production network and

support farmer development services. ‘BOP intermediaries’ are initiatives aimed at finding or establishing intermediaries between firms and consumers. NGOs could help to establish these intermediaries, whether in cooperatives or social enterprises. So, in terms of the activities described above, the partnerships to implement these initiatives concern capacity building and brokering/procurement.

As the name suggests, ‘food product adaptation’ initiatives intend to innovate existing products and services to make them suitable to the market at the bottom of the pyramid. In these initiatives, partnering with NGOs might help to develop social marketing campaigns. Hence, according to this taxonomy, activities within partnerships for this type of initiatives are related with marketing. Finally, ‘hybrid market creation’ ventures aim at creating and launching new products and services together with novel distribution models. Hence, compared to partnerships for food product adaptation initiatives, hybrid market creation partnerships might involve marketing, distribution, market research, and product R&D.

Figure 10 proposes a grouping of the activities of strategic partnerships as described by Tennyson et al. (2008), Dahan et al. (2010), and (Chevrollier et al., 2012). This figure reconciles and groups together the different taxonomies discussed above.

Figure 10: A grouping of activities of CSO-business partnerships



Source: Authors' elaboration based on Tennyson et al. (2008), Dahan et al. (2010), and (Chevrollier et al., 2012).

3.4. Dimension 4: Governance structures

In the context of CSO-business partnerships, the term “governance” is used to refer to the form in which partnerships are initiated and managed. This relates to a range of factors, including how an appropriate balance of power can be found in partnerships.

Part of the literature is focused on who initiates and leads partnerships. Kindornay et al. (2013) distinguish five partnership models. Donor-led partnerships are initiated by donors, who contribute with partial funding and so take part of the risk. Activities for which the partnerships is established are performed by the private sector and the civil society partner, so the donor acts as an interface between the two.

Company-led partnership models are initiated by the private sector, with donors often supporting parts of the project. An example of these partnerships is value-chain partnerships, where MNCs source from producers in developing countries and NGOs act as interfaces between them. Value-chain partnerships can also be initiated by NGOs that could create a social enterprise or a for-profit company that purchases from producers in developing countries and sells to buyers in developed countries. In these partnerships, NGOs support the production activities of the local sellers and establish the social or for-profit partner (e.g. Ten Thousand Villages initiative in the US).

Finally, business-NGO alliances and coalition models are characterised by more balanced governance structures. The main difference between these two models is that business-NGOs alliances involve only CSOs and the private sector while coalitions are multi-stakeholder partnerships that involve also developing countries' governments, research institutions, and/or private sector associations. Business-NGO alliances can be initiated either by NGOs or the private sector. Donors might support the initiative, but are not the motivator or main actor of the project.

Reed and Reed (2009) define partnerships' governance in terms of the degree of stakeholder influence (social control) and constraints to conventional business strategies. They distinguish between public-private partnerships (referred to as 'conventional business partnerships' -not object of study of this paper), CSR partnerships, 'corporate accountability partnerships', and 'social economy partnerships'.

CSR partnerships are voluntary and generally initiated by the private sector. They are generally not profit-seeking, but motivated by potential marketing gains (e.g. improving public image). Given this, it is reasonable to assume that in these partnerships, power is not equally distributed between firms and civil society organisations: "corporations (...) almost always have a strong, if not dominant, influence over the design of the partnership" (Reed and Reed, 2009, p. 17). This might be because misalignment in interests and cultures and limited sharing of resources and expertise between the private sector and CSOs reduce the effectiveness of CSR partnerships. These issues might be further aggravated by lack of external monitoring or auditing. In this situation, firms might try to capture most of the benefits of the partnership and partnerships run the risk of simply serving as 'image washing'. Consequently, their developmental impact might be significantly reduced (Reed and Reed, 2009; Zharkevich and Judge, 2010).

The rise of corporate accountability (CA) partnerships and social economy partnerships is partly motivated by these critics. CA partnerships try to impose greater social accountability over firms by holding them accountable for their conduct. This is done through the establishment of a framework that ensures answerability, monitoring and enforcement mechanisms. Examples of a CA partnership are the Ethical Trading Initiative or the Marine Stewardship Council. Even if power distribution is more equal than in CSR partnerships, this does not mean that power relations are balanced in CA partnerships. For example, in the Marine Stewardship Council, an initiative implemented by Unilever and WWF to regulate capture fisheries, a governance structure oriented towards the corporate side reduced involvement (and certification) of Southern partners. This is very different from what happened in a very similar initiative, the Forestry Stewardship Council where Northern and Southern partners had equal voting powers (e.g. Ponte and Cheyns, 2013).

