Business-NGO Partnerships for Biodiversity Conservation and Third Parties

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Summary

A growing number of conservation NGOs and businesses are engaging voluntarily in strategic collaborations to address the problem of biodiversity loss. 'Strategic' refers to collaborations that transcend mere financial or transactional relationships and that touch upon the core business or program of activities of both partners. Strategic partnerships involve organizations that have a shared purpose or goal, often one that neither organization feels it can achieve on its own. The combined strengths of both parties' distinctive capacities may help them achieve their objectives and might lead to the creation of innovative solutions. Both sides aim to enhance each other's capacities in order to fulfill a shared mission with a wider social or environmental impact. Risks and benefits are shared between the partners, which makes the stakes high for both of them.

Increased collaboration between corporations and civil society organizations calls into question the way we traditionally view the role of business in society and the relation between business and NGOs. Besides the fact that the relationship between these organizations has often been of antagonistic nature, contact between them has usually been limited to philanthropy- and sponsorships based arrangements. The potential of partnerships to contribute to biodiversity solutions depends on the proper functioning of the collaboration. Often, business-NGO collaboration turns out to be challenging, particularly because partnerships involve a bringing together of actors with incongruent core logics and with little experience in cross-sector collaboration.

This study aimed to identify the challenges that partnering organizations encounter throughout the partnership process – including the formation, implementation and evaluation stages – and to analyze the potential roles external third party organizations could perform in order to ameliorate those challenges. This aim can be summarized in the following research question:

> *What challenges do business corporations and nongovernmental organizations that engage in strategic partnerships for biodiversity protection face during the formation, implementation and evaluation stages of the partnership and to what extent could external third parties contribute to alleviate these challenges?*

A case study was conducted that included a sample of three existing business-NGO partnerships. Interviews were conducted with the partnership managers to gain insight in experiences from the field. The empirical findings demonstrate that there certainly is a demand for third party intervention. In all cases, the partnering organizations contracted an external third party to help them improve their relationship and collaboration process or to contribute to certain aspects of the implementation of the partnership objective. On the other hand, there are still concerns with regard to the ability of the third party to remain objective and impartial and associated costs of third party intervention. Future research could further investigate how the support and intervention of third parties influences the overall outcome of the partnership. In this way, more evidence can be gathered on the advantages and disadvantages of different third party roles.

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Happy reading!

Jade Brunsting
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Acronyms

CBD	**Convention on Biological Diversity**
IUCN	**International Union for Conservation of Nature**
NGO	**Nongovernmental organization**
PRC	**Partnership Resource Center**
TNC	**The Nature Conservancy**
UN	**United Nations**
WCED	**World Commission on Environment and Development**
WNF	**World Wide Fund for Nature Netherlands**
WWF	**World Wide Fund for Nature**
ZSL	**Zoological Society of London**

Chapter 1: Introduction

1.1 Problem Indication

The conservation of biodiversity presents a major challenge to human society. Despite its tremendous value, biological diversity continues to decline globally at an alarming rate. Biological diversity or biodiversity refers to the variety of life on Earth, including diversity within species, between species and of ecosystems (CBD, 1992). Biodiversity is critical to the Earth's support system and underpins the functioning of ecosystems on which we rely for our basic necessities such as food, fresh water, fertile soil and health. Changes in biodiversity can have significant consequences for life on Earth and may lead to irreversible damage (Secretariat to the Convention on Biological Diversity, 2010). Considering that during the next decades competition for natural resources and ecosystem services will increase and intensify as a result of a growing world population, increasing economic development and growing consumption (UN Global Compact & IUCN, 2012); combating the problem of biodiversity loss is expected to become even more difficult in the future.

The severity of the problem of species and ecosystems loss has not gone unnoticed. Governments, businesses, and civil society increasingly acknowledge that their collective well-being is dependent on healthy and sustainable ecosystems. The complexity of the problem suggests that no single organization or sector has sufficient resources to create lasting solutions. The integration of distinctive sectoral approaches to biodiversity loss, on the other hand, could stimulate new learning processes that in turn could lead to the creation of innovative solutions (Selsky and Parker, 2010). An increasing number of governments and international organizations, institutions and conventions are therefore endorsing cross-sector collaboration as the most effective way to achieve sustainable development and biodiversity conservation (Pedersen and Pedersen, 2013). Accordingly, several collaborative initiatives have emerged over the past years, including intersectoral or cross-sector partnerships between governments, businesses and/or nongovernmental organizations (Visseren-Hamakers, 2009).

Van Huijstee et al. (2007) define intersectoral partnerships as "collaborative arrangements in which actors from two or more spheres of society (state, market and civil society) are involved in a non-hierarchical process, and through which these actors strive for a sustainability goal" (p. 77). This study focuses on intersectoral partnerships between actors from the market and civil society sectors, thus partnerships between business corporations and environmental

nongovernmental organizations (NGOs). In this study, environmental NGOs are understood as not-for-profit organizations that focus on a wide range of environmental issues, such as preserving biodiversity and combating resource depletion and global warming.

Shumate and O'Connor (2010) note that "the number of multinational corporations and nongovernmental organizations establishing relationships has increased in the last 15 years" (p. 577). Whereas before the 1990s there were hardly any strategic arrangements between NGOs and business corporations, today it has become increasingly common for these organizations to engage in partnerships. The number of collaborations between business corporations and NGOs is expected to increase even further over the next few decades if we are to believe recent polls. The C&E Corporate-NGO Partnership Barometer of 2013 reveals that 84 percent of businesses and 96 percent of NGOs are "confident that partnerships between the two sectors will become 'more' or 'much more' important over the next three years" (C&E, 2013, p. 31). In addition, two-thirds of businesses and 86 percent of NGOs "expect their investments in cross-sector partnerships to either 'increase' or 'increase significantly' over the next three years" (p. 33).

To some extent strategic collaboration between business corporations and NGOs can be considered paradoxical. Traditionally, multinational corporations and NGOs have been reluctant to engage with each other (Pedersen & Pedersen, 2013). Overall, the conventional relationship between NGOs and businesses has been characterized by mistrust and antagonism. Multinational corporations often have been targeted by NGOs through critical campaigns, boycotts, and other advocacy practices. Conversely, many corporations have condemned the idealistic and radical visions that environmental NGOs hold. Conflict between corporations and environmental organizations has therefore not been uncommon. A notable change has thus taken place with regard to the relationship of some businesses and NGOs (Arts, 2002). A number of environmental NGOs have come to consider that developing close relationships with the business sector could enhance their influence over corporate behavior. Also, it might be more effective than lobbying for slow-moving regulations and campaigning against unsustainable business practices (Stafford and Hartman, 1996).

Likewise, some businesses have become interested in streamlining their corporate practices with biodiversity conservation. The sustainable use and conservation of biodiversity may help businesses sustain their own activities in the future in an era where natural resources are becoming increasingly scarce. Additionally, compliance with the law no longer seems sufficient because stakeholders, including consumers, increasingly demand that businesses minimize their negative impacts on the environment (Mol, 2000). As businesses do not always have the expertise or skills to achieve their objectives with regard to biodiversity conservation, engaging in collaborative relationships with NGOs could be an effective strategy. Through collaboration, businesses and NGOs can combine their respective strengths and create considerable benefits, both for biodiversity and for the partnering organizations (Berlie, 2010). The two types of organizations "see different aspects of a problem" and can therefore "constructively explore their

differences and search for solutions that go beyond their own limited version of what is possible" (Gray, 1989, p. 5).

An example that illustrates the potential for mutual benefit in the context of collaboration is the partnership between The Nature Conservancy (TNC), a conservation NGO, and Georgia Pacific, a large forest products corporation that started in the mid-1990s. The original relationship between these actors was characterized by conflict as a result of their competing agendas. Whereas Georgia Pacific desired to use common forestlands for commercial purposes, TNC wanted to preserve such lands. Georgia Pacific soon acknowledged that the pressure that environmental interest groups placed on the forestry industry made it increasingly difficult to continue its conventional business strategy. Likewise, TNC became aware of the growing difficulty to gain control over forestlands and their ecosystems for conservation purposes. Both organizations gradually began to reconsider their strategies, which eventually led them to jointly manage forested wetlands in North Carolina. While TNC was able to access financial resources and achieve greater conservation impact, Georgia Pacific was able to receive positive public relations and to enhance its reputation as a responsible business (Austin, 2000).

Although partnerships between companies and NGOs have considerable win-win potential, these non-traditional forms of collaboration implicate challenges as well (Livesey, 1999). Success will not be automatically ensured by simply deciding to partner with each other (Gray, 2008), and even with the right intentions, strategic collaborations between these two different types of organizations might be hard to manage (The Partnership Resource Center, 2010). In contrast to traditional forms of interaction such as philanthropy or sponsorships, strategic partnerships "involve more complex inter-organizational collaboration" (Livesey, 1999, p. 8). In the present study, at least two factors are assumed to contribute to this complexity.

First of all, business-NGO partnerships involve an alliance between organizations from different institutional backgrounds. Business corporations produce private goods and/or services and have profit maximization as their main goal. NGOs are non-profit organizations that work towards achieving public goals and values and providing public goods and services, rather than profit maximization (Rivera-Santos and Rufín, 2010). It follows that businesses and NGOs have "fundamentally different governance structures and missions" (Rondinelli and London, 2003, p. 62). A second factor that complicates collaboration is related to the lack of experience both NGOs and businesses have with regard to strategic collaborations between them (Rondinelli and London, 2003). Generally, the level of interaction between these organizations has been low and based on donor relationships. Now that these two types of organizations have started to cooperate intensively, to a certain extent they need to develop new practices and skills to be able to manage this unfamiliar relationship (Googins and Rochlin, 2000).

Both factors could generate tensions between the partners during the collaboration process and might create difficulties for achieving common goals set in the context of the partnership. The literature on business-NGO partnerships is replete with anecdotal examples of obstacles that businesses NGOs encounter during their collaboration. In this study, a more in-depth analysis

was conducted of the difficulties partners encounter throughout the partnership process by means of case study method (see Chapter 3). Special attention was awarded to the possible roles external third parties could perform in supporting organizations that are engaged in business-NGO partnerships. A third party is an independent consultant or auditor that is not part of the partnership, but that has been invited by the partnering organizations to offer assistance. Involving an independent third party could help address the difficulties of managing partnerships between NGOs and businesses. Such external organizations could, for instance, bring in specialized expertise (Tholke, 2003) and help the partners translate and bridge between their distinct world-views (Rivera-Santos and Rufín, 2010).

1.2 Research Objective and Research Questions

This study takes the perspective that strategic business-NGO partnerships are capable of contributing to solutions for biodiversity loss but does not present them as an alternative to state and intra-state solutions as such. If partnerships between companies and NGOs indeed have significant potential to contribute to mitigate environmental problems such as biodiversity loss, it is likely that this potential can be realized only when their collaboration is effective and the partnership objectives are achieved. This study therefore aims to gain an in-depth understanding of the internal processes of business-NGO partnerships so as to provide insights in the dynamics that undermine the effectiveness of a partnership. Emphasis was placed on the mapping of obstacles that partners within a partnership encounter during the various stages of the partnership, as well as on the identification of knowledge or capability gaps that still exist on the part of partnering organizations. On the basis of the analysis of the challenges and knowledge gaps in the context of business-NGO collaborations, the study aims to explore the role of third parties in supporting business-NGO partnerships.

Before this chapter continues with an introduction of the research questions, we need to consider the concept of 'strategic partnership' for the sustainable use and conservation of biodiversity, the topic of this thesis. Not all business-NGO collaborations can be labeled true partnerships because in many cases they merely concern a relationship based on philanthropy or sponsorship. Nonetheless, Seitanidi and Ryan (2007) note that numerous companies and NGOs still term their collaboration a 'partnership' even though it constitutes a philanthropic- or sponsorship-based alliance. As such, the overall use of partnership language seems to be inconsistent with the real meaning of the concept. This thesis therefore uses the term "strategic partnership" to denote business-NGO collaborations that transcend mere financial or transactional relationships. A partnership is strategic when it touches upon the core business or program of activities of both partners (Ashman, 2001). Strategic partnerships are of central strategic importance for the partners and entail collective action through the adoption of common goals and the jointly creation and implementation of programs aimed at achieving such goals (Eweje, 2007).

The central research question of this thesis is:

> *What challenges do business corporations and nongovernmental organizations that engage in strategic partnerships for biodiversity protection face during the formation, implementation and evaluation stages of the partnership and to what extent could external third parties contribute to alleviate these challenges?*

Generally, the literature on intersectoral partnerships examines partnerships according to the distinct stages through which a partnership progresses while it develops. This study focuses on the entire cycle of the partnership process, distinguishing between the stages of formation, implementation, and evaluation. As the partnership process is a continuous process that involves several feedback loops (Glasbergen, 2011), these stages can take place in a different order. For instance, evaluation and monitoring of partnership processes and outcomes could encourage the partnering organizations to improve or adapt their policies and practices with regard to the implementation of the partnership objectives. The formation stage is understood as a phase prior to the implementation stage (Seitanidi, 2010) and involves the process of forming a partnership (Glasbergen, 2011). During this stage, the foundations of the partnership are developed and important decisions are made on the selection of partners and the design of the partnership. The design of the partnerships is agreed on through negotiations between the partners during which the partners "develop a common vision, define objectives and develop action plans how to achieve the objectives", as well as "set up agreements on their (intended) roles and contributions" (Stöteler et al., 2012, p. 2).

The implementation stage concerns the implementation of the partnership, which occurs on both the collaboration (i.e. collective implementation) and the organization level (i.e. implementation by the individual partners). Collective implementation revolves around the implementation of broader strategic objectives that go beyond those of the individual partners. Conversely, implementation by the individual partner organizations includes actions that are more organization-specific, aimed at the advancement of the collaborative strategic goals (Clarke & Fuller, 2010). Seitanidi (2010, p. 41) refers to the implementation stage as "the interactions of the partners within the partnership relationship". He associates partnership implementation with the interaction between the partners during the implementation phase. In this context, one examines how the different backgrounds of the partners play out during the implementation of the partnership goals. Finally, the evaluation stage involves the evaluation of partnership outcomes. During this stage, the utility of the partnership is determined and the partnership goals and objectives are evaluated and/or monitored (Berlie, 2010).

In order to fulfill the objective of this study and answer the central research question, this thesis explores the following sub-questions:

1a. *What are the motives business corporations and nongovernmental organizations to engage in strategic partnerships aimed at the conservation and sustainable use of biodiversity?*

1b. *To what extent are the motives of business corporations and nongovernmental organizations similar and where do they differ?*

2. *What major challenges do business corporations and NGOs face during the formation, implementation and evaluation of the partnership?*

3. *To what extent can external third parties support business-NGO partnerships?*

1.3 Relevance of the Study

Intersectoral partnerships could play an important role in complementing traditional governance mechanisms for biodiversity conservation. Since most business activity requires the use of natural resources or have some sort of impact on biodiversity, the involvement of the corporate sector in biodiversity conservation can contribute significantly to the condition of species and ecosystems worldwide. While the number of corporations and civil society organizations that have engaged in a partnership is increasing, this does not mean that the case for private partnerships for sustainable development has been made. Obtaining a better understanding of the obstacles that partnering organizations encounter during their collaboration may contribute to an improved and stronger collaboration, as well as lead to a larger interest on the part of business and NGOs to engage in collaborative arrangements. In turn, this might contribute to greater biodiversity conservation.

Given that the collaboration between business and nongovernmental organizations for sustainable development is a relatively recent development, it is also theoretically relevant to explore the internal dynamics of such forms of collaboration. Such insights could contribute to the refinement of existing theories on business-NGO partnerships. Whereas the literature has reported on the challenges that partnering organizations encounter, very little attention has been awarded to (1) the evaluation processes within strategic partnerships and (2) the role of third parties in supporting such collaborative arrangements. Pedersen and Pedersen (2013) for instance note that "the measurement of business-NGO partnerships remains a delicate issue in both theory and practice" (p. 14). Establishing monitoring systems could help partners improve or adapt their policies and practices and enhance their effectiveness. Also, little analysis has been conducted on the possible role external parties could play in supporting partner organizations to overcome the challenges they face during the partnering process (Rivera-Santos and Rufín, 2010; Tholke, 2003).

It might also be important to note that the findings of this study are not only relevant to partnerships regarding biodiversity but to a degree might apply to partnerships with broader sustainable development objectives as well. All in all, research into private partnerships for biodiversity protection may contribute to a better understanding of the partnership process. This understanding could also benefit partnership practitioners. Many practitioners that were interviewed for this study demonstrated interest in the outcome of the investigation and were curious as well with regard to the experiences of other partnership cases.

1.4 Reading Guide

The study consists of four remaining chapters. Chapter Two addresses the theoretical framework of the research, reviewing the literature on cross-sector collaboration and third party intervention. It provides an understanding of the origins of cross-sector partnerships between NGOs and business corporations; discusses the motives of these organizations for engaging in such forms of collaboration; addresses the challenges partnering organizations might encounter during the collaboration process; and provides an overview of the roles third parties could perform in supporting business-NGO partnerships. Chapter Three addresses the research strategy and methodology that was employed to answer the central research question of the study. The research strategy consists of a combination of desk research and case study method. Chapter Four analyzes the three cases that were selected for this study according to the sub-questions of the research. Finally, Chapter Five discusses the empirical data presented in the previous chapter and accordingly answers the central research question of the study.

Chapter 2:
Theoretical Framework

Chapter Two forms the theoretical basis for the empirical research in this thesis. Paragraph 2.1 aims to provide an understanding of the origins of intersectoral partnerships for the conservation and sustainable use of biodiversity. Paragraph 2.2 discusses the (origins of the) challenges that the partnering organization might encounter during the collaboration process and how these challenges could be prevented or addressed.

2.1 Setting the Scene, Governance and Biodiversity

This paragraph posits that the foundation of business-NGO partnerships for biodiversity conservation is to be primarily found at a crossroads of two developments: (1) the changing roles and responsibilities of the three primary sectors of society (i.e. state, market and civil society), and (2) a change in the way biological diversity is conceptualized. Next, these developments are closely examined in order to gain an understanding of the origins of business-NGO partnerships for biodiversity collaboration.

2.1.1 From Government to Governance

During the past decades, a notable change has been observed in the way society is governed. Since the birth of the nation-state, state-centric forms of government have been the dominant mode of societal steering (Scherer and Palazzo, 2011). The state was believed to be capable of solving societal problems through rational policy-*making*, whereas market and civil society were presumed to take on a role of policy-*implementation* (Van Tatenhove and Leroy, 2003). The societal sectors of state, market, and civil society were characterized each by their own rationale and specific function in society and were considered to be separated by strict boundaries. The state was believed to be responsible for the provision of public goods, the market for economic development, and civil society for strengthening social cohesion (Van Huijstee et al., 2007).

However, during the final decades of the 20th century, a transition has taken place away from state-centric government towards multi-actor governance. Like other policy domains, the domain of environmental policy experienced such a transformation (Van Tatenhove and Leroy, 2003). Changing relationships between the societal domains of state, market and civil society have given rise to new, pluralistic policy arrangements in which not only the state, but also private, non-state actors play a prominent role (Glasbergen, 2007). The literature on governance

can help us understand this relatively recent increase in private sector engagement in the political arena.

Traditionally, the concept of governance has been used as a synonym for government (Stoker, 1998). Government involves the formal institutions and authority of the state and their exclusive control on legitimate coercive power (Jordan, 2008). However, contemporary use of the concept of governance has seen a change in meaning (Stoker, 1998). In contemporary debate, governance challenges the classical notion of government. Although in the literature the term 'governance' is interpreted in several ways, the general understanding of governance converges around the emergence of forms of governing where the strict division between and within public and private sectors has faded (Stoker, 1998). Pierre and Peters (2005) suggest that governance concerns a "process of making and implementing collective decisions in a society" (p. 133). According to these authors, governance involves an inclusive process in which state and civil society interact constructively. Private, non-state actors have increasingly been invited to take center stage in the political arena, performing roles and responsibilities that have traditionally been associated with the authority of governments (Scherer and Palazzo, 2011).

Private actors are entities from market and civil society sectors (e.g. multinational corporations and nongovernmental organizations) that are not directly connected to the sovereign state but nonetheless may perform roles that affect state interests (Pearlman and Gallagher Cunningham, 2012). As these actors increasingly become engaged in policy-making activities, government agencies no longer count with a monopoly on steering society (Leroy and Arts, 2006) and political solutions to societal problems are no longer confined to the political system (Scherer and Palazzo, 2011). The government increasingly performs the role of coordinator or facilitator of political processes rather than that of a policy-maker (Hay et al., 2005). Yet, as Stoker (1998) posits, despite the process of governance being different from that of government, the output of governance is not. Similarly, Pierre and Peters (2005) note that governance simply concerns another way of defining the role of government in society.

The literature has devoted considerable attention to the forces behind this rise in private actor engagement in environmental politics. A first major force that is often referred to in the literature concerns the declined powers and capacities of the state to regulate and effectively respond to societal challenges (Pierre and Peters, 2005; Lemos and Agrawal, 2006; Scherer and Palazzo, 2011). First of all, as a result of expanding social and economic interactions beyond the jurisdiction of the nation state caused by processes of globalization, governing society has become far more intricate. It has led to a decline in regulatory powers for the nation-state and a fragmentation of authority (Scherer and Palazzo, 2011). National governments seem unable to mitigate the negative effects of globalization such as global warming and biodiversity loss, and "international institutions … can only with difficulty fill these governance gaps due to the principle of non-intervention in nation-state sovereignty and their lack of enforcement mechanisms" (Scherer and Palazzo, 2011, p. 902).

Second, processes of privatization and deregulation, which were set in motion during the 1980s and 1990s by governments from Western industrialized nations, have reduced the regulatory role of the state, as well. During those decades, governments gradually began to replace traditional command and control systems with more flexible market-based mechanisms (O'Neill, 2009) as they embraced neoliberal views on the role of the state (Pierre and Peters, 2005). Moreover, a widely shared view is that many of today's societal problems have become too complex for the state to deal with on its own and that solutions to environmental problems seem to surpass the capacity of a single sector (Arenas et al., 2013).

In response to the state's apparent lack of capacity to find effective solutions to today's environmental problems, there has been "a search for new institutions, partnerships, and governance mechanisms" (Lemos and Agrawal, 2006, p. 301). As a result, numerous new initiatives have emerged that have been initiated by societal actors. Some scholars fear that the rise of private governance will erode or undermine state authority (Glasbergen, 2007). This claim is based on the assumption that the interaction between public and private actors involves a zero-sum game; or, in other words, because non-state actors have obtained more power, by definition the power of states has decreased (Sending and Neumann, 2006). Others have argued that while it is certainly true that the state no longer steers society exclusively through 'command and control' regulation (Pierre and Peters, 2005), the government will continue to be an indispensable component of governance. After all, the state will always remain the highest authority and the practices of many partnerships occur within the contours of state law (Lemos and Agrawal, 2006).

Governments thus retain a central position in governing. The increase in private actor participation should therefore not be viewed as a replacement of governments (Lemos and Agrawal, 2006). In fact, many governments welcome forms of private environmental governance. For instance, private regulation releases states from costs of implementing and enforcing regulations to industries, which are often hard to control as a result of their transboundary activities (O'Neill, 2009).

2.1.2 From Nature Preservation to Biodiversity Conservation

Besides the transition from state-centric government to multi-actor governance, a discursive shift from traditional 'nature preservation' towards 'biodiversity conservation' has been observed during the final decades of the past century (Arts, 2000). The conceptual reconstruction of 'nature' as 'biological diversity' and later as the neologism of 'biodiversity' took place against the backdrop of a broader discursive change during the late 20th century. As environmental threats began to challenge the conventional models of environmental governance (Gray, 2007), a process of redefining and reframing environmental problems was set in motion. As a result, new concepts and new approaches to environmental problem solving emerged (Arts et al., 2006).

The emergence of the concept of 'biological diversity' can be traced to the late 1970s (though its origins go much further back) and to the emergence of a new discipline called conservation

biology as a reaction to increasing awareness of an extinction wave (Väliverronen, 1998). Conservation biology is a multidisciplinary scientific study of biodiversity and the dynamics of biodiversity loss and aims to provide tools for preserving biological diversity (Hannigan, 2006). It draws on a variety of disciplines including biology, ecology, population biology, population genetics, environmental management, and economics, among others (Heywood and Iriondo, 2003). With the birth of conservation biology the flaws of traditional approaches to nature conservation gradually became visible. Throughout the majority of the 20th century, the dominant approach to conservation was the formation of sectoral conservation agreements, often under the auspices of international organizations such as the United Nations (UN). The main objective was "to protect nature from adverse human intervention", mainly by establishing networks of protected areas from which humans were excluded (Arts, 2000, p. 122).

Over the years the protected area approach, commonly referred to as 'fortress conservation' or the 'fences and fines approach' (Hutton et al., 2005), proved to have significant deficiencies as evidenced by the increasing pace of species extinction at that time. One of the major shortfalls of the protected area approach was that it focused on populations and species rather than the larger environmental system of which they are part and in which they interact (Grumbine, 1992). Conservation biologists considered the notion of conservation to be "much broader than merely the question of extinctions and endangered species" (Haila and Kouki, 1994, p. 15), as it is also concerned with questions respecting genetic erosion and genetic engineering and the preservation of ecosystems (Arts, 2000).

Furthermore, traditional approaches neglect the fact that human beings are an integral part of ecosystems (Grumbine, 1992). Nature preservation amounts to 'a museum type of approach' (Edwards and Abivardi, 1998, p. 240) as it involves the preservation of large parts of nature, thereby maintaining it in its original state and preventing humans from interference. The larger part of such areas is generally unproductive and of relatively little economic and strategic importance (Pärtel et al., 2004). However, components of natural environments are not only located within the artificial borders of protected areas: more importantly, the large majority of threats to biodiversity are located *outside* the boundaries of protected areas. Nature was not to be thought of as separate from society as there are no sharp boundaries in nature (Oksanen, 2004).

In this sense, the traditional approach did not incorporate approaches with respect to economic valuation of biological diversity, thus disregarding the importance of the role ecosystems play in the provision of important goods and services that are crucial to human subsistence. The prevailing view was that conservation was not allowed to interfere with economic activity that took place outside of the protected areas (Edwards and Abivardi, 1998). As a result, conservation had little impact on peoples' daily lives and on economic activity. Moreover, the strict separation of nature and society provoked conflicts between conservation groups, on the one hand, and local farmers, logging companies, and government agencies, on the other. Conservation organizations wished to preserve biodiversity within protected areas, whereas others depended on such areas for their subsistence (Arts, 2000). This was aggravated by the fact that preservation

was an activity imposed from the top, largely assumed by specialists such as scientists and government experts, whereas local communities and other affected parties were not engaged in decision making (Edwards and Abivardi, 1998).

It was gradually recognized that distinct management approaches were necessary that responded to the limitations of traditional conservation methods in order to reverse the trend of biodiversity loss (Grumbine, 1992). The establishment of protected areas alone was not sufficient to achieve the conservation of biological diversity and a holistic approach that acknowledges human and economic presence in ecosystems became more suitable than the establishment of areas from which human beings are excluded (Hutton et al., 2005). The limitations recognized by conservation biologists were soon introduced to the political arena during the 1980s and the early 1990s, as evidenced by the production of major policy documents and conservation legislation (Song, 1998). Eventually, the different conservation policy documents and legislation set in motion the development of an umbrella instrument for the conservation of biological diversity, namely the Convention on Biological Diversity (CBD), adopted in 1992 (Song, 1997; Arts, 2000). The convention aims at the conservation and sustainable use of biological diversity and the fair and equitable sharing of the benefits arising out of the use of genetic resources. As a result of this convention, the concept of biodiversity started to extend beyond experts' and political circles, thus entering the public domain.

Previous to the adoption of the CBD, other international treaties existed that addressed the conservation of species and/or habit diversity. Yet, the CBD is the first treaty that covers the conservation of *all* biological diversity and the first to acknowledge that biological diversity is valuable also as a resource (Rosendal, 1995). Under the CBD, conservation is not exclusively about preservation. Rather, the Convention combines conservation of biodiversity with the sustainable use of its components, thus balancing nature conservation with economic development. The CBD advocates an 'ecosystem approach', which is a holistic strategy that aims to balance nature conservation and the use and sharing of the benefits of biological diversity. As a result, strategies for biodiversity conservation include not only the establishment of protected areas, but also ex situ conservation and ecosystem approaches that acknowledge that human beings are an integral component of ecosystems (Song, 1998). All in all, the CBD is thus broader and much more comprehensive than sectoral conservation agreements (Arts, 2000).

The ecosystem approach recognizes that humans are a central component of ecosystems and is clearly related to the concept of 'sustainable development', which was publicly recognized a few years earlier by the World Commission on Environment and Development in the Brundtland report in 1987. The concept of sustainable development involves the balancing of economic, social and ecological interests and challenges the *zero growth* perspective that prevailed throughout the 1970s, which was based on the assumption that the environment can only be protected by slowing down growth. Sustainable development points at the interrelatedness of all sectors of society (Berlie, 2010). In line with this, the CBD advocates a participatory approach involving "the widest range of sectoral interests" (Makino, 2011, p. 102). The Convention has

made its implementation a matter of shared responsibility among all societal sectors and recognizes that the involvement of 'partners' such as local communities, corporations and conservation organizations is needed. As a result, it has created political space for a variety of societal actors including conservation organizations and business actors to engage in biodiversity conservation (Stone et al., 1997).

2.2 Arriving at a Crossroads: Business-NGO Conservation Partnerships

Both developments that were described above indicate that a reconfiguration of environmental politics has been underway. Relationships between the three primary sectors in society of state, market and civil society have always been existent, yet it was always one sector ruling at the expense of the others (Googins and Rochlin, 2000). As traditional structures in society seem insufficient to address today's increasingly complex problems such as biodiversity loss, it appears that this arrangement is no longer adequate (Arenas et al., 2013). The widespread belief that no sector, not even the public sector, possesses sufficient resources and capabilities to tackle sustainability problems on its own (Googins and Rochlin, 2000) has led to a demand for multi-sector solutions that involve the collaborative input of all sectors of society (Arenas et al., 2013).

Googins and Rochlin (2000) observe that "a new socio-economic model is evolving where relationships between the private-, government-, and civil sectors play a central role in achieving just and sustainable communities" (p. 127). Collaboration across organizational boundaries is widely advocated as a new tool or method to solving societal problems (Linden, 2002). Major institutions such as the United Nations (UN), The World Bank, and The World Business Council for Sustainable Development (WBCSD) encourage collaborative arrangements between sectors (Googins and Rochlin, 2000). Intersectoral collaboration can combine the distinctive competencies of the different sectors (O'Flynn, 2008). The integration of different sectoral approaches to the same challenge could lead to new learning and comprehensive and innovative solutions (Selsky and Parker, 2010).

In line with these perceptions on the changing roles and responsibilities of sectors, private actors have been awarded an important part in solving environmental and societal problems. While initially businesses were seen as part of the problem of biodiversity loss, today there is a growing conviction that the success of conservation is to some extent conditional upon mobilizing the corporate sector. Since most business activities require the use of natural resources or have some sort of impact on biodiversity, conservation practices might in fact succeed only when corporations become engaged (Robinson, 2012). An increasing number of environmental NGOs endorse this conception and emphasize the need to integrate ecology into social and economic objectives in order to find an effective solution (Berlie, 2010). Likewise, more and more companies accept that they are part of the solution (Stafford and Hartman, 1996) and have responded to this expectation by voluntarily embracing strategies aimed at making their core practices ecologically and socially responsible.

One of the expressions of the changing roles and perceived responsibilities of state, market and civil society in biodiversity conservation has been the emergence of 'partnerships' (Van Huijstee et al., 2007) between conservation organizations and business corporations. As mentioned in Chapter One, partnerships can be defined as "collaborative arrangements in which actors from two or more spheres of society (state, market and civil society) are involved in a non-hierarchical process, through which these actors strive for a sustainability goal" (Van Huijstee et al., 2007, p. 77). They differ from philanthropic relationships where companies donate financial resources to NGO in that they touch upon the core business or program of activities of the partnering organizations (Eweje, 2007).

Strategic partnerships involve organizations that have a shared purpose or goal, often one that neither organization feels it can achieve on its own (Linden, 2002). Corporations and environmental organizations have peculiar strengths and weaknesses that may complement one another. By entering into collaborative relationships they intend to collect resources and abilities that they lack themselves and that are difficult to imitate (Graf and Rothlauf, 2012). The combined strengths of both parties' distinctive capacities may help them achieve their objectives and might lead to the creation of innovative solutions (Yaziji, 2004; Berlie, 2010). Both sides aim to enhance each other's capacities in order to fulfill a shared mission with a wider social or environmental impact. Risks and benefits are shared between the partners, which makes the stakes high for both of them.

This perspective is widely referred to as the resource-based view, which has been adopted by a variety of scholars who argue that collaboration takes place because of the existence of interdependencies and shared interests among different organizations (e.g. Berlie, 2010; Graf and Rothlauf, 2012). Concurrent with this perspective, Huxham (1993) and Glasbergen (2007) maintain that an advantage can be gained through collaboration that they refer to as a 'collaborative advantage'. According to Huxham (1993, p. 603):

> "Collaborative advantage will be achieved when something unusually creative is produced – perhaps an objective is met that no organization could have produced on its own and when each organization – through the collaboration, is able to achieve its own objectives better than it could alone".

Yet, the road towards achieving collaborative advantage is not without obstacles. Although in theory this appears to be rather simple, in practice cross-sector collaboration can pose serious challenges to partnering organizations. The remainder of the chapter hypothesizes that the effectiveness of strategic partnerships may be particularly challenged by two factors: (1) the inherently conflicting institutional logics of these organizations, and (2) the novelty of the partnership concept. Next, the challenges these two factors might pose to partnering organizations are explained.

2.2.1 Partners from different sectors

NGOs and corporations are two different kinds of organizations that typically are affiliated to distinct societal sectors, i.e. the for-profit and non-profit sectors (Graf and Rothlauf, 2012). The for-profit and non-profit sectors are characterized by different institutional logics "that help its members interpret events, create meaning, and experience a sense of identity" (Gray and Purdy, 2013, p. 214). The for-profit sector can be distinguished by market logic. Private sector members such as business corporations are organizations that provide *private* goods and services. These organizations are mainly driven by profit motives and aim to maximize shareholder value. Businesses are mainly focused on short-term rather than long-term performance, particularly in view of shareholder pressure for quick profits and short investor time horizons (Hart and Milstein, 2003). Many corporations therefore consider the internalization of social costs (e.g. pollution caused by a company's operations) inefficient as it leads to higher costs and thus reduced profits (Porter and Kramer, 2013). This may mean "saving natural resources can only be a goal if this resource can be made economically profitable" (Glasbergen, 2011, p. 5).

The non-profit sector represents community logic. Environmental NGOs are part of this sector and have as their main purpose the provision of *public* goods and services that benefit society and the environment rather than generating profits. They focus on advocacy or operational engagement, or both. NGOs that pursue the objective of advocacy aim to influence public policy or private behavior, whereas those focusing on operational engagement aim to provide assistance or physical relief to marginalized groups or communities. Considering that public goods are non-excludable, NGOs cannot confiscate the profits that these goods generate (Rivera-Santos and Rufín, 2010). Therefore, NGOs depend for the most part on charitable contributions of governments, companies, foundations or individuals, among others (Yaziji and Doh, 2009).

Seen in this light, partnerships between environmental NGOs and companies are characterized by *a priori,* inborn divides (Arts, 2002). As a result of their different institutional logics, environmental NGOs and companies are characterized by distinct organizational cultures and rationales, missions, values, decision-making styles and management processes, among others (Austin, 2000). Following Gray (2007), business and NGO partners also frame their understanding of problems and situations differently. Through the construction of frames, individuals or organizations represent their interpretations of the world around them. Consequently, partners might not always "see eye to eye on the aims of collaboration" (Gray, 2007, p. 33).

While they aim to achieve *common* goals, they simultaneously retain organizational autonomy (Parker and Selsky, 2004). Both sides introduce different interests, ideas and practices to the partnership according to the institutional sectors of which they are members (Selsky and Parker, 2005). They are driven to collaborate by distinct motives and expect to gain different kinds of benefits (Austin, 2007). A large part of the literature portrays their motives as deriving from a mix of pragmatic and normative rationales (e.g. Iyer, 2003; Austin et al., 2004; Vurro et al. 2010). Although the composition is different in each particular case (Austin et al., 2004), generally it is

acknowledged that the motives of NGOs mainly have altruistic underpinnings as their organizational mission is social in nature and that corporations are predominantly driven by strategic, instrumental motives (Iyer, 2013).