Social economy partnerships are partnerships between social enterprises and private firms. Social enterprises are firms that prioritise social purposes over profits. They concentrate in agriculture and the informal sector (two sectors where the poor are largely employed). They tend to be democratically controlled and to cooperate with other social enterprises in other sectors. An example of social enterprises is Fair Trade. This type of firms needs to partner with corporations to gain market access and to make sure

that fair trade standards are widely implemented. These partnerships, however, can be difficult to implement because the social enterprises might need to avoid partnering with firms that are only motivated by image-washing, while not living up to the standards imposed by the partnership.

In the case of value-chain partnerships, governance structures of CSO-business partnerships might be affected by sector-specific production structures. For example, the coffee industry is a 'buyer-driven' industry, meaning that production chains are led by (Northern) retailers and branded manufacturers that appropriate profit margins and leave networks of (Southern) supplier with small profit margins. Coffee growers not only can retain only a small fraction of the coffee income, but face numerous issues like poor working conditions, environmental risks and limited technical capabilities to guarantee high quality and cost-efficient production. Partnerships in this industry reflect these imbalances: "[t]he pattern of strong participation of organisations from coffee consuming countries and weak involvement of organisations from coffee producing countries pervades the whole range of partnership actors" (Bitzer et al., 2008: 275). The authors also note that: "[a]lthough primarily constituting a form of 'parallel production', partnerships have already become part of the power struggle in the coffee market" (ibid., p. 282). More generally, it is reasonable to believe that due to their limited resources and negotiating power, smallholder farmers in producing developing countries have much less influence in value-chain partnerships than large multinational companies have.⁹ These unbalanced power structures make the role of the CSOs even more delicate.

As this literature review shows, power is an important aspect of business-CSO partnerships. This can be intended in a broad way, including all stakeholders that are directly and indirectly involved in the activities of the partnerships, or in a narrow way, including only the formal partners. In any case, power distribution does not only affect the internal processes of business-CSO partnerships, but also their developmental impact because they ultimately affect the distributional impact of the benefits of the partnerships among its partners and main stakeholders, including the firm, the NGO, local producers and/or local communities. Besides, as highlighted by Kuenkel and Aitken (2015), a low degree of inclusiveness may further question the credibility of the partnership (within and outside of the partnership), and engender mistrust among the non-participants stakeholders.

Therefore identifying, involving and managing the right stakeholders in an open way is crucial for CSO-business partnerships process and outcomes, as dedicating a sufficient amount of resources to support this collaboration process.

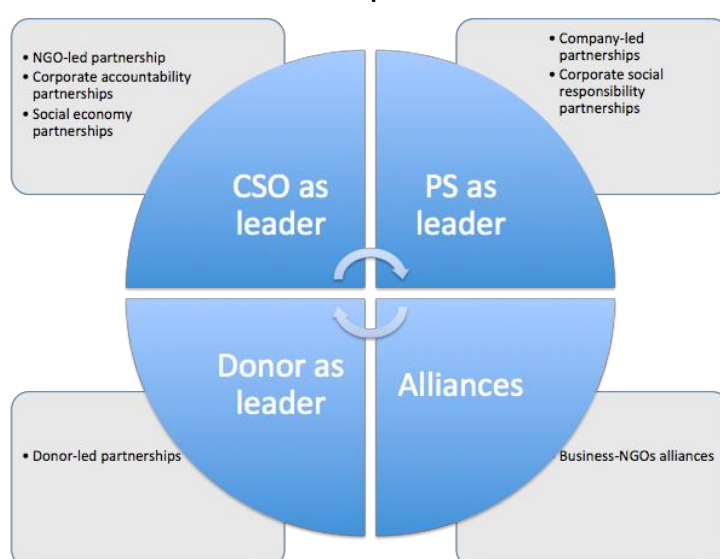
Local stakeholder involvement is in this regard particularly important, though challenging to implement as achieving engagement of local groups might be not viable. This in fact might not be practical in light of cost and benefit considerations or because relevant actors are missing. For example, in the case of agricultural value chain partnerships, due to their small size, it is impossible for local producers to enter any partnership if not via producers' organisations that can act in their behalf. Also (and probably most importantly), local communities lack human and financial resources and knowledge to enter partnerships and when they do, their bargaining power is limited compared to large international buyers (Bitzer et al., 2009). Indeed, research showed that generally involvement of local communities is pretty low (e.g. Rein and Scott, 2009; Idemudia, 2009).

⁹ This has also been the case in large public-private partnerships such as the partnerships supported by the UNDP Growing Sustainable Initiative in the Kenyan industries of mangoes and nuts. In this partnership, inclusion of local producers in decision-making processes has been very limited, either because farmers were too distant from the decision making center or because they were trapped in a hostile relationship between the institutional partners (Gregoratti, 2011).

Power structures can be rebalanced by governance structures, intended as the set of arrangements and rules that partners can set about roles and responsibilities. Also, according to Ashman (2001), “control is more likely to be shared when both civil society and business partners value the resources contributed by civil society partners, e.g., expertise and reach to communities” and “is associated with joint learning, which improves the likelihood of correcting problems and achieving mutually desired impacts” (p. 1110). This is a relatively less explored aspect of CSO-business partnerships.

As this reviews shows, the concept of governance structures embraces several aspects, including the institutional settings of the partnership and the consequent power distribution that emerges from these arrangements. In order to summarise the literature reviewed in this section, Figure 11 draws from the classification done by Kindornay et al. (2013) and categorises the partnerships’ models identified by Reed and Reed (2009) according to whom takes the lead.

Figure 11: Governance structures and partners’ roles



Source: Authors' elaboration based on Kindornay et al. (2013) and Reed and Reed (2009).

Some lessons have also been drawn based on multiple case studies led by Kuenkel and Aitken (2015) and the Danish Red Cross (2015). Three key aspects were highlighted to make a CSO-business partnership successful:

1. **Leadership and commitment** - In order to ensure commitment from the different partners composing partnership, the “management buy-in” (Danish Red Cross, 2015) or “high level sponsorship” (Kuenkel and Aitken, 2015) is a necessary requirement. This will allow the partners to build legitimacy inside their respective organisation, and ensure that the correct amount of resources is dedicated to the project. Leadership has also to do with soft skills: in order to have intense engagement from the different members, leaders need to have strong networking skills, and should be able to engage, inspire and convince a wide range of stakeholders. In the case of CSO-business partnerships, it is also about understanding partners’ perspectives and cultures, and sharing resources and power (Lasker et al. 2001 in Kuenkel and Aitken 2015).
2. **Goal process and clarity** “Since multi-stakeholder partnerships engage with different frames, identities, constituencies and goals, there needs to be a common understanding on key drivers of the problem and a vision on how to address them” (Pattberg and Widerberg, 2014). That is why goals and process agreed between members should be precise, measurable, and ambitious. This in turns greatly facilitates the monitoring, reporting evaluation and learning processes, which make the organisations accountable, and able to learn and adjust from their mistakes. Kuenkel and Aitken (2015) further argue that keeping goal ambitious help members to remain connect emotionally. Last but not least, aligning goals with larger sustainable goals or international norms already put in place (e.g. SDGs) contributes to the sustainability of the partnership.
3. **Management of partnership** - The more professional and efficient a partnership is managed, the more likely it is to succeed in reaching its objectives. (Beisheim and Liese 2011). After analysing 21 (transnational) partnerships, Beisheim and Liese established two predictors explaining the effectiveness of multi-stakeholder partnerships, namely the “level of institutionalisation” – which can be assimilated to the level of formalisation of the partnership. Their research reveals that the higher the level of institutionalisation is, the higher the level of effectiveness is. Besides, higher level of institutionalisation can also be a way of counterbalancing power asymmetry, which negatively affect the outcome of CSO-business partnerships. Indeed, by ensuring that communications, decision making processes, and evaluations are open and transparent, weaker members are able to participate according to what has been agreed.

Some other key lessons in relation to partnership management have also been drawn in the Pattberg and Widerberg study (2014): First, having “a small governing board of major donors supported by a secretariat and room for input by a select group of affected stakeholders is favourable for lean and effective process management and decision-making (Liese and Beisheim 2011); second, “a partnership with a permanent and independent secretariat is more likely to be successful than a hosted partnership (Beisheim 2012)”; Third, “Szulecki and colleagues also find that organisational characteristics such as a strong ‘corporate identity’ appear to be correlated with effectiveness (2011)”.