NGOs mainly engage in a partnership with companies in order to further their mission. Some NGOs feel that their conventional strategies have yielded only limited successes and have prevented them to obtain widespread support among political and societal institutions (Mol, 2000). They recognize that joining forces with companies is a more effective solution than lobbying for legislation and fighting the logic of companies and believe that a higher impact and greater changes might be achieved through collaboration as opposed to advocacy (Elkington and Fenell, 2000). Also, the networks and contacts of business corporations can be valuable to NGOs. Through collaboration, NGOs can obtain access to a new public, including non-market stakeholders such as consumers and employees. When employees and consumers become aware of the partnership, they might inform their own networks of colleagues, peers or relatives about the initiative, thus raising awareness more broadly (Kolk et al., 2010).

In addition, engaging in a partnership with companies can provide NGOs with access to additional financial resources. However, it is important to note that not all partnerships involve financial relationships with corporations. For instance, some NGOs refuse to accept money from corporations they collaborate with (Ahlstrom and Sjostrom, 2005). Moreover, in strategic partnerships financial transactions are only one element of the partnership because, as was discussed in the introductory chapter of this thesis, strategic partnerships go beyond a mere financial relationship. Gaining access to business expertise could also provide NGOs with market-specific information and skills regarding management and distribution. Corporations can teach NGOs those skills, which might be useful in furthering the implementation of the NGO's organizational objectives (Graf and Rothlauf, 2012).

Although many companies engage in collaborative arrangements with NGOs for altruistic reasons – for instance because they feel it is the right thing to do and because they have the desire to make a positive contribution to society and to participate in the solution of environmental problems (Berlie, 2010) – they certainly are aware that partnerships with NGOs are useful instruments for the promotion of the company's organizational goals and can provide corporations with a variety of strategic advantages. Hence, "it is myopic to think of a corporation's community engagement strategy simply and narrowly as altruism" (Austin, 2000, p. 12). The literature on cross-sector partnerships pays considerable attention to the motives that motivate companies to collaborate with NGOs. For companies, engaging in a partnership with NGOs can simultaneously be a cost-effective way to gain access to NGO expertise, skills, and connections (Graf and Rothlauf 2012), and be a useful tool for risk management, enhancing its legitimacy, improving its reputation, gaining competitive advantage, and compliance (Berlie, 2010).

As many corporations lack expertise and skills, for instance to address the externalities of their business practices that negatively impact biodiversity, partnering with an environmental NGO

might provide a solution as they hold considerable ecological, scientific and legal knowledge (Graf and Rothlauf, 2012). Making use of NGO knowledge can furthermore provide the company with a competitive advantage as the bundling of corporate knowledge and NGO expertise could lead to the creation of innovative solutions (Yaziji, 2004). Also, collaboration with NGOs can provide businesses with an understanding of social trends and needs and an awareness of the general concerns of NGOs and the general public with regard to their industry. Legal knowledge can assist companies with compliance of government regulations, particularly when such regulations have become stricter (Graf and Rothlauf, 2012). By bundling the NGO's resources with the company's resources, innovative solutions can be developed that in turn could provide the company with competitive advantage (Berlie, 2010).

Also, collaboration with NGOs can help companies demonstrate their stakeholders that they are concerned with questions that go beyond profit maximization. Corporations have increasingly come to understand the vulnerability of their image vis-à-vis society when disregarding the ethical and environmental repercussions of their practices (Eweje, 2007). Over the past decades, a number of corporations have been involved in a series of scandals, such as oil spills and other forms of environmental pollution. Overall, NGOs have always quickly responded to such scandals by communicating them with the general public through the media (Yaziji and Doh, 2009). As a result, the reputation of many corporations has been negatively affected, curbing their 'license to operate'.

In recent years, NGOs have acquired significant credibility as societal watchdogs and as vehicles for social change (Pattberg, 2005). Credibility refers to "trustworthiness and believability in the eyes of other actors" (Brown, 2008, p. 2). In many countries, civil society organizations are perceived as the most trusted institution and they often enjoy greater credibility than multinational corporations and the government (Edelman, 2014). Partnering with an NGO can offer a company implicit or explicit endorsement of the companies' policy (Livesey, 1999), can enhance a company's legitimacy within the NGO community and among the company's clients and employees (Kolk et al., 2010). Engaging with an NGO in a partnership thus can have a positive impact on the company's image.

The motives of partnering organizations to engage in a partnership influence their behavior and their level of their commitment, which in turn affects the potential of the partnership (Austin, 2007; Stadtler, 2011). Stadtler (2011) reasons that when a company engages in a partnership mainly because it aims to enhance its legitimacy and improve its reputation, the company can be expected "to put more emphasis on successfully marketing its engagement rather than on committing to address the social problem" (p. 90). Then, the existence of the partnership is considered more important than its outcome. As a result, the company might not be "sufficiently motivated to commit in a way that best promotes the realisation of the partnership's social goals" (Stadtler, 2011, p. 91).

For instance, a study conducted by Macdonald and Chrisp (2005) on a partnership between a charity and a drug company demonstrates that both partners focused on their own

organizational goals rather than on the overall objective to improve the lifestyle of teenagers. The charity mainly sought to obtain access to funds, whereas the company predominantly focused on improving public relations. Consequently, the overarching partnership objective went unacknowledged and remained unfulfilled. The authors argue that this case is probably not the only partnership where the partners ignore the ultimate partnership purpose. In her study, Lee (2011) similarly notes that partnering organizations often enter into partnerships primarily to further their own instrumental interests, rather than to address wider societal issues.

Considering the fact that by its nature a company's primary concern is to maximize profits and shareholder return rather than social engagement, the question is whether and how a company's economic interests can be aligned with the partnership's biodiversity mission. According to Stadtler (2011), a company will be more motivated to sincerely commit to achieving the overall partnership objective and less induced to engage in free-rider behavior when there is a strong linkage between the company's economic interests and the overall partnership objective. In a similar vein, Berger et al. (2004) argue that "the attention that a company gives to a social alliance is substantially higher when the alliance is an expression of the company's vision or mission" (p. 69). Berger et al. refer to this as 'mission fit'. In case there is little or no fit between a partner's mission and the overarching objective of the partnership, it is likely that the partner will be less committed to the common objective of the partnership. This could mean that partnerships will only be formed when the company perceives it can obtain corporate benefits such as financial profit or visibility (Lee, 2011).

Despite their seemingly compatible resources, the existing literature suggests that business-NGO partnerships do cope with problems as a result of their inherent differences. Stafford and Hartman (1996) argue that the divergence between companies and NGOs may make partnerships "inherently volatile" (p. 52). The fundamental differences between these two types of organizations may lead to misunderstanding and distrust during the collaboration process. For instance, although in the beginning it may appear that partners have the same objectives, it can turn out in practice that this is not the case due to their different motives (Berger et al., 2004). Distrust could possibly be caused as a result of a perceived misallocation of costs and benefits as it might be the case that "one or both parties come to perceive an unfair distribution of costs and benefits" (Berger et al., 2004, p. 63). Therefore, the distinct nature of business and NGO partners has a potential to cause conflict and significantly contributes to the complexity of partnerships between them.

2.2.2 Conservation business-NGO partnerships: new and emerging

A second factor that could complicate the proper functioning of a partnership between a company and an NGO concerns the novelty of the partnership phenomenon between these two different types of organizations. Typical for all first-time experience collaborations between two or more organizations is the lack of predefined structures in which the collaboration is to take place. This argument can be illustrated by the work of Phillips et al. (2000) who define the

phenomenon of collaboration as "a co-operative relationship among organizations that relies on neither market nor hierarchical mechanisms of control" (p. 24). According to this definition, inter-organizational collaboration occurs between organizations and takes place outside of the market. For instance, inter-organizational collaboration does not include buyer-supplier relationships and relationships within inter-organizational collaboration are therefore uncompetitive. Relationships in this context are neither based on hierarchical structures because they do not involve the recognition of a formal, legitimate authority that dictates the terms of the collaboration. Instead, partners remain autonomous organizations.

As a result, negotiations are necessary to compensate for the lack of predefined institutional roles that normally accompany market- and authority-based relationships. In such negotiation processes, "organizations work to overcome the unstructured nature of collaborative relationships" (Phillips et al., 2000, p. 27). This involves, for instance, the specification of roles and responsibilities and the definition and division of tasks for each organization, and the establishment of rules (Cohen and Mankin, 2002). When looking more specifically into business-NGO partnerships, we find that this process of structuring the collaboration is even more difficult than same sector partnerships. Besides the fact that the relationship between these organizations has usually been of antagonistic nature, contact between them has normally been limited (Van Huijstee, 2010). Relationships between these organizations generally did not extend further than philanthropic donations or sponsorships (Austin, 2000). Hence, business and conservation organizations generally have little experience in working together this closely.

While both parties may be used to 'dealing' with each other, they are not used to actually working together on a strategic level for the establishment and implementation of common environmental projects. As Googins and Rochlin (2000) note there have been "few regular interactions between sectors, inadvertently or by design" (p. 137). This lack of shared working experience and the unfamiliarity between the partners could lead to misconceptions on the part of both organizations about each other's motives and intentions, but also to gaps in expertise and skills (Rondinelli and London, 2003). Few employees have the skills to build and manage cross-sector partnerships, as they normally have been involved in partnerships between same-sector organizations (Googins and Rochlin, 2000). Rondinelli and London (2003) therefore argue that it is crucial to develop a team "that is cross-functional both within and across partners in order to overcome the lack of familiarity and trust between collaborators" (p. 73). This might not be easy because those skills might not be developed overnight and involves a lengthy learning process.

There is no blueprint that stipulates how partnering organizations should collaborate and there are no pre-developed mechanisms that could assist in guiding the collaboration; the partners have to learn by doing (Austin, 2000). Both sides need to adapt their organizational practices to make them fit with each other. This means that partnerships do not only lead to a change in relations between the partner organizations, but also to changes within the organizations themselves. For instance, "job positions have been adapted and created to manage the interactions with NGOs" (Van Huijstee, 2010, p. 126). On the other hand, these internal changes

might lead to tensions within the partnering organization, for instance between the different business departments as it is possible that they might develop diverging interests regarding the partnership (Van Huijstee, 2010).

However, there is hope that the challenges posed due to the unfamiliarity of the partners is just a temporarily phase. Van Huijstee (2010) posits that there are signs that a process of institutionalization is underway. In many cases, the increased interaction between business corporations and NGOs leads to the development of new organizational structures within these organizations. For instance, "partnering NGOs have … developed policies in response to their increased interaction with corporations … Their partnering strategy is gradually codified into more formal policies, or 'rules of conduct'" (p. 157). A growing number of businesses have developed new organizational structures and standardized procedures to accommodate the increased collaboration with NGOs, as well.

2.2.3 Arriving at collaborative advantage through intervention

The different logics and unfamiliarity within business-NGO partnerships do not necessarily have to lead to conflict. For instance, Pedersen and Pedersen (2013) note that "having different motives for partnerships is, in itself, not a problem as long as the partners are aware of the differences" (p. 8). The partners themselves can minimize the challenges they encounter during the collaboration process. The literature on cross-sector partnerships has extensively documented on factors that could minimize tensions and mitigate the potential for conflict, including: the development of clear objectives, clear distribution of responsibilities and roles, the establishment of ground rules, emphasizing personal relationships, commitment from top management, open communication, and pursuance of learning (Austin, 2000). Furthermore, the potential of a partnership is contingent upon the context in which it operates, such as the type of organizations involved, the relational history of the partners and the existence of trust between them (Evers, 2013). Factors such as selecting the right partner might therefore also have an important influence on the effectiveness of the partnership.

However, in certain cases partners might feel that they themselves are not able to address or solve their problems. Then, intervention by an independent third party or facilitator could assist the partners in a partnership in their path towards collaborative advantage. A third party has no authority to impose a certain decision on the partners and, ideally, has no vested interests in the outcome of the partnership (Schuman, 1996). Intervention in a partnership can be performed either internally by an individual or entity within the partnering organizations or by an external party (Gray, 2008). According to an interviewee from the Partnership Resource Center (see Box 1, p. 37) an important advantage of an internal party is that it is much more acquainted with the partnership than an external party and can provide a strong sense of ownership. An external party often lacks familiarity with the partnership and might use a different framing and language. On the other hand, acceptance of the internal facilitator's independence and impartiality might be a contentious issue while this is less the case with an external party.

Moreover, an external party could introduce additional expertise, skills and resources to the partnership that the partnering organizations lack (Interviewee Partnership Resource Center, 20 May 2014).

Following Gray (2008), intervention by third parties can either reduce restraining forces or increase driving forces. Restraining forces are those that decelerate or inhibit the effectiveness of the partnership, whereas driving forces "propel the formation or continuation of collaborative efforts" (p. 3). Gray identifies eight roles through which interveners – whether they are internal or external parties – might encourage partnership potential: (1) visioning, (2) convening, (3) process design, (4) reflective intervening, (5) problem structuring, (6) conflict-handling, (7) brokering, and (8) institutional entrepreneurship. These roles can be performed separately, but also simultaneously. For instance, the role of process design may also require conflict-handling to mediate tensions between the partners.

Visioning involves the identification of the potential value of a partnership between two or more parties, helping these parties discover their common ground and showing them how they could formulate and achieve a common objective. *Convening* is about inviting and motivating potential partners to engage in a partnership and assessing whether a collaborative initiative between these potential partners is feasible. By means of *reflective intervening* partnering organizations are encouraged to enter into dialogue and reflect on their concerns, objectives, and the progress of the partnership. As a result of this reflection, the partners build a joint diagnosis on the basis of which changes are made to their arrangement. *Process design or intervention* refers to the design and management of the collaboration process between the partners. Process designers can advise partners and encourage discussion among them about their patterns of interaction in order to help ensure that their interactions are constructive (Gray, 2008).

Interventions aimed at *conflict-handling* involve the management and resolution of conflicts between the partnering organizations. This intervention can be performed through mediation, which is process where a neutral third party helps the partners understand the nature of the dispute and design and implement a solution that satisfies the wishes of all partners. In so doing, mediators attempt to help build trust among the partners in case trust is absent. *Brokering* involves the task of "ensuring that all relevant parties have opportunities to provide input and receive information about domain issues" (p. 680). Third party brokers build linkages and increasing information flow among previously unconnected parties. They often act as conflict-handlers or ameliorate power differences among the partners.

When partners are struggling with a problem, *problem structuring* could be helpful. In this case, the third party motivates the partners to identify and compare possible solutions to the particular problem, for instance through the employment of joint cognitive maps. Cognitive maps allow each partner to express what it perceives to be the key components of the problem and how it believes these components are linked. By combining the maps of each partner, it is possible to identify where their views converge and how the problem could be structured in a way that meets all the partners' perspectives. Finally, *institutional entrepreneurship* concerns the

promotion of "the institutionalization of norms and agreements within an emerging field of organizational actors" (p. 682). In emerging fields clear norms and agreements that stipulate legitimate behavior are absent and hence they need to be specified and agreed on. Institutional entrepreneurial third partners help accommodate the values and practices from the partners with the newly constructed norms.

The above-described roles that third parties could perform to support a partnership are useful during different phases of the partnership. The role of conflict handling can be performed throughout all stages of the partnership. The tasks of brokering and process design take place during both the formation and implementation stages. The tasks of visioning, convening, reflective intervening, and problem structuring may take mainly place during the formation stage of the partnership. Finally, institutional entrepreneurship is primarily performed during the implementation and institutionalization phases of the partnerships.

Besides the work of Gray, few studies exist on third party intervention in the context of cross-sector partnerships. This study therefore aims to contribute to the literature and to enhance our understanding of whether and how external third parties could contribute to the success of business-NGO partnerships. The literature extensively reports the variety of challenges and obstacles that partners encounter while partnering, yet little attention is paid to how third parties could contribute to solving these problems and what different roles they could perform. There is a need for empirical research that demonstrates whether a demand exists for external third party intervention and, if so, with regard to what aspects of the partnership process. The remainder of this study aims to illustrate this through case study. In the subsequent chapter, the research method will be explained, whereas in Chapter Four the results of the case study are presented.

Chapter 3: Research Method

This chapter discusses and accounts for the methodological approach of the study. The purpose of this chapter is to clarify how the research in this study has been conducted in order to be able to answer the research question. Paragraph 4.1 presents the philosophical position of the researcher, Paragraph 4.2 elaborates on the research strategy of the study, Paragraph 4.3 outlines the criteria that have guided the selection of the partnership cases, Paragraph 4.4 explains the methods of data collection and data analysis, and Paragraph 4.5 addresses the validity and reliability of the study. The chapter concludes on a discussion of the strengths and limitations of the chosen research approach.

3.1 Research Philosophy

Before proceeding with an overview of the research methods employed in this study, it is first relevant to take into account the researcher's philosophical position. The philosophical position of the researcher concerns his or her perspective on reality and on the approach employed to study a research phenomenon. In this study, the research has been based on the assumption that a phenomenon cannot be observed from an objective viewpoint since observations are dependent on the subjective interpretations of the researcher. Each researcher perceives the world differently. Even though reality might exist independent of the researcher, he or she inevitably influences and gives meaning to this reality with his or her own interpretations. As a consequence, each case that was analyzed is my own interpretation of the information and views that interviewees shared with me and of secondary data. Everything is particular depending on the specificities of the case and the researcher. We might therefore only be able to understand objective real-world phenomena by analyzing them in-depth and in detail. The focus is therefore on the context rather than on generalization of the findings. However, it is important to note that this does not necessarily mean that the different cases in this study from the same partnership population will not have certain aspects in common as is evidenced by the empirical research results in Chapter Four and Five.

3.2 Research strategy

Research can be conducted using different strategies. Research strategy involves a variety of decisions about the method that is to be used to conduct a particular study. Verschuren and

Doorewaard (2000) distinguish between the following research strategies: surveys, experiments, case studies, grounded theory and desk research. The research in this study conducted through a combination of desk research and case study method. For the first phase of the study desk research was performed. Desk research involves the study of material that has been produced by others, also called secondary data. For the second phase of the study, a case study was performed. Case study involves the detailed analysis of one or more cases set in their real-world contexts (Thomas, 2011). A case refers to an entity or a phenomenon, such as a person, an organization, an event, or, as in this study, a partnership. Case study method can involve the use of a variety of methods including interviewing, the study of documentation, and observation (Verschuren en Doorewaard, 2000).

Case study method was chosen because it is a convenient approach for the purpose of this study. The objective of this study is to obtain a better understanding of the challenges business corporations and nature conservation organizations encounter during their collaboration and to explore the possible role of third parties to help them address these challenges. The research extends over all phases of the partnership process, including the formation, the implementation, and evaluation stages of the collaboration. Given the broadness of the research question, it is necessary to thoroughly analyze the selected partnership cases. This study included a relatively small sample size of three cases, for two reasons. First of all, because studying a large number of cases is time consuming and often exceeds the means of a single researcher (Yin, 2014). Second, as opposed to cross-case studies with a large number of cases, a smaller number of case studies can test a larger number of variables and therefore can help provide a deep and comprehensive understanding of the different partnership cases and could even help explain specific aspects of the case (Thomas, 2011). Indeed, the more case studies one conducts, the less intensively each one can be studied (Gerring, 2007).

Generally, the case study approach can be divided into case studies that intend to test theory (deductive approach) and those that aim to refine or build theory (inductive approach) (Gerring, 2007). The current study combines both approaches. On the one hand, it intends to test the existing literature on strategic partnerships between business corporations and nongovernmental organizations concerned with the conservation and sustainable use of biodiversity. On the other hand, the study aims to find new evidence and complement existing theoretical insights in the challenges that business corporations and non-profit organizations encounter during their collaboration.

3.3 Case Selection

The units of analysis of this study are strategic partnerships between business corporations and nongovernmental organizations that aim at the conservation and sustainable use of biodiversity. Through the analysis of three cases the study analyzes the following questions: (1) the reasons why certain businesses and NGOs decide to partner, (2) how the collaboration process evolves, what challenges are encountered during this process and how these difficulties affect the

performance of the partnership, and (3) what role(s) independent external third parties could perform in supporting such partnerships. On the basis of these questions, four principal criteria were developed to guide the case selection procedure.

The first criterion specified that the cases investigated could be defined as strategic because, as was mentioned in Chapter One and Two, not all business-NGO collaborations can be labeled as 'strategic' partnerships. The second criterion holds that the partnership case should include an objective aimed at the conservation and sustainable use of biodiversity as this study is limited to biodiversity partnerships. The third criterion determined that the partnerships should have existed for at least two years. Given that the entire partnership process was studied, it was important to select partnerships that had passed through all the partnership stages at the time of assessment, including the formation, implementation and evaluation phases. The fourth and decisive criterion concerned the willingness of the organizations within the partnership to participate in the research. For the quality of the study, it was important that all partnering organizations that are part of one partnership took part in the research. It was anticipated that the participation in this research might not be a straightforward decision for the partnering organizations, particularly when they are still in the uncertain phase of structuring and/or implementing the partnership. As was mentioned in Chapter Three, to a certain extent partnerships involve an experiment because generally the partners have little experience in collaborating strategically.

The outcome of the research could be affected by a number of variables, including type of company, type of NGO, and type of partnership. Hence, three secondary criteria were established to ensure that these variables are addressed in the study. First of all, the companies needed to cover a broad range of economic activity in order to ensure that the study is not biased because of industry specific conditions. Second, NGOs should be included that are characterized by different historical backgrounds and that have traditionally pursued different types of strategies. For instance, the study should include NGOs that have traditionally pursued an advocacy approach, a constructive approach, and a mix between these two. Finally, the sample should involve different types of partnerships, for instance partnerships that are oriented at delivering a product while achieving social and environmental change and partnerships aimed at the implementation of projects to effectuate social and environmental change. By means of satisfying these secondary motives a wide variation of the partnership population was represented.

In the end, three partnership cases were selected. All criteria were fulfilled but one, namely the requirement that NGOs should be included that pursue different types of strategies. All three NGOs that were included in this study have traditionally been amenable to constructive interaction with the business sector. This was mainly due to the fact that few 'lobby' organizations could be identified that have engaged in 'biodiversity' partnerships with companies and that the criteria that specifies willingness of the organizations to participate in the

research was considered more significant. Below, the cases that were selected for the study are introduced.

3.3.1 World Wilde Fund for Nature & Rabobank

After the introduction of the climate credit card in 2006 as part of a joint initiative between World Wide Fund for Nature Netherlands (WNF) and Rabobank, the collaboration between these two organizations expanded to an 'innovative partnership' in 2011. WNF is the Dutch arm of the international WWF network. WWF is an environmental non-for-profit organization that has the mission to conserve biodiversity globally through the protection of important and vulnerable habitats and to combat the threats posed to such areas. Rabobank is a full-range financial service provider based on cooperative principles and has a large number of clients that are active in the food and agriculture sector.

WNF and Rabobank aim to further the transition to sustainable production and corporate practices in food and agricultural chains. Their objective is to demonstrate that sustainable food production is compatible with the conservation and recovery of biodiversity and ecosystems. The partners attempt to demonstrate this through the successful implementation and completion of at least four projects or business cases in different countries by 2015. Collaboration with companies is a key component of WNF's program of activities and over the past years it has therefore been collaborating with a variety of companies. In the past decade, Rabobank has engaged in dialogue with a number of NGOs; however, the partnership with WNF is the only *strategic* collaboration Rabobank has engaged in so far.

3.3.2 Net-Works: Zoological Society of London & Interface

In 2012, Zoological Society of London (ZSL) and Interface engaged in a strategic partnership. ZSL is a British scientific, conservation and educational non-profit organization with a mission to promote and achieve conservation of animals and their natural habitats. The organization emphasizes that is not a lobby organization (ZSL, 2014a). Interface is world market leader in designing and producing commercial modular carpet tiles. The company is also an eminent environmental leader: in 1994 the company launched Mission Zero through which it aims to eliminate any negative impact Interface may have on the environment by 2020.

On 8 June 2012, ZSL and Interface jointly launched Net-Works, an innovative project in which the partners collect discarded fishing nets in developing countries that they subsequently convert into carpet tiles for Interface's product line. The project aims to achieve three objectives: (1) to conserve biodiversity by removing discarded fishing nets from the marine environment, (2) to support local fishing communities in developing economies, and (3) to secure a stream of recycled yarn for Interface's products. At the time of writing, the partnership is in the process of expanding from the Philippines to Cameroon and other developing countries. Both Interface and ZSL have interacted with NGOs and businesses in the past. However, for both organizations this is their first *strategic* collaboration with an NGO or business corporation.

3.3.3 Solidaridad & Argos Energies

In 2009, Solidaridad, Argos Energies and World Wildlife Fund (WWF) Brazil engaged in a strategic partnership. Solidaridad is an international non-profit organization that has a mission to develop fair and sustainable commodity chains (Solidaridad 2012). Argos Energies is a multinational oil company that is active in the West-European oil and energy market. Argos is considered a pioneer in the field of biofuels: it was the first company in the Netherlands to introduce biofuels to gas stations and, currently, the company is the largest distributor of biofuels in The Netherlands (SOMO, 2012). WWF Brazil is the Brazilian arm of the international WWF network.

The main aim of the collaboration was to set up a certified sugarcane ethanol supply chain from Brazil to Europe. The partnership ended in 2013 after the arrival of the first shipment of ethanol to The Netherlands. Chapter Four explains the reasons for the discontinuation of the partnership, which were mainly related to challenges regarding the implementation of the partnership objectives. Whereas Solidaridad has a rich history of collaboration with corporate organizations, for Argos Energies it was its first strategic collaboration with an NGO. As the role of WWF Brazil was much more limited than that of Solidaridad and Argos, this study predominantly focuses on the collaboration process between Solidaridad and Argos. WWF Brazil only disposed over six to seven percent of the entire budget of the project and was only involved on the Brazilian side of the project.

3.4 Data Collection and Analysis

For the study, primary and secondary data were collected from February to August 2014. Secondary data were obtained through a desk study. First, a literature review was conducted of academic articles on the topic that were retrieved through the search engines of "Google Scholar" and "World Cat" and through the references within the retrieved articles to find other relevant sources. On the basis of the literature review and in accordance with the research questions of this study, the theoretical framework was developed as was presented in Chapter Two. Secondary data on the different partnership cases was collected through in-depth analysis of organizational documents, annual reports, partnership documents, and news articles. The documents and reports were found on the websites of the partner organizations. Based on this analysis, a preliminary list of partnerships cases was created from which eventually three partnerships were selected for the study.

Primary data was collected through semi-structured interviews with seven individuals from the different partner organizations of the selected partnership cases. From each partnering organization one employee was interviewed that has a leading role in the partnership in which their organization is involved, in order to illuminate different perspectives and obtain an in-depth understanding. Furthermore, interviews were conducted with three experts from the partnership field as an addition to the interviews with the partnership officials. These additional

interviews were helpful to place the data from the partnership cases into perspective. Use was made of an interview guide to make sure that all data would be collected that needed to be collected. The theoretical framework was operationalized in the interview guide (see Paragraph 3.5). The interviews were semi-structured as this offers sufficient flexibility to gather additional data besides the information obtained from the specific questions that were prepared beforehand. During interviews, it frequently occurred that the order of questions was revised in order to maintain flow in the interview.

Initial difficulties to establish contact with some organizations resulted in the selection of alternative cases. In total, NGOs and businesses from six partnerships were contacted. Some were contacted through the reception desk of the organization by phone, whereas others were contacted directly by email. The partners from one partnership declined to participate because they were restructuring the partnership and hence it was an inopportune moment for the partners to participate in the study. The partners from the two remaining partnerships were contacted through multiple emails but no reply was received. Eventually, organizations from three partnerships expressed willingness to participate in the study.

The majority of the interviews were conducted physically in meeting rooms at the interviewees' office locations, whereas a small number of interviews were conducted through video call. Two interviews were conducted in English, whereas the remaining interviews were conducted in Dutch. Relevant quotations from the interviews that were conducted in Dutch were translated into English. All interviews were audio taped and transcribed. The transcribed text was summarized and categorized per interview theme in order to subsequently analyze the content of the interview material. The categorization and restructuration of the material ensured that a clear overview could be obtained. In some instances, interviewees were contacted afterwards through phone in case some things remained unclear after analyzing the material. These phone calls were audio taped and transcribed, as well.

3.5 Operationalization of Theoretical Framework

In this paragraph, the concepts discussed in Chapter Two are operationalized. Operationalization refers to the process of translating theoretical concepts into measurable constructs. The concepts of the theoretical framework were operationalized in the interview guide, which covered the research questions of the study. The guide was divided into six themes, including (1) motives, (2) formulation of the partnership objectives, (3) implementation of the partnership objectives, (4) evaluation of the partnership objectives, (5) communication processes, and (6) the role of third parties. These six themes reflected all the different stages of the partnership process, namely the formation, implementation and evaluation stages. The formation stage was reflected by questions concerning the party that initiated the partnership and the process of developing the partnership objectives. The implementation and evaluation stages were reflected in questions about the implementation, evaluation and communication

processes of the partnership objectives. Below, for each research question is explained how the concepts of the research questions are measured:

Sub question 1: What are the motives business corporations and nongovernmental organizations to engage in strategic partnerships aimed at the conservation and sustainable use of biodiversity?

Sub question 2: To what extent are the motives of business corporations and nongovernmental organizations similar and where do they differ?

Sub questions 1 and 2 of the study cover the motives of the specific NGO or business for engaging in strategic partnerships. In this study, 'motives' refer to the reasons that support the decision of businesses and NGOs to engage in a strategic partnership. To a degree, the reasons for engagement are consistent with the benefits these organizations expect to gain from collaboration. Examining each partner's motives could provide insight in how the interests of the partners are linked and how these motives have influenced the effectiveness of the partnership. As explained in Chapter Two, motives guide the partners' behavior and commitment, which in turn can affect the outcome of the partnership.

In order to identify the motives of the partnering organizations and the linkage between the partners' motives, the respondents were asked questions about the reasons why their respective organization engages in collaboration with an NGO or business; the reason for engaging with the specific NGO or business; the extent to which the motives of the partnering organizations are different and similar; how the organization's mission is related to the partnership objective; whether the objective has been achieved for the particular organization; and the reason why a partnership is more suitable for achieving objectives than other strategies. By posing similar questions that were formulated differently, it was possible to gain an in-depth understanding of the motives of the partnering organizations to engage in the particular partnership.

Motives were divided into two categories including instrumental and normative motives. Instrumental motives involve motives related to the instrumental value of a partnership for an organization in terms of the advancement of organizational goals. For a company these motives can correspond to compliance, improving its image or reputation, enhancing legitimacy, managing risk, gaining competitive advantage, and obtaining access to resources and attributes such as manpower and expertise and skills. For an NGO, instrumental motives can include access to financial resources, enhancing visibility, and achieve greater impact on the ground. Idealistic motives derive from an ethical belief "to act appropriately" even though this is not obligatory or imposed (Lindenberg and Steg, 2007). For companies, idealistic motives correspond to a conviction that they have a responsibility vis-à-vis society to "do good". For NGOs, this set of motives derives from their social organizational mission and includes the aim to influence corporate behavior and to effectuate social change.

After categorizing the motives of the partnering organizations under the categories of instrumental and idealistic motives, it was possible to identify whether an organization is motivated by furthering its own interests, furthering the overall partnership objective, or a

balance between the two. The more an organization focuses on achieving its own objectives, the less it is expected to commit to the overall partnership objective. A different balance for each partner could indicate that their objectives are poorly aligned, which in turn could imply difficulties in collaboration between the partners during partnership process.

Sub question 3: What major challenges do business corporations and NGOs face during the formation, implementation and evaluation of the partnership?

Sub question 3 refers to the challenges the partnering organization encounter throughout the different stages of the partnership. In this study, 'challenges' refer to difficulties that the partners might encounter in their endeavor to establish a successful and effective partnership. Challenges may occur both in the context of the relationship between the partnering organizations and during the implementation of the partnership objective on the ground. This might involve, for instance, conflict between the partners and knowledge or capability gaps. Throughout the entire interview, questions were asked about the obstacles the partners encountered with regard to that particular aspect of the partnership. For instance, the challenges during the process of goal definition, the implementation of the partnership objectives, the evaluation of the partnership objectives and with regard to the communication between the partners. The degree to which partnerships face challenges during the partnership process is expected to be influenced by the partners' relational history, the length of their collaboration, the amount of experience the partners have in collaborating with each other, the degree to which the business is involved in sustainability practices, the degree to which the NGO is oriented constructively towards its business stakeholders and the type of partnership.

Sub question 4: To what extent can independent third parties support business-NGO partnerships?

An external third party refers to an independent, external, private auditor or consultant that is not a partner to the partnership, but that is contracted by the partnering organizations to support them in activities that they are not appropriately able to do by themselves. The possible roles of a third party are analyzed for each partnership stage (formation, implementation, and evaluation). Based on the previous research questions, it can be concluded whether and what role independent third parties could perform in supporting the partnering organizations throughout the partnership process. Moreover, the respondents were asked directly whether they sensed it was desirable to contract a third party. In case the respondents answered that the partnership did not require the assistance of a third party, the question was asked why this was not the case.

3.6 Reliability and Validity

Some have criticized the case study approach because of the difficulty one generally encounters in generalizing the evidence to other settings. Moreover, the case study method is often considered to allow the researcher's own interpretations interfere too much with the

phenomenon under study (Flyvberg, 2006, p. 420). Therefore, it is important to address the extent to which reliability and validity have been established in this study.

Research is reliable when the data collection methods and data analysis produce consistent findings. This means that measurements will generate the same findings in repeated instances. Or, in other words, research is reliable when it enables the researcher or other researchers to arrive at the same insights if they would conduct the study the same way at a different moment. The reliability of this research is enhanced in a number of ways. First of all, reliability was enhanced by the fact that this study was conducted in collaboration with another researcher. Although we investigated distinct cases that were covered in two distinct reports, the research design was developed jointly. Throughout the research and writing process he served as a sounding board for my ideas and proofreader of draft versions of this study.

Second, to minimize flaws of interpretation – which is often an important point for concern in qualitative research (Gerring, 2007) – all interviews were audio taped and carefully transcribed. Recording and taping the interviews enhances transparency and enables the reader to verify why the researcher arrived to certain conclusions. Subsequently, the literature was critically scrutinized to ensure reliability of the response of the respondents. Before each interview, the questions were prepared and documents such as newspapers, websites and organizational documents about the organization and the interviewee were studied in order to limit the possibility for wrong interpretations of the interviewee's response.

The extent to which the methods to collect data indeed measure what the researcher claims to measure is referred to as internal validity. To enhance internal validity each partnership employee was interviewed in the same way, though slight differences with regard to the research questions applied to businesses and NGOs considering their different core logics. For instance, interviews with NGO employees included questions that draw on to challenges specific to NGOs, whereas questions that were posed to business employees would refer to business-specific challenges in the partnering process. The consistency in interview topics and interview questions ensured that differences in the information the interviewees gave can be attributed to actual variations between the interviewees rather than differences in the way the interviews were conducted. Furthermore, concepts were defined as precise as possible and translated in operational quantities (see Paragraph 3.5). Finally, the semi-structured nature of the interviews made it possible for the interviewer to clarify ambiguities about the interview questions to the respondents.

External validity refers to the extent to which findings can be generalized across the wider partnership population (Moses and Knutsen, 2012). The sample in the study is small, thus limiting the possibility for generalization across a larger number of cases of the same population (Gerring, 2007). However, this is not a profound shortcoming, as the study does not intend to satisfy the conditions of external validity. The study principally intends to obtain a better understanding of the partnership process through the analysis of the interpretations of the involved partner organizations, rather than to establish causal relationships. More important

were questions of 'how' and 'why' business corporations and NGOs collaborate. As NGO-business collaboration is very much a current phenomenon, it is relevant to study how the partnership is implemented, what obstacles are being encountered and why these obstacles arise. The study aims to explore the effect of typical factors such as the influence of the type of partnership on the partnering process, though some of the evidence resulting from this study might be representative for a larger number of partnerships. The ultimate objective was to learn more about strategic partnerships through an in-depth analysis of a limited number of cases.

Chapter 4: Results

This chapter presents and discusses the results of the empirical research on the three partnership cases: Rabobank and WNF, Interface and ZSL, and Argos Energies and Solidaridad, respectively. First, a brief description of the partnering organizations is provided, followed by an analysis of the partnership objectives and the motives of the individual partners for engaging in the particular partnership. Subsequently, the different partnership stages of the partnership process (i.e. formation, implementation and evaluation) are discussed. During each stage, particular emphasis is placed on the challenges that the partners have been facing. Finally, against this background the potential role of third parties in supporting the partnerships is explored.