Although formalising the partnership is crucial, Kuenkel and Aitken (2015) and the Danish Red Cross study (2015) put a strong emphasis on the need for such partnerships to base relationships and collaborations on trust. This implies building and maintaining strong relationships, which become more informal as relationships mature – members are ultimately familiar with each other, and understand each other's drivers and risks, and communicate in the same language. That being said, such results can only be achieved after a certain amount of efforts and time spent on each partner's side, commitment which is often based on members' sense of ownership of the project, and on concrete outcomes in terms of process and product achieved by the partnership.

3.5. Case study findings

As the discussions highlight, CSO-business partnerships can take various forms, but classified according to four main dimensions: the relation to core business; degree of partner involvement; activities undertaken and of governing. Rather than provide an exhaustive overview of case studies, this section presents the findings of existing case studies on CSO-business partnerships in Table 1, using the four dimensions.

Table 1: Main findings of existing case studies (in chronological order)

Study	Number of cases	Dimension focus	Industries	Main findings
Ashman (2001)	10	Activities	edu, training, social services	Strategic partnerships do not yield larger developmental benefits than transactional partnerships, but higher developmental results are achieved when control is shared.
Rondinelli and London (2003)	N.A.	Degree of partners' engagement	N.A.	Partners need to overcome barriers to knowledge transfer (due to different areas of expertise). Differences in governance structures and missions are also barriers to effective knowledge transfer. Moreover, partnerships should only be established when partners are convinced that they can develop mutual trust and learning.
Linton (2005)	N.A.	Core business	coffee	Businesses-NGOs partnerships are essential for broadening the corporate base of the market for fair-trade coffee and promoting norm change among consumers. NGOs, in particular, can help producers grow the coffee's types that speciality buyers want and strengthen connections between producers and buyers.
Bitzer et al. (2008)	12	Governance	coffee	Northern NGOs acted as important initiators of change to increase sustainability. However, benefits for producers are unclear and only one partnership established a governance structure capable of empowering Southern producers.
Kolk et al. (2008)	20	Core business	finance and insurance, agri, utilities, health	B2B firms are less likely to engage in partnerships than B2C. While the private sector is frequently a donor, it also contributes with provision of expertise, often through employee volunteering.
Perez-Aleman and Sandilands (2008)	1	Core business	coffee	The partnership between Starbucks and Conservation International achieved upgrading among developing countries' suppliers by guaranteeing producers a large market and by assisting them with financial and technical resources.

Rein and Scott (2009)	6	Governance	agri, health, education	Lack of effective monitoring and evaluation procedures make it difficult to assess if partnerships' goals were achieved. Lack of formal governance mechanisms and accountability systems also made it difficult to support partners' participation and engagement.
Bitzer and Glasbergen (2010)	5	Governance	cotton	Institutional factors (i.e. factors external to the partnership) influence the choice of what type of partnership to adopt.
Blowfield and Dolan (2010)	N.A.	Governance	tea	Most claimed advantages of Fair Trade are not experienced by producers who complain about payment decisions and face challenges in creating democratic and transparent governance institutions for the partnership.
Bitzer et al. (2012)	55	Core business	cocoa	Partnerships are connected among each other through overlapping membership. This reinforces the capacity of each partnership in delivering services like farmer training. Standards, however, do not encourage links between partnerships due to the competitive positions of their members. Also, the lack of an harmonised approach to standards "helps to reinforce the power imbalances between producers and large stakeholders from consumer countries".
Drost et al. (2012a)	4	Governance	agri	"The more value chain partnerships build trust among value chain stakeholders, operate under private sector leadership, and have highly embedded and involved partners, the better the partnerships are able to address, and mitigate or remove institutional barriers to upgrading by value chain actors" (p 15).
Drost et al. (2012b)	3	Activities	shea	Partnerships are affected by issues of speculation and side-selling, slow information flow, and complex cash flow management. Traceability and compliance with technical quality standards is also hindered by producers' illiteracy and limited incentives to comply with quality standards. Premium prices are therefore necessary to ensure compliance with quality standards and loyalty in supplying to the company. Socio-cultural differences and differences in approaches also undermine the success of the partnership.
Kolk and Lenfant (2012)	39	strategic vs. transactional	extractives, banking, food services, and telecom	Most partnerships are philanthropic and deal with issues like health and education. There are only a few real transformative partnerships, related to conflict and involving extractive companies.
Chakravorti et al. (2014)	40	Involvement	N.A.	Most common activities for which firms partner with NGOs are: advisory services, training and skills, monitoring and evaluation.
Phillips (2014)	1	Core business	sugar	Local producers benefited from partnering with Fair Trade: their incomes and access to credit improved and their international reputation enhanced. However, producers' experiences vary depending on levels of entitlement to land, connections to local leaders, and incomes.

den Hond et al. (2015)	N.A.	N. A.	N.A.	Firms' propensity to partner with NGOs is explained by frequency of contacts, perceived strategic fit, and commitment to CSR. These partnerships are important component of firms' CSR strategies.
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Source: Authors' elaboration.

An important observation from this table is that most of the studied partnerships (12 of out 16) involve the agricultural sector. This might reflect a true tendency of CSO-business partnerships in Africa to focus on agriculture and that the poorest shares of the population are occupied in the agricultural sector while manufacturing activities (especially formal ones) are still underdeveloped. On the other, extractives and services are also important sectors in African economies. So, it is hard to say whether this concentration reflects the reality of CSO-business partnerships.

More than one third of the studies involve value-chain partnerships. While some of them are positive about them, highlighting the learning opportunities and income benefits, some are more critical in terms of the actual benefits that local producers in developing countries enjoy.

In terms of the processes involved in initiating, running and maintaining CSO-business partnerships, the literature discusses potential obstacles due to misalignment in knowledge sets, interests, and levels of commitment; governance-related elements like shared control and trust, the importance of monitoring and evaluation mechanisms, but also external (e.g. institutional) factors.

3.6. How partners are selected in CSO-business partnerships

The objectives and form of a partnership clearly determine what types of partners are best suited to implement a partnership.

Tennyson et al. (2008) find that firms prefer national or local NGOs for philanthropic donations or programmes that improve their image with local communities or that allow them to build a relationship with the local government. These types of partnerships are frequent in extractive industries. For example, in the Nigerian oil industry, MNCs engage in community development programs to “help secure a conducive environment for oil exploration” (Idemudia, 2009, p. 104). International NGOs, instead, are preferred for projects with larger scopes, i.e. projects that address global developmental issues or that require considerable resources (Tennyson et al., 2008).

The literature also distinguishes between advocacy, operational and hybrid NGOs. The former “work to influence key decision-makers to serve otherwise dormant actors” (Teegen et al., 2004, p. 467).¹⁰ In performing their activities, advocacy NGOs can acquire knowledge on these groups because they are particularly well-positioned to understand their needs. This means that advocacy NGOs are best suited for advocacy-partnerships as defined by Tennyson et al. (2008). Operational NGOs, instead, provide certain goods or services which markets or governments fail to provide. This allows NGOs to accumulate technical expertise and experience in serving underserved portions of the population. This type of NGOs are therefore ideal candidates for marketing-oriented, production-oriented or in general business partnerships. Hybrid NGOs are those that perform both activities. For example, some NGOs first advocated for the establishment of environmental and labour standards and then used their acquired technical expertise to develop these standards and monitor their application. In this way, they become hybrid NGOs (Teegen et al., 2004).

Apart from these insights, the literature says very little about how partners find and select each other, especially how firms select the right NGO as a partner. This is therefore an interesting area for future research.

¹⁰ ‘Dormant actors’ are all those portions of the population that for some reason (economic, political, religious.) are marginalized.

4. Conclusion

CSO-business partnerships are a rising phenomenon, brought about by CSOs increasing recognition of the role of private sector in development, shrinking CSOs' budgets and a renewed private sector interest in investing in Africa and other developing countries and their interest in identifying partners to help them do so in a sustainable basis. The emerging alignment of a firm's commercial and social interests have contributed to new business models and logics that benefit from partnership forms.

By reviewing the literature on CSO-business partnerships and existing taxonomies this paper identifies four key dimensions to classify CSO-business partnerships and other taxonomies. Distinguishing between these dimensions is important because different taxonomies emphasise different aspects of CSO-business partnerships. These aspects are related with the processes and dynamics internal to the partnerships, and so with their relative opportunities and challenges.