4.1 Rabobank and WNF

4.1.1 Partnering Organizations

Rabobank Group is a financial services provider that has its origins in small agricultural cooperative banks from The Netherlands. Over the past century, the bank has developed into a provider of full-range financial services with a strong focus on the food and agriculture sector. Rabobank "aspires to be the best food and agri[culture] bank, with a strong presence in the world's major food & agriculture countries" and its mission is to "be a driving and innovating force that contributes to the sustainable development of prosperity and well-being" (Rabobank, 2014a). The bank has its headquarters in The Netherlands and has offices and subsidiaries in 41 countries. In contrast to many other banks, Rabobank operates on the basis of cooperative principles, which means that it is accountable to its members. Given Rabobank's cooperative philosophy it is not surprising that it closely interacts with its stakeholders, including NGOs. The bank has engaged on several occasions with NGOs in multi-stakeholder dialogues. Yet, compared to previous engagements the partnership with WNF has been far more intensive and large-scale (Interviewee Rabobank, 11 June 2014).

World Wide Fund for Nature Netherlands (WNF) is the Dutch branch of the international World Wide Fund for Nature (WWF) network. WWF, also known by its black and white panda logo, is an international environmental non-profit organization that has the mission to conserve biodiversity globally through the protection of important and vulnerable habitats (WWF, 2014b). WWF was founded in 1961 in response to a scarcity of funds among non-profit conservation organizations. At the outset, WWF limited its activities to fundraising and the provision of grants

to these non-profit organizations. Over the years the organization's activities gradually expanded to include the implementation of proper projects and programs for biodiversity conservation (WWF, 2014a). Today, WWF is active in 100 countries and has the support of 5 million members globally (WWF, 2014b). WWF has always been working in close collaboration with a variety of stakeholder groups, including business. Whereas the organization initially worked with companies on an ad hoc basis, more recently it has incorporated strategic engagement with companies as an integral component of WWF's program of activity (Van Huijstee et al., 2011).

4.1.2 Partnership Objectives

Through their partnership, Rabobank and WNF aim to provide compelling evidence that sustainable food production can be both profitable and compatible with the conservation and recovery of biodiversity. Or, in other words, the partners aspire to demonstrate that corporate investments in sustainability can generate attractive financial benefits. In this way, Rabobank and WNF hope to encourage the food and agriculture sector to make their supply chains more sustainable. The partners attempt to achieve this objective through the successful development and implementation of at least four out of five business cases by 2017. The business cases are developed jointly with clients from Rabobank in regions where both organizations are active: Brazil (crop-forestry integration), Chile (sustainable salmon farming), India (sustainable sugarcane production), Indonesia (sustainable production of palm oil and aquaculture), and The Netherlands (recovery of soil diversity in the dairy farm sector in Friesland).

So, for instance, in Chile, Rabobank and WNF intend to make the salmon production chain more sustainable in order to preserve biodiversity and maritime ecosystems and to simultaneously increase the revenues and profitability of the Chilean salmon industry. To ensure sustainability, Rabobank's clients in Chile work with the Aquaculture Stewardship Council (ASC) standard, which is a standard for sustainable salmon farming. On top of that, Rabobank's Aquaculture Supply Chain Policy assesses the business operations of the bank's clients on issues such as habitat destruction, loss of biodiversity, pollution of surface water, and violations of the rights of indigenous people and local communities, among others.

Through the business cases, the partners intend to test Rabobank's Food & Agri Business Principles, as well as the bank's supply chain policies that were developed in collaboration with WWF and other non-profit organizations previous to the 2011 partnership (WWF, 2014c). The Food & Agri Business Principles include: (1) the provision of sufficient and safe food production, (2) a responsible use of natural resources, (3) promoting social welfare, (4) keeping and caring for animals responsibly, (5) helping promote well-considered consumers- and citizen choices (Rabobank, 2014b). The supply chain policies are commodity-specific policies (e.g. on soy or cacao) that guide Rabobank in assessing the conduct of its clients with regard to their impact on the environment. In addition, WNF and Rabobank aim to test innovative sustainable agricultural methods that result in an increase in yields, profitability and sustainability (Piechocki, 2012).

Efficient irrigation, education and training can reduce the amount of water for crop production as an example (Rabobank, 2011).

According to Rabobank and WWF, a project is successful when (1) it demonstrates that the economic situation of producers has improved due to increased production yield and the use of less resources and materials, and improved management practices; and (2) the pressure on nature and ecosystems has been reduced due to sustainability measures that have been implemented (Rabobank, 2014c). Whereas Rabobank contributes its financial knowledge of the food and agriculture sector, WWF contributes its expertise on ecosystems and their recovery. For example, account managers and credit analysts from Rabobank are trained by WWF in identifying and analyzing biodiversity and ecosystem issues that clients may face (Piechocki, 2012).

The partnership objective is broad and ambitious and involves a high level of complexity. Compared to partnerships that focus on one specific project, Rabobank and WNF aim to implement four business cases within a relatively short time frame. In addition, the majority of the business cases are being implemented overseas far away from the organizations' home countries. Although the local branches of Rabobank and WWF are involved in the coordination and implementation of the projects, it should be noted that the offices of Rabobank and WWF in the respective project countries have never interacted prior to the project and therefore a basis of trust might be absent at the outset. A final aspect that contributes to the complex nature of the partnership is the fact that it involved not only Rabobank and WWF, but also Rabobank's clients and other stakeholders. In Paragraph 4.1.4 we can observe that the complex nature of the partnership objective has resulted in considerable challenges during the implementation process.

4.1.3 Partnering Motives

Whereas both partners want to accomplish the same task, Rabobank and WNF each have their own reasons for wanting to do so. Rabobank recognizes that a 'business as usual' approach will no longer be sufficient to meeting the needs of a growing world population (Rabobank, 2012). Today's linear economy encourages the business sector to relentlessly deplete natural resources without taking account of the ensuing damage to the environment and biodiversity. Rabobank believes that this model negatively affects the quality of global biodiversity and hence is unsustainable in the long run for human survival, as biodiversity is an important source for, for instance, food supply and medicines. The bank therefore supports a transition towards a circular economy (Interviewee Rabobank, 11 June 2014) in which the entire production chain is a closed loop and waste is eliminated through zero or minimal use of toxic chemicals and reuse and recycling of products and resources.

Rabobank has a strong presence in the global food and agriculture industry. In this sector, biodiversity plays an important role as crops species and domesticated livestock have their origins in biodiversity. Rabobank strives to achieve sustainability throughout its client's food

and agriculture chains. As Rabobank lacks adequate knowledge to help its clients adopt more sustainable practices, collaboration with an NGO such as WNF is considered an effective strategy to achieve this objective. In view of the fact that WNF holds considerable knowledge and expertise on biodiversity questions related to the agricultural sector and that WNF and Rabobank had been engaged previously in a partnership, WNF was considered to be a suitable partner for Rabobank.

Although Rabobank has a genuine aspiration to reduce its clients' footprints, the bank is well aware of the variety of benefits the partnership with WNF might generate. Therefore, Rabobank's policy on sustainable finance should certainly also be viewed in terms of securing the bank's corporate interests. First of all, the partnership offers Rabobank the opportunity to strengthen its relationship with its business clients and offer them attractive advantages, including competitive advantage and the reduction of risk. For instance, on its website Rabobank emphasizes that:

> "The circular trend provides exciting opportunities for our business customers …. Companies that conduct circular enterprise tap into new markets by introducing innovations, improving their competitive positions and being able to exclude availability and delivery risks" (Rabobank, 2014d).

By offering advice on how its clients could improve their sustainability performance, Rabobank can offer a compelling value proposition to its clients. In this way, the bank can reinforce its relationship with existing clients and attract new clients, whereas clients can reduce sustainability and reputational risk.

Also, assisting clients on sustainability policy can be viewed as a way of protecting the Rabobank's image. As evidenced by Rabobank's annual reports, the bank is very much concerned with protecting its reputation. For instance, in its annual report of 2013 the bank states that it "is not prepared to accept risks that could reasonably be assumed to damage its reputation or identity" and that therefore it wants to ensure that "the fundamental trust the stakeholders have in Rabobank is protected at all times [and that] Rabobank is not portrayed negatively in the news in areas that are essential to Rabobank's core values" (Rabobank, 2013, p. 65). In the past, Rabobank's stakeholders have regularly targeted Rabobank with allegations about unsustainable or unjust behavior on the part of companies the bank finances (Van Huijstee and Glasbergen, 2010). Today, the bank knows that it can no longer ignore the social and environmental aspects of finance.

A final motive of Rabobank to engage in the partnership that can be identified is that of achieving competitive advantage. Stimulating the transition towards a circular economy might be instrumental in achieving Rabobank's objective to become a sustainability leader in the financial services sector. The bank aspires "to achieve a top 3 position in the global sustainability rating of the largest financial services providers in 2020" (Rabobank, 2014, p. 9). On this level, the priorities of Rabobank and WNF are different as WNF hopes not only to encourage Rabobank to change its finance practices, but also to set an example for other banks in the sector. In this way,

WWF aims to spark a multiplier effect and to transform the entire financial sector. Rabobank, on the other hand, wishes to maintain competitive advantage, thus prioritizing its clients, and is less interested in demonstrating its competitors how to go down the same path as Rabobank:

> "I believe we are very much focused on making those chains sustainable, whereas WNF also hopes to change the financial sector through us. And then we say like yes, that is possible, but we first choose those chains and our clients. And if we are doing well, then we believe it is fine that other banks learn from this, but we will not organize a workshop for other banks … yes we can do that some time if WNF would like to but that is not our priority" (Interviewee Rabobank, 11 June, 2014, own translation).

WNF's desire to set an example for other banks links with its belief that by means of strategically engaging with companies a greater impact can be achieved. Through the 'Market Transformation Initiative', WWF aims to influence the global commodity market so that commodity chains become more sustainable (Interviewee WNF, 27 May 2014). The MTI strategy targets 15 commodities that are considered to have the greatest impact on biodiversity, water and climate stability in WWF's priority places (WWF, 2012). Priority places are areas that have been identified as particularly rich in biodiversity. WWF has determined that between 300 and 500 companies control seventy percent of the trade in each of these commodities. It aims to engage in a dialogue with these companies in order to encourage them to adopt sustainable practices, for instance through certification systems and bilateral partnerships (Interviewee WNF, 27 May 2014).

Each national WWF organization is responsible for establishing contact with a number of the listed companies that have their headquarters in their respective country. Engagement is sought mainly with large companies that purchase or produce agricultural commodities. While Rabobank does not fall into this category, the bank finances a large number of companies from WWF's list. Through collaboration with Rabobank, WNF sensed that it could have a large impact on the commodity market. Moreover, WNF considered that there was a clear match between the partners as their objectives were similar (Interviewee WNF, 27 May 2014). Finally, WNF's decision to engage in partnerships is not motivated by the wish to obtain access to financial resources of the corporate partner. WNF does not accept any money from companies other than covering costs, which for instance means that companies cover the costs of the labor and commitment of WNF's staff members:

> "This is something that we have very clearly with companies … we do want to work with you, but it should not be the case that a donor that thinks he gives money to elephants or jaguars and that this money indirectly lands with me because I work with Rabobank" (Interviewee WNF, 27 May 2014).

From the above it becomes clear that the motives of Rabobank and WNF to enter into a partnership are distinct. As a result, Rabobank and WNF approached the overall partnership objective from a different perspective:

> "We [Rabobank] rather look from a business perspective, from… what does it yield for our clients of the bank? WNF of course from [a perspective] how we can change the client of the

bank and the bank itself so that they pay more attention to biodiversity, because that is what we want to conserve. Of course we converge in the middle, but the perspective is very different" (Interviewee Rabobank, 11 June 2014, own translation).

Initially, this resulted in a slight prioritization of the partners' respective individual goals rather than the common partnership objective. This became particularly visible through a midterm review in mid-2013 in collaboration with the Partnerships Resource Center (PRC – see Box 1). The PRC was able to show the partners certain interaction patterns that they themselves were not consciously aware of. The PRC helped Rabobank and WNF understand that the challenges they faced with regard to the project implementation were largely related to the fact that both parties put too much emphasis on their own goals and that therefore the desired benefits could not be achieved. It emphasized that Rabobank's and WNF's motives are symbiotic, for the partners' individual objectives might not be achieved if only one of the two is accomplished and that the overall partnership objective is dependent on the commitment of *both* partners (Interviewee WNF, 27 May 2014). As a result, since the mid-term review Rabobank and WNF have been taking more account of the common partnership goal:

"We accept that we really have a common goal, without negotiating all the time from your own goals you aim to achieve through the partnership. Great, you should really do that, but in a partnership it is about the common goal" (Interviewee WNF, 27 May 2014, own translation).

Box 1: The Partnerships Resource Center

The Partnerships Resource Center (PRC), affiliated to Erasmus University Rotterdam, is a center that conducts research on cross-sector partnerships for sustainable development. Besides conducting research, the center develops tools for partnering, offers courses and training on partnership management, and functions as a platform for exchange of knowledge. The main objective of the PRC is to enhance the effectiveness of partnerships globally and to have societal and scientific impact. In 2013, Rabobank and WNF contracted the PRC to conduct a midterm review of their partnership.

Source: www.partnershipsresourcecentre.org

4.1.4 Partnership Stages

Formation

Rabobank and WNF already started collaborating in 2006 when they engaged in a partnership to develop a climate credit card with inbuilt CO2 compensation. Rabobank compensated for the CO2 emissions of energy-consuming purchases made by cardholders. The initiative aimed to raise awareness of the fact that manufacturing of products leads to an increase in CO2 emissions. However, after a couple of years the partners decided to cease the climate-neutral credit card initiative. One of the reasons for ending the compensation program was that, as a result of the

success of the initiative, the target group had increased at such a rate that it became extremely laborious to compensate for the products cardholders purchased. Although the credit card program ended, the collaboration between Rabobank and WNF did not. The organizations decided to renew their partnership on another level, i.e. to further the transition to sustainable production in food and agricultural chains.

The development of a common partnership objective was a lengthy process, mainly because both organizations did not exactly know what they wanted to gain from the collaboration. During the first 1.5 years of the partnership this ambiguity resulted in some uncertainties. It was clear that both organizations wanted to work towards a transition to sustainability, but the question remained how to do so. Generally, with regard to many of the partnerships WNF has engaged in with companies, it is clear that the partners want to focus on a specific commodity, such as palm oil or seafood. However, as regards the partnership between WNF and Rabobank the single pre-existing objective that existed was the quest for sustainability and biodiversity conservation. There were 15 commodities and hundreds of clients Rabobank and WNF could choose from, and before the partners were able to proceed they had to identify a common ground.

When finally the common objective became clear and everything was written down on paper, new points for discussion arose because the objective needed to be translated into an action plan. According to De Wal (personal communication, 2014, May 20) from the Partnership Resource Center it is exactly during the phase in which the partners start working on the operationalization of their objectives that the different perspectives of the partners come to the surface. One example with regard to the partnership between Rabobank and WNF was the definition of a 'business case'. These discussions were time-consuming. Many people would understand that through a business case you want to demonstrate something, but the question remains 'what?' and 'how?' and 'how to measure it?'.

An additional complication during the process of formulating a common objective was the recurrent replacement of staff members from WNF that played an important role in the partnership:

> "… what is always fatal for collaboration between two parties is when someone leaves on one side … at a certain moment I withdrew … so my baggage … my motivation and my commitment, and my connection with my counterpart at Rabobank were gone" (Interviewee WNF, 27 May 2014, own translation).

For Rabobank this was rather frustrating, because twice during the formation stage a new person came on board that needed to be read in and to become acquainted with the partnership. This resulted in new discussions between the organizations about the details of some aspects of the partnership. Particularly the desire of WNF to engage in in-depth and long discussions throughout the partnership process was a point of irritation on the part of Rabobank:

> "I believe that WNF needs many words to take action …. And well at a certain point this sometimes collided … my impatience combined with the needs of WNF to have everything

once more on paper of which I thought: haven't we discussed this already?" (Interviewee Rabobank, 11 June 2014, own translation).

This example demonstrates that the different organizational cultures of non-profit and for-profit organizations can lead to certain tension throughout the partnering process. Decision-making processes within NGOs are mainly based on consensus-building and extensive consultation, whereas companies are used to taking decisions on a hierarchical basis.

Another example where these cultural differences come to the fore is the different ways staff members from Rabobank and WNF generally communicate through e-mail. At Rabobank, employees usually send a copy of their e-mails to all the people that are involved in a particular project. This means that Rabobank's staff is used to receive a large number of e-mails. In this way, Rabobank's staff informs each other and makes sure that everyone is involved. At WNF, on the other hand, staff members only copy e-mails to others when a certain decision needs to be made or when they believe that the content of the email is indeed significant. In certain instances, this has resulted in some minor distrust and misunderstanding as Rabobank sensed that WNF did not inform them sufficiently; whereas WNF became wary of the quantity of emails they received (Interviewee Partnership Resource Center, May 20, 2014).

Finally, another point of discussion between the partners during the formation stage of the partnership concerned the selection of the countries where the projects would be set up. Rabobank wished to implement a project in The Netherlands as Rabobank originally is a Dutch bank. WNF, on the other hand, wanted to be active exclusively in WWF's priority places and The Netherlands was not part of such a priority area. Many employees from WNF believed that there are already several conservation programs in The Netherlands and that more could be achieved abroad in terms of biodiversity conservation. According to the respondent of Rabobank, in first instance a project in The Netherlands was a no-go area (Interviewee Rabobank, 11 June 2014).

All in all, the process of defining the partnership objectives has been considerably time-consuming. In total, the negotiations of the Memorandum of Understanding (MoU) and the partnership agreement lasted more than two years. The MoU was signed in October 2010 and the partnership agreement in March 2011, and according to the respondent from Rabobank it took another two years to get to know each other. Below the implementation process of the partnership objectives is addressed.

Implementation

A project team consisting of 8 employees from Rabobank and WNF, including the partnership managers, governs the partnership. Both partnership managers have allocated fifty percent of their total working hours to the partnership. Initially, Rabobank and WNF agreed to implement the business cases within a period of four years. However, as the partnership proceeded the partners learnt that this timeframe was too ambitious and therefore decided to extend their commitment from 2015 to 2017, thus adding two additional years. The implementation process of the business cases was challenging, particularly because the partnership involved not just

Rabobank Netherlands and WNF, but also Rabobank's clients and the foreign branches of WWF and Rabobank in the project countries. The partnership therefore inhibits a complex dynamic, which resulted in a cumbersome implementation process.