The mapping highlights that while taking different forms, CSO-business partnerships can also evolve from philanthropic to strategic partnerships. The essential feature of strategic partnerships is that they involve partners' core business activities. In strategic partnerships, the private sector is motivated by business motives (e.g. increasing its profits, improving its operations and business practices, innovating, etc.), to which sustainability becomes an integral part.

Another characteristic of strategic partnerships is that, compared to philanthropic partnerships, partners' engagement in partnerships' activities is greater both in terms of time (time-span of the partnership and frequency of interaction) and resources shared (financial resources, knowledge, and expertise). As this suggests, knowledge sharing, whether on demand's needs or on supply-related matters, is an important channel through which partnerships can maximise FDI's impact. Whether partners seek to tap into other partners' knowledge or to improve their credibility and public image makes a huge difference for partnerships' processes and development impact.

The activities performed in strategic partnerships are also different from those of philanthropic partnerships. Because these partnerships are related to partners' core business, their activities are related with product design or marketing (e.g. when firms address a new market), or with production practices (e.g. when firms decide to source from developing countries and/or adopt sustainability and ethical standards). In these cases, local CSOs can provide valuable knowledge on needs and cultural specificities of the targeted market, or can use their networks to connect, train, and organise local producers.

'Developmental impact', in turn, is difficult to define, measure or assess: it can be about improved health conditions, education, training, or insertion in global markets and it can be measured in terms of how many people are benefited, or how much incomes improve, and so on. These different definitions and output measures determine how partnerships are evaluated and make it difficult to say whether philanthropic/transactional partnerships tend to have a larger 'developmental impact' than strategic partnerships.

The literature also evidences the role of governance structures for CSO-business partnerships. Governance structures are related to power distribution within the partnership. This does not only affect the internal processes of CSO-business partnerships, but also their developmental impact. Power distribution can be intended either in terms of how power is distributed between the partners formally engaged in the partnership, or in terms of how power is distributed between the stakeholders that benefit from the partnership's activity. This tension has been noticed in value-chain and standard-setting partnerships

where large multinational firms have considerable more influence than small commodity producers in developing countries. In these contexts, even if NGOs might not have the same power as large MNCs, they can exert more power than small local producers and can facilitate the interaction between the two, provided that local communities are consulted and included in decision-processes.

As it becomes clear, all dimensions used to classify CSO-business partnerships are interrelated. For example, when looking at value chain partnerships, one can describe them in relation to their market model or motivation (i.e. production *versus* marketing), to the degree of involvement of their actors, or the activities performed by the partners. This means that there are more common combinations of partnerships' characteristics.

In an effort to abstract from the details of the various taxonomies presented in this paper, the four dimensions and the multiple taxonomies presented here can be reduced in fewer broader defined categories:

1. *The type of partnerships*: Philanthropic partnerships generally require less frequent and intense *interactions* between the partners than strategic partnerships do. Hence, it is possible to unify these two dimensions and distinguish between *philanthropic/transactional partnerships and strategic/integrative partnerships*.
2. *The type of activities*: The activities implemented in these two broad categories of partnerships are likely to be different. Philanthropic partnerships generally involve advocacy, sponsorship, or marketing-oriented activities to improve businesses' public image. Strategic partnerships, instead, concern mainly marketing, production, or new business development issues.
3. *Governance characteristics*: While it is possible to identify common traits for the first three dimensions, the fourth dimension, namely *governance* structures, vary greatly between arrangements and clear patterns are difficult to identify though ultimately this may be the key factor determining a partnership's success.

Filling the gaps from the CSO-business partnerships the literature

This mapping suggests a number of areas where research and empirical evidence is scarce. Table 1 shows that a great deal of the literature focused on CSO-business partnerships for the BoP market (and in particular to the BoP as producers).