In a few countries where the projects were to be implemented there was considerable opposition from the local offices. For instance, Rabobank and WNF initially presumed it would be relatively uncomplicated to implement a project in Australia because both WWF and Rabobank have offices in this country and Rabobank has a reputable image in the Australian agricultural sector. However, they failed to take into account the specific context of the agricultural industry in Australia. The powerful agriculture lobby is not very fond of conservation NGOs and hence clients were reluctant to participate in the project. Eventually, WNF and Rabobank decided to redirect their focus to the other projects in Chile, Brazil, Indonesia, and The Netherlands.

Although the business case in Chile took off soon after the contract was signed, here the partners also encountered some initial difficulties. At the start of the project in Chile, the ASC label was recently launched and one of Rabobank's clients that also is partner of WNF wanted to become certified under that label. As there was common ground, the decision on the part of the local branches of Rabobank and WNF to collaborate was relatively straightforward. However, in the beginning the local branch of Rabobank was not willing to collaborate with an NGO:

> "… Rabobank Chile thought: '… are you crazy, I am not going to sit down with an NGO'. So we in The Netherlands can think that it is very nice, but … they were not interested at all" (Interviewee WNF, 27 May 2014, own translation).

To solve the issue, Rabobank and WNF sent a staff member from Rabobank to Chile for a period of two weeks to perform a role of internal broker by overseeing the situation and convincing Rabobank Chile to engage in a dialogue with WWF Chile.

An important learning point for the partners was that although Rabobank Netherlands and WNF had been able to build trust over the number of years they have been collaborating, for the local partners this has not been the case. During the formation stage, little or no account was taken of the opinion of the local branches of Rabobank and WNF in the countries were the projects would be established. The local offices had not been involved in the negotiations of the partnership. Hence, in the end it took a long time to establish contacts with the local branches and to generate trust to make them willing to participate in the partnership. It turns out that the presence of trust is essential. The business case in Indonesia reinforces this reasoning: as two staff members at Rabobank and WWF in Indonesia had studied together, the project proposal was drafted within six weeks.

Another aspect that complicated the implementation process was the fact that the partners initially did not have a clear vision. The respondent from Rabobank expressed several times that the purpose of the partnership was rather vague:

> "Did we actually know what [the partnership] had to become? And my conclusion is no, we did not know what it had to become. We had some idea but we especially had a romantic vision, but to be honest we did not know what we were undertaking

(Interviewee Rabobank, 11 June 2014, own translation).

> "We actually started this like headless chickens. I mean we went on a journey together without exactly knowing where the journey would lead us to" (Interviewee Rabobank, 11 June 2014, own translation).

On the other hand, the partners have learnt a lot from their partnership and now know what to do and what not in subsequent projects. Currently, five projects are underway in Brazil, Chile, India, Indonesia and The Netherlands. The partners have been able to build the foundations of the different projects and they are now slowly able to see that it will be possible for Rabobank's clients to simultaneously be sustainable and profitable.

WNF and Rabobank do not extensively communicate the partnership to the public. Especially during the initial stages of the partnership there have been few external communications. An important reason was that the partners first wanted to see how their collaboration would proceed. As the objective of their partnership was relatively complex, both WNF and Rabobank realized they had to be discrete until the partnership would prove successful. Now that the partnership is underway for approximately three years and some success has been booked, the partners are trying to set up a more comprehensive communication strategy. Given the fact that the ultimate goal of the partnership of course is to demonstrate that financial profit and sustainable development are compatible, communication to others about the project is an important aspect of the partnership.

Communication *between* Rabobank and WNF occurs on a regular basis. The partnership managers have contact about three or four times a week and work one day per week at each other's office. Moreover, both organizations invite each other's employees to give presentations so as to encourage a cross-fertilization of knowledge and ideas. The regular contact between the partners is mainly a way of reinforcing trust between the partners and demonstrating that they are genuinely committed to achieving a successful partnership outcome. Although today it is not an issue anymore, initially Rabobank had to come to terms with the fact that WNF was not able to commit itself as much as Rabobank in terms of investment of money and time. Rabobank is a large financial organization with approximately 45.000 employees in the Netherlands and 60.000 employees abroad. In contrast, WNF has a workforce of 100 employees and the international WWF network has a workforce of about 6.000 employees (Interviewee WNF, 27 May 2014). As a result, for Rabobank it is less troubling to spend a larger amount of financial and human resources on the partnership than for WNF. For example, whereas the partnership manager from Rabobank is supported by project advisor, the partnership manager from WNF does not and has to do most on her own. On top of that, the partnership manager from WNF manages another partnership in which WNF is engaged (Interviewee Rabobank, 11 June 2014).

<u>Evaluation</u>

Rabobank and WNF have developed specific key performance indicators (KPIs) to measure the performance of the different projects. In this way, the partners track the progress with regard to achieving the overarching partnership objective, which is to demonstrate that sustainable

business generates added value for the environment, local populations, companies and financiers that are active within food and agricultural chains. Each project has distinct indicators, yet some overarching benchmarks have been developed as well: (1) an increase of agricultural production and financial profit, (2) a reduction in inputs (pesticides, fertilizers, water and energy) and run off, (3) growth of organic matter (soil carbon storage) and soil fertility of existing farmland, (4) habitat conservation through protection and recovering of biodiversity by means of High Conservation Value Area[1] assessments (forest carbon storage), and (5) the number of farmers certified on international sustainability standards, such as the Aquaculture Stewardship Council standard which is being used in the project in Chile. At the beginning of each project a baseline assessment on the basis of these indicators is conducted (Interviewee Rabobank, 11 June 2014). The partnership managers from both parties discuss the progress of the projects every Monday of the week (Interviewee WNF, 27 May 2014).

Rabobank and WNF are still formulating more detailed indicators that can establish the environmental impact of the projects. Eventually, the outcome of the project will be translated into a final product. At the moment, the partners are not sure what the final product will consist of, but this can be a 'tool' or a 'learning', for instance, that other companies can use as a guidance to green their supply chains. At the moment, WNF is working on the formulation of the indicators that will be used to measure the impact of the business cases on the environment. As sustainability is a broad concept it is important to determine what indicators or criteria will be used in order to measure whether the projects indeed are 'sustainable'. By any means, Rabobank and WNF work on the basis of the assumption that it is not possible to demonstrate the impact of the projects on the environment within a few years and that this requires decades. Hence, the partners will aim at giving a rough indication of the environmental impact rather than claiming that they are able to demonstrate the precise impact (Interviewee WNF, 22 July 2014).

In addition, every two years Rabobank and WNF engage in a midterm review. At the end of 2013, Rabobank and WNF engaged in their first midterm review in cooperation with the PRC (see Box 1). The objective of this review was to clarify the direction the partnership was heading. Both partners commented that this review has been very helpful and has improved their collaboration. They learnt to be more patient and to define successes in terms of smaller milestones that are easier to measure, such as a conversation with a client. Moreover, as was mentioned earlier, Rabobank and WNF learnt to prioritize their common objectives rather than their individual goals. After the completion of the review, Rabobank and WNF decided to develop a clear plan of activities for each coming year. Four times a year there is a steering group committee, which also means that four times a year there will be an evaluation of the partnership. At the end of each year, in December, the partners will review if they have realized their objectives (Interviewee WNF, 27 May 2014).

[1] High Conservation Value Areas (HCVAs) are areas of high conservation value. The HCVA concept focuses on the identification and protection of habitats that are of critical importance as a result of their high environmental, socioeconomic, biodiversity, or landscape value. Projects should not promote clearing or degradation of HCVAs.

4.1.5 *Third Party Intervention*

Both Rabobank and WNF expressed that the midterm review that was conducted by the PRC has been valuable and has had a positive effect on the partnership. The review was particularly helpful in assisting the partners to improve their relationship and to understand why the progress with regards the implementation of the business cases had been so slow:

> "Whereas we sometimes had the feeling, and Rabobank as well, 'what are we doing together?', [the PRC] could indicate very clearly that 'what you are doing does nobody, it is already unique that you have come so far, give it some time'. We felt more something like this isn't going to work, or maybe not that it isn't going to work, but everything is so complicated. And [the PRC] recognized this: 'yes it is complicated, but you are proceeding, there is progression'" (Interviewee WNF, 27 May 2014, own translation).

The involvement of an independent, external party had an enlightening effect on Rabobank and WNF. The respondent from WNF stated that she would do the next review again with PRC, particularly because of the success of the previous review and the fact that the institute is now acquainted with the partnership and the partners. She especially valued the fact that the PRC has considerable scientific expertise of partnering processes and therefore could deliver objective and skilful counseling.

Both the respondents from WNF and from Rabobank and WNF declared that they would prefer the involvement of a university institute rather than a consultancy firm because the former has scientific expertise of partnering processes and therefore could deliver objective and science-based counseling. Although the respondent from WNF truly believes that there exist many sincere consultants, a consultancy firm is a business and will therefore always be driven by profit motives:

> "And on the basis of [the PRC's] scientific research I thought of course: yes, bring it on, tell me how and what. And I honestly tell you that a consultant should also be able to do that of course, were it not for the fact that I perhaps very much think that they then have their own agenda … to secure the need for follow-up processes … whereas I did not have this feeling with [the PRC], even though [they] probably might want to as well" (Interviewee WNF, 27 May 2014, own translation).

Hence, it appears that partners appreciate the involvement of an external party that acts on the basis of scientific principles and that they perceive to be impartial and objective.

The respondent from WNF does view a possibility for the involvement of a consultancy firm with regards the formulation of the business cases. WNF, Rabobank, and Rabobank's clients hold different perspectives on the definition of a business case. The partners seek to develop a shared perception of success and to work out one single format for the business cases so that the partnership will also have added value beyond the partnership and provide guidelines for other parties that may want to follow the example of the business cases. However, she explained that this is not an easy thing to do. For instance, it is rather difficult to measure environmental impact within the business cases and to develop clear indicators for this. The fact that clients started to work with a certain standard has to imply that it is better for the environment, yet this cannot be

guaranteed because the standard is based on a range of presuppositions. "Those have to be mentioned in the business case" (Interviewee WNF, 27 May 2014, own translation).

4.1.6 Conclusion

After a challenging start and some initial struggles both in terms of the partners' relationship and the implementation of the partnership objectives, the partnership between Rabobank and WNF partnership is steadily gaining momentum. Initially progress was slow and the partners' different management styles and motives caused tensions between the partners. Also, staff mobility slowed down the partner's ability to build up trust. Although Rabobank and WNF have collaborated previously on a climate card, trust needed to be built from the beginning as a result of the different individuals that were involved in managing the partnership. This demonstrates that personal contacts and individual relationships are of crucial importance for a proper functioning of the partnership.

Owing to the perseverance and commitment of the partners over the past three years, some effects are now slowly becoming visible demonstrating that sustainability and financial profit certainly can go hand in hand. It should be noted that the assessment of the PRC contributed significantly to the progress that has been made so far. Respondents from both sides expressed that PRC's intervention helped the partners better understand the patterns of their interaction that caused the strenuous progress with regard to the implementation of the partnership objectives. Hence, the partnership case of Rabobank and WNF proves that there is a demand for third party intervention in aspects such as process design, mediation and evaluation. However, an important question that this case raises concerns the kind of organization that is suitable to act as an independent third party and whether a profit-oriented actor is capable to act in an objective and impartial way.

Finally, indicators to measure how biodiversity benefits from the partnership are still being developed. As a result, no impact assessment has been conducted yet in order to deliver proof of the business cases. It appears that the partner's main priority was to set up the projects in the different countries and to ensure that the partnership is functioning, and that measuring the impact of the projects was of a later concern. To a certain extent, this is consistent with the argument that business-NGO partnerships are complex forms of collaboration because of the unfamiliarity and lack of experience on the part of the partnering organizations in terms of cross-sector collaboration.

4.2 Interface Inc. and ZSL

4.2.1 Partnering Organizations

Interface, founded in 1973, is world market leader in designing and producing modular carpet tiles. The company employs around 3500 employees and has sales offices in more than 110

countries. Its headquarters is located in Atlanta in the United States (Lampikoski, 2012). Interface is undoubtedly a pioneer in sustainability. It was one of the first companies to publicly commit itself to sustainable development and was one of the first to publish corporate sustainability reports and to obtain LEED and ISO14001 certifications. In 1994 the company launched Mission Zero, which aims at the elimination of any negative impact Interface may have on the environment by 2020 and to continuously contribute to environmental conservation. In doing so, the company aims to have a restorative impact on society and the environment (The Natural Step, 2013). The organization works with an approach of biomimicry thinking, which involves the study of how systems in nature function, how nature solves problems and how this could be translated into business practice (Interviewee Interface, 12 May 2014). Interface has previously interacted with other NGOs, but not in the form of strategic partnerships or, as described by the respondent from Interface: "not to build a new way of working …. not actually co-creating something" (Interviewee Interface, 12 May 2014).

Zoological Society of London (ZSL) is a scientific, conservation and educational non-profit organization. The organization was founded in 1826 with the mission "to achieve and promote the worldwide conservation of animals and their habitats" (ZSL, 2014b). It aims to achieve this mission through three main activities: (1) the conservation of wildlife and endangered species through conservation programs in over more than 50 countries, (2) undertaking and communicating scientific research in the field of conservation biology at the Institute of Zoology, and (3) educating the public at ZSL London Zoo and ZSL Whipsnade Zoo (Interviewee ZSL, 29 May 2014). On its website, ZSL (2014a) explicitly states that it is not a lobby organization and that it "simply advise[s] decision makers and [is] often called upon by business and government". It has produced reports for international organizations such as the UN and works with major natural resource industries, assisting and advising them in biodiversity monitoring. Furthermore, it has a rich history of partnerships with universities, government agencies, business corporations and other non-profit organizations.

4.2.2 Partnership Objective

On a yearly basis, around 600.000 tons of fishing nets are lost or abandoned on beaches and in the sea (UNEP/FAO, 2009). It can take up to six hundred years for these nets to degrade naturally. The nets can seriously damage coral reefs and ecosystems and injure marine life as fish, seabirds and marine mammals can become entangled in these nets. A large number of fishing communities that discard these nets are locked into a situation of impoverishment. Fish catches have been declining over the past years and therefore the fishermen's incomes have been decreasing. Most of these communities do not count with an adequate waste system for appropriate disposal of used fishing nets. After wear and tear, fishermen discard their fishing nets in the water, only further degrading their livestock (Turner, 2013). On World Oceans Day of 8 June 2012, Interface and ZSL engaged in a partnership to address the above described problem. Through this collaborative initiative the partners aim to set up a community-based supply chain

for discarded fishing nets while simultaneously improving local livelihoods, conserving marine biodiversity and providing Interface with a sustainable source for the production of carpet tiles. Accordingly, the partnership aims to deliver social, environmental and economic benefits (The Natural Step, 2013).

Interface and ZSL encourage local fishing communities to collect used fishing nets from beaches or to bring in their own used nets in return for money (ZSL, 2014c). The idea is to empower these communities by giving them the opportunity to become suppliers of materials for Interface's carpet tiles. By offering them the opportunity to become part of an inclusive and circular supply chain they are able to earn supplemental income, while not only leaving the local marine life, on which they are dependent for their livelihoods, intact, but also restoring it. The weight of the collected nets determines the price they receive for it. To give an idea, for two-and-a-half kilo of nets community members can purchase almost one kilo of rice (Interviewee Interface, 12 May 2014), which equates about 4,800 extra meals per village on a yearly basis (Interface and ZSL, n.d.). Although the initial objective of the partners was limited to creating extra income for fishing communities and removing nets from the marine environment, over the course of the project an element was added to the partnership that offers community members the opportunity to bank their earned income and to apply for loans at community banks (Interviewee Interface, 12 May 2014). These loans can be used for instance to cover the costs of education or to develop new approaches to earn sustainable income, such as seaweed farming (Interface and ZSL, n.d.).

The idea to collect and recycle fishing nets was made possible by Aquafil, one of Interface's largest yarn suppliers. A few years ago, Aquafil developed a technology that can create 100 percent recycled nylon from fishing nets for carpet tiles. Fishing nets are made of the same material that is used to make carpet yarn (i.e. nylon-6) and is therefore a convenient source for Interface's carpet tiles. Some employees within Interface wondered whether the idea of recycling fishing nets could be translated to the community level to benefit impoverished communities. Ultimately, this idea developed into Net-Works and its implementation in the Philippines. The ultimate objective of Interface and ZSL is to expand Net-Works to other countries and to establish a self-sustaining system for the collection of nets from coastal communities in developing countries. This means that the partners aim to make the model transferable to other communities, villages, and NGOs that can adopt the standards of the Net-Works model. Eventually, depending on the progress that will be made in the years to come, Net-Works is to operate as an umbrella organization that helps other organizations implement it. For this, Interface and ZSL want to develop a Net-Works tool kit that others can use to set up Net-Works supply hubs without the direct intervention of the partnering organizations on the ground.

4.2.3 Partnering Motives

Already in 1994, Interface started implementing an advanced strategy that aims to reduce Interface's impact on the environment to zero by 2020. Mission Zero, the goal to become a

restorative enterprise, was established after Interface received questions from customers about its policies with regard to sustainability. At that moment, Interface's efforts were limited to compliance with environmental regulations. Not wanting to disappoint his customers, Interface CEO Ray Anderson decided to set up a task force with the purpose to address Interface's impact on the environment by developing a sustainability strategy. This strategy, which eventually evolved into Mission Zero, was developed in collaboration with prominent experts on sustainability including Janine Benyus, Karl Henrik Robert, Paul Hawken, William McDonough, Walter Stahel and Amory Lovins, among others (Interviewee Interface, 12 May 2014). Paul Hawken's *The Ecology of Commerce* gave Interface's founder Ray Anderson the insight to change the path of its company. In this book, Hawken argues that ecology and economy *can* be compatible and that, while business is part of the problem, it is the only institution that is big enough to make a difference (Interviewee Interface, 12 May 2014).

The Net-Works initiative should be read as part of Interface's endeavor to become a restorative enterprise and achieve Mission Zero. The company is well aware that this goal will be possible only if it develops alternative and innovative business models which are based on the principles of an inclusive and circular economy (The Natural Step, 2013; see Paragraph 4.1.3). When in 2012 several employees within Interface realized that the company had only eight years left to achieve Mission Zero, a co-innovation department was established. They sensed that the only way to reduce any negative impact of the company to zero by 2020 is through collaboration with other individuals and organizations across sectors, tackling problems jointly (Interviewee Interface, 12 May 2014):

> "… the fact is a lot of things are very complex, sustainability challenges are impossible to solve as one sector or one organization, so I think you know it is just a necessity. It is not really … a nice thing or it is better than something else. I think it is the only way that a lot of these challenges are going to get addressed in the right way. And I think it is a real skills gap actually" (Interviewee Interface, 12 may 2014).

As Interface lacked adequate knowledge and skills on sourcing fishing nets within impoverished communities, it began searching for people with local and technical expertise that could help the company develop and implement its ideas on the ground. The company aimed to work with experts or organizations that understand local developing markets and are experienced in conservation and community work (Interviewee, 12 May 2014). Obtaining access to knowledge and skills therefore was an important motive to collaborate with ZSL. The latter has considerable experience with regard to coral reef conservation and has strong relationships with community groups in the Danajon Bank as it runs a conservation program on seahorses in that area establishing marine reserves.

Nonetheless, it should be noted that initially Interface did not directly seek collaboration with an NGO specifically. Rather, the company was more concerned with finding people that had adequate knowledge to help the project succeed:

> "I guess the contact was really through Nick's [Net-Works Partnership Manager at ZSL] expertise rather than going to the organization. It was finding the people with expertise" (Interviewee Interface, 12 May 2014).

To explore the possibility of sourcing fishing nets from impoverished communities in the developing world while simultaneously benefiting those communities, Interface hosted a workshop in 2011. A group of approximately 25 experts across sectors was invited to participate in this workshop and to contribute their ideas (The University of Edinburgh, 2014). The current partnership manager at ZSL, Nicholas Hill, also participated in the workshop who was just finishing his PhD on livelihood diversification for conservation in Danajon Bank, central Philippines. As he had considerable expertise on marine biodiversity conservation, local fishing communities, and the problem of discarded fishing nets in the Philippines, Interface contracted him as a consultant (Interviewee ZSL, 29 June 2014). He had important data with regard to how many nets community members have on average and how often they discard their nets (The University of Edinburgh, 2014).

However, because of the size of the project they realized that it was not possible for the latter to remain an independent consultant and that a team was required. Although Hill was not working at ZSL at that time, he had a working history with ZSL. He felt that this organization "was a really good place to take the project and would be a really good partner for Interface for that" (Interviewee ZSL, 29 May 2014). Interface also regarded ZSL as a suitable partner because of its good record of reputation in the science community. The respondent from Interface emphasized that the fact that ZSL is a science-based organization was much more important than the branding:

> "ZSL had a very strong reputation in the kind of expert community but it is not as big, you know. They haven't focused so much on the brand and the marketing and actually that is what we wanted. We wanted someone who was good on the ground, [not] some huge kind of logo that costs a lot of money …. I think here is a danger that bigger NGOs, without naming any names, but that bigger NGOs end up seeing companies just as a way to fund what they want to do so they can give them the logo. Whereas this is a very different model" (Interviewee Interface, 12 May 2014).

Hence, Interface was not primarily driven by motives that relate to enhancing brand awareness. On the other hand, the partnership is instrumental to further Interface's corporate interests and maintain competitive advantage. As a respondent from Interface noted, "we have pioneered but now everyone is catching up" (Interviewee Interface, 12 May 2014). In Interface's annual reports, much emphasis is placed on the competitive strengths of the company and the need to prevent entering a phase of status quo in the "highly competitive commercial floorcovering products market" (Interface, 2014, p. 5). The innovative Net-Works project indeed seems to assist Interface in this venture. Also, Net-Works is instrumental in advancing Interface's business interests; one respondent for instance noted that the company tracks the business value of the partnership in terms of additional sales and additional deals it has helped to close (Interviewee Interface, 12 May 2014).

ZSL's engagement with business is mostly based on the organization's belief that it can play an important role within the corporate sector. As many of the drivers and problems but also many potential solutions of biodiversity loss come from business, ZSL considers companies to have the power to make a large impact in terms of biodiversity conservation. By collaborating with industries and companies, ZSL aims to help them improve their practices, for instance through the Roundtable on Sustainable Palm Oil (RSPO) of which ZSL is a member[2]. The collaboration with Interface on Net-Works differs from these kind of collaborations as it is much more focused on combining the strengths and resources of both ZSL and Interface to develop and run a program that addresses concerns beyond the problems that Interface is creating. Hence, the potential impact of Net-Works is much greater as it also aims at furthering biodiversity conservation and community development.

Before engaging with Interface, ZSL conducted a lengthy process of due diligence on Interface to ensure that there is strategic alignment between the organizations and that no reputational damage is caused to ZSL due to the collaboration. Early on in the study, ZSL came to believe that Interface would be a suitable partner particularly because of the company's reputation as a sustainable leader in the carpet industry:

> "Well I mean it is hard to have concerns to work with a company like Interface, they are leader in sustainability …. Very very little negative comes up for Interface and pretty much all of it is very strong and positive. So I think ZSL was pretty excited to get engaged with Interface. Just the reputation and we knew that they were leaders in sustainability" (Interviewee ZSL, 29 May 2014).

An additional factor that reinforced this view was that the partnership managers from Interface and ZSL already knew each other as they had studied Ecology at the University of Edinburgh together. Hence, there was an initial basis of trust between them.

ZSL regarded the collaboration with Interface on Net-Works particularly appealing because the project has the potential to strengthen ZSL's existing conservation work in the regions where Net-Works is implemented. For instance, ZSL is running a program on the protection of seahorses in the Danajon Bank, called Project Seahorse, and in 2007 ZSL started a community-based mangrove rehabilitation project (CMRP) in the Philippines that aims at empowering local communities to rehabilitate and protect mangrove forests. Also, Net-Works is a useful instrument for ZSL to encourage other companies and organizations to engage in conservation work as the project has considerable exemplary value for other groups that wish to positively contribute to the environment and society.

It appears that Interface and ZSL were driven by different motives to engage in the partnership. Whereas Interface is motivated by the goal to become a restorative enterprise and the corresponding wish to set up an inclusive and circular supply chain for the production of its

[2] The RSPO is an organization that has the purpose to promote palm oil that is produced under environmentally sustainable circumstances and with respect for human rights.

carpet tiles and to reduce their dependence on raw materials, ZSL is involved mainly because of conservation interests:

> "I guess from Interface's perspective, they are more interested in the nylon side of it and the nets in terms of supply and offsetting their dependence on raw materials. But in terms of their environmental kind of interest, they are trying to reduce their dependence on fossil fuels and oil derivatives for the production of products. In terms of ZSL's perspective then it is more about cleaning up the environment. But it is very strong the overlap in the two" (Interviewee ZSL, 11 July 2014).

The fact that Interface and ZSL have slightly different motives did initially not constitute a large impediment as there was considerable overlap between the two organization's respective objectives and because there was considerable trust between the partnership managers. During the first year of the partnership, the project was managed for the most part by the partnership managers with the support of their respective bosses who allowed them to develop their own ideas and views on Net-Works. The background of the partnership managers is largely similar as both hold a degree in Biological Sciences and studied at the same university. As such, between the individuals involved there has been a strong personal connection from the outset. Interestingly, the partnership manager from Interface is not a corporate employee in the traditional sense. Rather, she is viewed by Interface and ZSL as a social 'intrapreneur' that helps Interface become more socially and environmentally enterprising. Hence, there was not a wide divide between the partnership managers in terms of corporate versus conservation interests.

However, as Net-Works expanded in size because it became more successful, an increasing number of individuals and organizational departments have become involved each with their own motives and objectives that need to be bridged. The marketing and sales teams of Interface have gradually become more involved in the communication of the partnership. Also, a core team was established that has the task to manage the partnership on a full-time basis. This team consists of the partnership managers and three other employees from Interface and ZSL. Over time, a significant difference in motives became visible between the Net-Works core team, on the one hand, and Interface and ZSL, on the other:

> "As the Net-Works [core] team I think we work very effectively together and we know what we are trying to do and that involves people from both Interface and ZSL. But then beyond that, with Net-Works to Interface and Net-Works to ZSL there are sometimes more challenges" (Interviewee ZSL, 29 May 2014).

For instance, the marketing and sales department of Interface wishes to focus more on marketing Net-Works to the consumer audience. On the other hand, the Net-Works core team feels that when a film is being geared too much to consumer audiences, the film will not be useful for Net-Works audiences, which are people who are already engaged in similar sorts of projects, i.e. "people engaged in sustainability, people engaged in conservation, people with knowledge of what is inclusive business, etcetera" (Interviewee ZSL, 29 May 2014):

> "… we are producing [a] video now and the idea is that it can be for all audiences but to our team as Net-Works we feel it is being hijacked a little bit by the marketing team and sales team and is being geared much more to consumer audience" (Interviewee ZSL, 29 May 2014).

The core team aims to tell the story of Net-Works and communicate it within the sustainability arena in terms of what can be achieved with these kinds of partnerships so that the project can serve as an example for others, rather than marketing the project specifically to consumers. This clearly illustrates that motives are dependent upon the different individuals and departments within the partnering organizations.

4.2.4 Partnering Stages

Formation

Eight years before Interface and ZSL engaged in a partnership to set up what was to become Net-Works, Interface had attempted to establish a similar project in India in collaboration with local social entrepreneurs. In 2004, Interface developed a natural fiber range for its carpet tiles that was woven by local female artisans in India. Nevertheless, the product (made of waste material from nature) did not succeed commercially, particularly because it "did not look like a traditional carpet tile and that was just not what … clients expected" (Interviewee Interface, 12 May 2014, own translation) and because it needed a different channel to market which made it difficult to commercialize the product (Interviewee Interface, 12 May 2014).

After reflecting on the lessons from the failure of Fairworks, in 2011 Interface came up with an idea of creating an inclusive business model to recycle fishing nets that *did* touch upon Interface's core area of expertise. The nylon from the fishing nets is used as a source for the company's core product lines. It "happens kind of invisibly in the value chain. So, the sales guys, they are selling exactly the same thing and it looks the same and if feels the same but there is this kind of extra element behind it" (Interviewee Interface, 12 May 2014). Interface wondered whether this could also be translated to the community level to benefit impoverished communities. Hence, Interface organized a workshop in which Interface and the participants envisioned how such a business model would look like in three different contexts: (1) in a developed recycling market such as India; (2) in an undeveloped recycling market such as the Philippines; and (3) in West-Africa where a World Bank program for net replacement was in place.

The Philippines model turned out to be most viable to start the pilot. Interface knew that the project could have a great impact in the region of the Danajon Bank in the Philippines because it is home to one of the most threatened coral reefs in the world due to increasing population size and the population's dependence on marine resources. Moreover, the current project manager at ZSL, who attended the workshop, knows the area very well and was able to start working immediately (Interviewee Interface, 12 May 2014). In India, there was already a mature waste and recycling system and therefore the price of the nets was too high to make Net-Works commercially viable. Also, the program could not be implemented on the community level because many citizens are already involved in recycling practices of fishing nets. West-Africa

counts with a World Bank program that allows fishers to exchange illegal fishing gear for legal fishing gear. If Interface would join this program, the ultimate effectiveness of Net-Works would depend on the World Bank program "and that did not really happen. It was a very slow, very big and difficult program" (Interviewee ZSL, 11 August 2014). A study of due diligence indicated that the program did not function adequately as there were several bad practices with regard to the gear exchanges.

Initially, the partnership managers encountered difficulties within their respective organizations to help their colleagues understand the essence of Net-Works, the majority of which still approached the project in terms of a traditional donor relationship. Although there has not been any resistance within ZSL against the partnership with Interface, many staff members understood the collaboration with Interface as if the company would provide their organization with money for the implementation of a conservation program. They would still think of Interface as a donor. In a similar vein, at Interface many staff members "weren't used to talking about an NGO other than 'oh we did this great kind of volunteering thing'" (Interviewee Interface, 12 May 2014). Both partnership managers had to explain their colleagues repeatedly that, although Interface provides financial resources for the project, it involves co-innovation and that it is not an existing program that Interface is funding but a project in which Interface and ZSL are co-creating something that neither organization could do alone:

> "It was challenging within both organizations, the context of both organizations to, shall we say like help our colleagues actually see what we were seeing" (Interviewee Interface, 12 May 2014).

At the outset, the partners did not draw up a partnership agreement or contract. During the first years, they had an informal agreement in place and for the most part decisions were made and agreed upon verbally through presentations and meetings (Interviewee ZSL, 29 May 2014):

> "… that was, you know, we will run for this many months and we will see what will happen … so it started very small going bigger … and we had agreements about approval sign off. Yeah, so it's only now, I guess it's now that it is becoming a longer term prospect" (Interviewee Interface, 12 May 2014).

The partners did not find it imperative to draft a legal contract because they first wanted to wait to see whether the project would indeed have potential and whether it could become successful:

> "So there was always kind of a clear task but it was less long term I suppose. Because we didn't want to say this will definitely work, we wanted to see if it did work. Until you're kind of more confident that something will be a longer term proposition" (Interviewee Interface, 12 May 2014).

The respondent from ZSL explained "it wouldn't have been as easy to have developed that contract earlier because you are figuring out how everything works out and how you work together and to find objectives" (Interviewee ZSL, 29 May 2014). He commented that at an initial stage it is rather difficult to define specific objectives, as they did not know how many nets they would be able to collect and what sort of impacts they expected. They had some ideas about the

sorts of impacts they wanted to have, but did not know the extent of those impacts (Interviewee ZSL, 29 May 2014). By having an informal agreement, the partners had considerable flexibility to find out what the issues were they were facing, how to set the project up, and how the partners could divide their resources and responsibilities. Preparing a legal contract at a later stage provided the partners the opportunity to create a contract with more substance around it.

Moreover, given the trust that already existed among the partnership managers and their bosses "it didn't feel like an added value at that stage" (Interviewee Interface, 12 May 2014). The interviewee from ZSL notes that it is decisive for the further course of the collaboration process with whom initial contact is established within a company. When approaching a company with which no prior connections have been established, "you might end up talking to the wrong person or get in at the top level and first top level connections are made. And then there is artificial connections made below in the chart and you try to make people work on a project together" (Interviewee ZSL, 29 May 2014). In this case, he believes that the partnership will be on a more formal footing based on a prior-established legal partnership contract.

All in all, we can observe that the partnership has been developing and institutionalizing gradually rather than it being a hardened or static structure. In the beginning, the partners approached the project as an experiment and aimed to gradually explore the opportunity to turn the pilot into a more formal project. Both organizations were cautious and took the time to see in what direction the partnership was proceeding. When slowly the viability of Net-Works became visible, only then the partners began to think about formalizing their partnership into a more institutionalized arrangement. In May 2014, when the partnership was underway for almost two years, a three year agreement was signed by Interface and ZSL. This formal agreement contains, for instance, a termination clause on what would happen if one of the partners would breach the contract (Interviewee Interface, 12 May 2014). The development of the contract forced both partners to reflect on the project's future:

> "What would we do if the future parts? So are we saying that actually this is only ever Interface and ZSL or what about our competitors, what about [other NGOs], how do we institutionalize and grow from that kind of initial partnership? … This was great to get it off the ground, and then one of the challenges with ZSL is what about the future? And what organizational structure might we need to support in the future? What roles would we then play? … The intellectual property side, the trademarking side, the rights to use it, the rights to sublicense it, all that kind of things" (Interviewee Interface, 12 May 2008).

These are questions that are more critical to the partner organization's core activities and therefore might potentially pose new challenges in the future to the partnership.

Implementation

Net-Works is managed by the Net-Works core team (see *Paragraph 4.2.3*) and a steering group. The steering group consists of the partnership managers from both organizations and their respective bosses. This group meets once a month to coordinate Net-Works and discuss the design and future of the project. Fifty percent of the time of the project manager from ZSL is

allocated to Net-Works and that time is paid for by Interface. The Net-Works core team discusses the more operational aspects of the project, for instance with regard to the bailing or export of the fishing nets. The core team is currently funded by Interface but will over time be financed by the income from the various Net-Works hubs. At the moment, the Net-Works core team is building a funding pipeline. Interface has funded the Philippines model in order to set up the project that can serve as a prototype. This involved an investment of approximately "a few tons" (Interviewee Interface, 12 May 2014). At the moment the team is developing a toolkit that can guide other individuals or entities with implementing the model in other places. The toolkit provides guidelines and parameters on how to develop and set up a Net-Works supply hub. The core team's role is to fundraise resources for the initial investment to set up these new hubs, to train people and to find the right partners. So far, the team found funding for the Cameroon expansion, which is a three-year program, and for expansion to more sites in the Philippines (Interviewee ZSL, 29 May 2014).

Interface mostly provides technical input and support to the implementation of the project. For instance, Interface contributed significant skills and expertise to the bailing of the nets, making sure that the partners reached the right density of nets to make transportation efficient and to collect enough of them in the container to cover the costs of the transport. Furthermore, Interface develops the majority of the material that is used for the external communication of the project. Finally, Interface provides significant input to managing the project and making it a sustainable business model. Aquafil, one of Interface's largest yarn suppliers, buys the fishing nets that are collected by fishing communities and subsequently recycles them into new carpet yarn as a source for Interface's carpet tiles. The nets are assembled at a central location for packaging and shipping to Slovenia where Aquafil's factory is located. Finally, ZSL is largely responsible for the implementation of the project on the ground, which involves managing the relationships with the people in the communities and making sure that the communities set up a supply chain. ZSL has two local offices in the Philippines that are operated by local staff. In addition, ZSL is in charge of the baseline monitoring with regard to the evaluation of the biophysical and socio-economic aspects of the project.

In the summer of 2012 a pilot was launched with four communities in Danajon Bank in the central Philippines. This pilot was aimed at gauging how many nets could be collected and whether the communities were willing to participate. Initially, the partners were not sure whether the project would work, but in the end they were able to attain their target of collecting one ton of fishing nets. "I mean I think it is kind of a miracle that it is working at all" (Interviewee Interface, 12 May 2014). Between June and October of 2012 the viability of the project was established, which resulted in an expansion of the Net-Works program. In May 2013, the program had expanded to 26 participating villages and about 8,850 kg of discarded fishing nets had been collected (Interface and ZSL, n.d.).

Nevertheless, there are also many practical and logistical barriers to collecting the fishing nets. In order to obtain sufficient material for Interface's carpet tiles, a large amount of nets needs to be

collected. Unfortunate events such as a broken baler that bales the fishing nets and broken boats that transport the bales from the different islands to the central ports can significantly slow down the implementation on the ground. To collect an adequate amount of fishing nets, a large number of villages and people need to become involved. This is also challenging as the respondent from Interface notes: "how do you make sure you pay more than minimum wage, people then going off and just not coming to work?". As the partners intend to make Net-Works self-sustaining without dependence on subsidies, it is important to reduce costs. Then other important questions come up:

> "But how do you reduce costs while still giving kind of fair wages? How do you increase revenue by increasing the amount of nets coming in? Or how do you increase revenue by getting the quality of the nets better so that Aquafil pays a higher price? We have been playing around with all of those different elements, and some of them worked, others don't" (Interviewee Interface, 12 May 2014).