An indirect consequence of this emphasis on BOP-oriented partnerships is that most of the existing case studies on CSO-business partnerships focus on the agricultural and health sector, but much fewer look at other sectors, such as the extractive sector. It would be interesting to know if this reflects the reality of CSO-business partnerships; in other words, if most partnerships are indeed in the agricultural sector, and few in the extractive and if extractive-related partnerships go beyond being philanthropic. The extractive sector is considered key to socio-economic development in Africa. For this reason, some development banks/agency (e.g. GIZ, World Bank) and international organisations (e.g. ICMM, UNGP) are putting in place various policies and initiatives to support its potential for sustainable and inclusive growth. Therefore, it would be useful to see how CSO-business partnerships can maximise investment, and in particular FDI's developmental impact in this sector and what policy-makers, including donors, can do to facilitate this.

CSO-business partnerships also relate to capitalising on the various potential spillovers brought by FDI. Among others, FDIs can have a positive impact on socio-economic development by creating new job opportunities and/or improving the quality and access of employment. Quantity, quality, and access to employment are key dimensions of policymaking in developing countries (e.g. Byiers et al., 2015).

According to the literature reviewed here, CSO-business partnerships have the potential to create employment and improve employment quality and access at a local level, potentially linked to spatial development approaches. Nevertheless, what is less clear in the literature is how CSO-business partnerships can achieve improvements along these three dimensions simultaneously and so ensure that decent and inclusive employment is generated.

The literature review also shows that case studies tend to focus on access to knowledge and reputation as the main drivers of CSO-business partnerships. However, as acknowledged in the literature, innovation is also an important motivation to engage in these partnerships. Firms and NGOs often engage in partnerships to solve problems that are more likely to be solved in cooperation with others. These problems require innovative solutions and involve higher risks. Learning and knowledge sharing in the innovation process might be a powerful channel through which CSO-business partnerships can maximise FDI's potential benefits. A deeper understanding of innovation-oriented partnerships is not only useful to firms and NGOs, but also to donors and policymakers who want to promote and facilitate these initiatives.

Table 1 also shows that few case studies explicitly consider elements of partnerships' governance structures. When they do so, these are intended more as power relations than how partnerships are set up (e.g. how partners' selection and matching happens, how they choose the structure of the partnership, etc.) and how agreements on agendas, roles, and responsibilities are divided in the partnership. These are relatively less explored aspects of CSO-business partnerships.

The donor community is increasingly encouraging and supporting CSO-business partnerships. This has resulted in a booming of initiatives aimed at creating and sharing knowledge on how to implement CSO-business partnerships and maximise their benefits and a number of CSO-business partnerships initiated or financially supported by donors. Apart from these forms of engagement, donors could further support (weaker) partners in establishing balanced governance structures for their partnerships and promote riskier (but socially more valuable) partnerships that partners might be less willing to undertake. These aspects are critical to increase the developmental impact of CSO-business partnerships, but are relatively under-researched. In general, this literature review evidenced that the role of donors as initiators or facilitators of CSO-business partnerships are not explored enough in case studies.

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ECDPM was established in 1986 as an independent foundation to improve European cooperation with the group of African, Caribbean and Pacific countries (ACP). Its main goal today is to broker effective partnerships between the European Union and the developing world, especially Africa. ECDPM promotes inclusive forms of development and cooperates with public and private sector organisations to better manage international relations. It also supports the reform of policies and institutions in both Europe and the developing world. One of ECDPM's key strengths is its extensive network of relations in developing countries, including emerging economies. Among its partners are multilateral institutions, international centres of excellence and a broad range of state and non-state organisations.

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ECDPM organises its work around four themes:

- Reconciling values and interests in the external action of the EU and other international players
- Promoting economic governance and trade for inclusive and sustainable growth
- Supporting societal dynamics of change related to democracy and governance in developing countries, particularly Africa
- Addressing food security as a global public good through information and support to regional integration, markets and agriculture

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ECDPM is a "think and do tank". It links policies and practice using a mix of roles and methods. ECDPM organises and facilitates policy dialogues, provides tailor-made analysis and advice, participates in South-North networks and does policy-oriented research with partners from the South.

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Policy Management

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HEAD OFFICE SIÈGE

Onze Lieve Vrouweplein 21
6211 HE Maastricht
The Netherlands Pays Bas
Tel +31 (0)43 350 29 00
Fax +31 (0)43 350 29 02

BRUSSELS OFFICE BUREAU DE BRUXELLES

Rue Archimède 5
1000 Brussels Bruxelles
Belgium Belgique
Tel +32 (0)2 237 43 10
Fax +32 (0)2 237 43 19

info@ecdpm.org
www.ecdpm.org
KvK 41077447



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