Also, external forces can complicate the operation of Net-Works. In October and November of 2013, Net-Works suffered from a tough setback as the region in the Philippines were the project is being implemented was affected by an earthquake and a typhoon. Luckily, these unfortunate disasters did not exclusively bring suffering because Net-Works was able to offer an important source of additional income to the communities that were hit by the disasters (Davis, 2013).

Recently, the partners have been directing more efforts to the external communication of Net-Works. At the moment, they have been working on the development of a more coherent communication strategy, ensuring that the communication departments of both organizations become more aligned. From the outset, the focus of the different communication teams has been slightly different. For the communication team from ZSL communicating Net-Works to the public revolves around the environmental and conservation aspects and how it fits with their bigger strategy around livelihood diversification. For Interface the key message is more about how this fits in with the strategic vision of Interface. Hence, the partners want to make sure that communications of the communication department of either organization aligns to what both organizations are doing (Interviewee ZSL, 12 May 2014). So far, this is going well. Interface and ZSL recently launched a short film on Net-Works. Both partnership managers went to the Philippines to film and they were both involved in the editing of the film to make sure that in it reflected the needs and desires of both organizations. Also, the partners are currently developing a Net-Works website. "It is not ZSL, it is not Interface; it is just Net-Works by itself" (Interviewee ZSL, 12 May 2014).

Aligning the communication objectives of the Net-Works core team and those of the sales and marketing team at Interface has been challenging as well, as was discussed in Paragraph 4.2.3. On top of that, there were cultural differences because the Net-Works core team mainly consists of British and Filipino staff, while most within Interface's sales and marketing team are American:

> "So you have to be quite careful when discussing these sorts of issues that you don't offend people. But I think we are fairly good at that. So the main thing is just being open and honest and making sure that each of you makes your points heard and listen to other points as well, but we are still going through that process at the moment" (Interviewee ZSL, 29 May 2014).

Despite these challenges, both Interface and ZSL are satisfied with the progress Net-Works has made so far and expressed that the partnership has even surpassed their expectations. As a result, the partners' interest in the partnership has increased even further, which in turn has led to an intensification of their commitment to achieving the overall partnership objectives. This has for instance been evidenced by the increase in allocated resources for Net-Works on the part of Interface in the management and communication of the partnership.

Evaluation

Interface and ZSL have a monthly evaluation program in place to track the progress and performance of Net-Works. This evaluation program operates on the basis of a variety of performance indicators that include, among others, the number of collection sites that have been set up, the number of villages where Net-Works is being implemented, the amount of nets that have been collected, the number of households that have been reached and involved in the program, and the amount of income that has been distributed among the community members. For instance, during the pilot in the Danajon Bank the partners set simple targets to test whether the communities would actually collect the nets and bring them to the collection sites. In this way they wanted to ascertain whether Net-Works indeed could become a viable business model:

> "So the first few weeks we said "does this look like it that there could be enough nets to support the model?" and then when that was the case we said" OK well in six months let's see if we collect one or two tons from five or six villages. If yes, then it looks like it is viable" (Interviewee Interface, 12 May 2014).

As neither of the partners had experience with collecting nets from local fishing communities, they initially did not have a clear basis to set specific targets. For instance, during the first six months they set the objective to collect one ton of fishing nets, but: "We didn't really have any basis for choosing that target … other than that it sounded like a round number" (Interviewee ZSL, 29 May 2014). It was a true learning process based on the principle of doing by learning.

The partners have experienced that it is less straightforward to determine how marine biodiversity is benefiting as a result of their efforts to remove fishing nets and preventing them from getting lost on the beaches and in the ocean. Currently, the impact on biodiversity is being determined by means of measuring the reduction in fishing nets that are lying around on the beaches. The more nets are being removed from the marine environment; the less marine life and ecosystems are physically harmed and altered. Indicators Interface and ZSL use include the proportion of the beach that is covered by net waste and the size of the dumps, which is measured by means of studying the dumps' length, width and depth. Yet, it is much more complicated to statistically determine how the marine biodiversity in the area is benefiting from

the project. According to the project manager of Net-Works at ZSL this is an aspect the partners might not be able to credibly measure with specific, measurable indicators, rightly because there are so many projects focused on the conservation of marine biodiversity … and there are so many … influences on marine biodiversity" that it is not possible to precisely determine the impact of Net-Works (Interviewee ZSL, 11 July 2014).

4.2.5 Third Party Intervention

The respondents from Interface and ZSL stated that both organizations have sufficient expertise and skills to run Net-Works. The local office of ZSL in the Philippines largely performs the implementation of the project on the ground. Interface and Aquafil contribute to the logistical aspects in terms of baling the nets and shipping them to the factory. The monitoring and evaluation of Net-Works is performed by ZSL's scientific research division. However, as the partners seek to expand the Net-Works model to other countries in the near future – so that other individuals and organizations can replicate the model – there might be a need for verification to ensure that each of those sites follow the principles of the Net-Works model. Those that wish to replicate the Net-Works model will have to adhere to certain standards:

> "And at that point I think we need to be able to… you want certain standards to be applied if you are to use the Net-Works name and so on and with it. So that points the need for third party verification at some point to happen, but that is probably a bit further down the line" (Interviewee ZSL, 29 May 2014).

On the other hand, the respondent from Interface expressed the concern that outsourcing this task to a third party is a disputable issue because the local teams might be able to do that themselves and thereby save considerable expenses (Interviewee Interface, 12 May 2014). Moreover, in case a third party is contracted, it is important to make sure that the project itself remains self-sustaining. If this is not the case, it might become too expensive to contract a third party because the costs cannot be recovered (Interviewee Interface, 12 May 2014).

In order to demonstrate the monetary value of Net-Works the partners contracted the organization Trucost. Trucost is an organization that is specialized in environmental impact calculations. Previously, this organization has helped Interface develop an environmental profit and loss account, which involves an analysis of a company's environmental impact in financial terms (Trucost, 2014). Currently, Interface, ZSL and Trucost are working on determining the financial value of the benefit of removing a kilo of nets from the marine environment, or in other words, to translate the direct and indirect impacts of discarded nets from the environment into monetary value. The respondent from ZSL does not consider this as monitoring or evaluation, but "more just of an evaluation exercise" that presents an added value (Interviewee ZSL, 12 May 2014).

According to the partnership manager of ZSL, the partners would also like to do something similar in terms of the Public Relations value of Net-Works. This involves presenting a dollar

value on the return of the amount of resources an organization put in communicating such projects and whether this leads to an enhanced image of the organization:

> "I think a lot of organizations would say we wouldn't do the same sort of thing because we can't afford to do it. And that would be really good if there was a way of associating a dollar value with what we are doing" (Interviewee ZSL, 29 May 2014).

Determining the marketing value of Net-Works may be less important for ZSL, but can certainly be helpful for encouraging other companies and industries to start taking the same approach as it demonstrates that it can be financially beneficial to engage in a business model like Net-Works. ZSL hopes to demonstrate to others that setting up a business model like Net-Works is not necessarily a luxury that is unaffordable, thus selling the approach and presenting a business case. As Interface and ZSL themselves have the expertise and skills to perform these calculations at a certain stage they might need assistance from an external third party.

Another potential role a third party could perform in the context of business-NGO partnerships is the organization of forums where companies and NGOs can meet and jointly explore opportunities to collaborate. A variety of such forums already exist; however, the partnership manager from ZSL believes that many of these platforms focus on organizations and people that already are familiar with cross-sector partnering, rather than bringing inexperienced people and organizations together. In addition, most of these forums work on a basis of "you and you pair up and go and try do best" instead of offering an environment where potential partners have the space and time to jointly explore their common interests and hear about real examples from the field so that they can understand what they could potentially achieve. During this process, they should be supported by a third party that can help them understand what it is that they could potentially achieve together.

4.2.6 Conclusion

Overall, Net-Works can be characterized as a well-functioning partnership with high levels of trust and respect between the partners. It started out as a voluntary and temporary arrangement, but is now gradually evolving into a more institutionalized and professional organizational-like structure. Besides the support from Aquafil, no third party support was required during the partnership process for the partnership to function properly. The partners had all the expertise and skills they needed to adequately implement and evaluate Net-Works. The partners did reach out to Trucost in order to add an additional dimension to express the impacts of Net-Works in monetary value but this was not crucial to the survival of the partnership.

Despite its success, there are still important challenges ahead. The success and current expansion of the partnership has raised important questions with regard to the future of Net-Works. These questions are more critical to the partners' respective core activities and require answers that not only are congruent with Interface's and ZSL's interests, but also with those of the Net-Works core team that over time developed its own dynamics and objectives. Over the years, additional

organizational departments have become involved, each with their own objectives. Hence, new relationships are being developed that require trust building and bridging of these objectives.

4.3 Argos Energies and Solidaridad

4.3.1 Partnering Organizations

In 2009, Argos, Solidaridad and WWF Brazil entered into a partnership with the purpose to set up a certified supply chain of sugarcane ethanol. As WWF Brazil played a more limited role than Solidaridad and Argos (Interviewee Solidaridad, 22 May 2014), the present study predominantly focuses on the partnership process between Solidaridad and Argos.

Solidaridad was founded in 1969 as an advent campaign in aid of Latin America. Solidaridad views itself as a transition manager that facilitates the transition towards sustainable supply chains and markets, while supporting local producers and workers. Solidaridad has considerable experience in the development of fair and sustainable supply chains. Already in 1988 the organization founded the Fairtrade label for coffee Max Havelaar (Solidaridad, 2011). Today, it has a variety of commodity-specific programs that focus on a broad range of commodities, such as coffee, sugarcane, cacao and tea. In these programs Solidaridad works with all actors in the supply chain – including producers, traders, companies and consumers – in an attempt to gear the global production system towards sustainability. During the past decade, Solidaridad has engaged in a variety of partnerships with large companies, such as Nestlé and Unilever. While for many decades Solidaridad was based exclusively in the Netherlands, in 2009 an international network was established that consists of nine regional centers in Africa, Asia, Europe, and Latin America (Solidaridad, 2014).

Argos, formerly known as 'North Sea Group' and 'Van der Sluijs Groep', is a multinational oil corporation that is active in the West-European oil and energy market. Argos is the result of a merger between North Sea Group and Argos Oil in 2011. The company has its headquarters in Rotterdam, The Netherlands, and has a variety of additional offices in Europe, Asia and South America (Argos, 2011). Argos provides wholesaler and logistics services to oil companies, international shipping firms, trading firms and resellers. Moreover, the company exploits a large number of service stations. During the past years Argos has dedicated considerable effort to becoming a major supplier of low emission energy and to developing sustainable biofuels that do not compete with the production of food crops (Argos, 2014a). Argos' mission is "to serve the Western European market on land, at sea and in the air as a front runner in the field of (bio) fuels, (renewable) energy and related services with a well-balanced range of sustainable and innovative products" (Argos, 2014b). Although Argos has interacted with other NGOs prior to the partnership, for instance through participation in round tables, Solidaridad is the first NGO with which the company collaborates strategically (Interviewee Argos, 4 June 2014).

4.3.2 *Partnership Objective*

The main aim of the collaboration between Solidaridad, Argos and WWF Brazil was to develop a certified chain of sugarcane ethanol from Brazil to the European oil market under the Bonsucro certification system (Interviewee Solidaridad, 22 May 2014). Bonsucro is an organization that warrants the worldwide standard for sustainable sugarcane. The standard applies not only to raw sugar, but also to other products, such as sugarcane ethanol as is the case with the partnership between Solidaridad, Argos and WWF Brazil. The standard guarantees sustainable production of sugarcane that is harvested under social and environmental friendly circumstances ('Real Benefit Sharing', 2013). It is a comprehensive standard as it covers a wide range of social and environmental principles, including (1) compliance with national and international laws, (2) respect for human rights and labor standards, (3) management of input, production and processing efficiencies to enhance sustainability, (4) active management of biodiversity and ecosystem services, and (5) continuous improvement of key business areas. Under each principle there are several criteria that must be fulfilled. In order to achieve compliance with the standard, 80 percent of the criteria under each principle must be fulfilled (Bonsucro, 2011).

At the outset of the partnership, the Bonsucro certification system had not been implemented elsewhere. The partners therefore aimed "to create proof of concept for Bonsucro certification and go through the learning curve of Bonsucro certification" ('Real Benefit Sharing', 2013, p. 3). Although several other certification schemes exist for bioethanol (e.g. ISCC, Rainforest Alliance), the partners preferred the Bonsucro certification for a variety of reasons. First of all, Solidaridad has helped design and shape the Bonsucro standard and is an active member of Bonsucro. Solidaridad believes that Bonsucro is a more credible and qualitatively better standard compared to competing standards, as the latter are less comprehensive. Moreover, the Brazilian market was more receptive to the Bonsucro standard than the competing ISCC standard because it has been developed through a multi-stakeholder process incorporating a variety of stakeholders from different countries, including Brazil. Conversely, the ISCC standard is the creation of exclusively European parties (Interviewee Solidaridad, 1 August 2014).

The partnership objective was sought to be achieved through five intervention lines: (1) retraining of redundant cutters, (2) support farmers in applying Better Agricultural Practices of Bonsucro, (3) assessing the potential for sourcing sustainable sugarcane ethanol from Northeast Brazil, (4) Bonsucro certification of Brazilian ethanol, and (5) traceability of certified ethanol. Through the five intervention lines the partners aimed to engage all actors of the sugarcane ethanol supply chain in the project. Redundant cane cutters were offered retraining courses either for jobs in the mechanized sugarcane industry or for jobs outside of the industry; farmers were offered the opportunity to engage in a Bonsucro certification process to improve the social and environmental impact of sugarcane cultivation; and a number of mills were invited to become subject to the Bonsucro certification pilot. Finally, Argos engaged to certify its supply chain through Bonsucro, ensuring the traceability of its ethanol. Making ethanol traceable means

that the end user is able to verify the source, history and properties of the ethanol ('Real benefit Sharing', 2013).

4.3.3 Partnering Motives

Argos and Solidaridad shared the aspiration to effectuate a transition towards sustainability in the biofuel market by means of establishing a sustainable, Bonsucro certified sugarcane ethanol supply chain. Both partners were guided by a pragmatic perspective in that they regarded the partnership as instrumental to achieving their organizational interests. Although both partners were driven by pragmatic rationales, their motives to engage in the partnership differed.

A seemingly important motive for Argos to set up a sustainable and certified supply chain was to gain and maintain competitive advantage. Argos is the first company in the Netherlands to have introduced biofuels to consumers and currently the company is the largest distributor of biofuels in The Netherlands (Rácz et al., 2012). The respondent explained that at the beginning of the partnership Argos expected that the biofuel market would expand significantly, partly because the European Renewable Energy Directive (EU-RED) specified in 2009 that by 2020 all fuels would need to consist of at least ten percent biofuel (European Commission, 2009. Argos estimated that particularly the Brazilian sugarcane ethanol market would grow and therefore wished to establish a supply chain from Brazil to Europe. As Argos aims to become and remain a frontrunner in the field of biofuels, the company wanted to ensure:

> "… that the moment those big volumes would come to Europe [Argos] at least would have [its] chain in order and be the first to bring those big volumes to Rotterdam" (Interviewee Argos, 4 June 2014, own translation).

EU-RED specifies that raw material for the production of biofuels need to fulfill two main sets of sustainability criteria, namely: (1) savings in greenhouse gas emission of at least 35 percent, and (2) land-use requirements, which specify that biofuels may not be made out of raw materials from land with high biodiversity value and from land with high carbon stock (European Commission, 2009). As Argos lacked adequate knowledge about sustainable biofuels and the local biofuel market in Brazil, it sensed that it was advantageous to work closely with local biofuel suppliers and NGOs that have local presence in Brazil, in this case Solidaridad and WWF Brazil. The respondent from Argos expressed that it was necessary to be involved on the ground because "from our seats in Rotterdam we cannot say whether a producer in Brazil acts sustainable or not. We really need specialists for that" (Interviewee Argos, 4 June 2014, own translation).

Another motive of Argos to engage in the partnership and to become Bonsucro certified was to contribute to an enhanced legitimacy of the relatively underdeveloped and controversial biofuel industry by demonstrating that it *is* possible to responsibly and sustainably produce biofuels and "that it is good to blend biofuels from Brazil with fuels here in Europe" (Interviewee Argos, 4 June 2014, own translation). As a result of the widespread concerns about the sustainability of

biofuels, in 2009 the Dutch government reduced the mandatory percentage of biofuels in transport from 5.75 percent to 4 percent for 2010 (Keswiel, 2010). A common discussion around biofuels involves the sustainability of biofuels and the trade-off between food production and fuel supply. Argos' stakes in the biofuel sector are substantive because biofuels are an important core activity of the company (Argos, 2011). Hence, Argos has interest in a thriving biofuel sector. Through Bonsucro certification Argos can demonstrate that the sustainability concerns of biofuels does not apply to Argos. Enhancing legitimacy and managing risk therefore were clear motives for Argos to engage in the partnership with Solidaridad and set up a sustainable sugarcane ethanol chain.

Brand awareness was not an important objective for Argos. As the respondent from Argos stated: "It [was] not a promotional stunt" (Interviewee Argos, 4 June 2014, own translation). The fact that Argos did not press for extensive communication of the partnership indicates to a certain degree that it was not involved with Solidaridad for marketing purposes. However, collaboration with an NGO did offer Argos an extra sprinkle of credibility. Although this might not have been Argos' primary motive for engaging in a collaborative arrangement with Solidaridad and WWF Brazil, the company certainly came to recognize over time that this is a useful benefit of the partnership:

> "What is very positive is that if an external party says that the stream of biofuels you take in indeed is sustainable … If we yell: we from 'Wc eend' recommend 'Wc eend', well … that is just less positive, less credible" (Interviewee Argos, 4 June 2014, own translation).

Finally, another apparent motive of Argos to engage in the partnership appears to be access to funding. This can be derived from the fact that the partnership became serious when Solidaridad informed Argos about the existence of a fund of one million Euros for the sustainable biomass from of Agency NL, a former branch office of the Ministry of Economic Affairs in The Netherlands. Additionally, the respondent from Solidaridad argued that his organization made a considerably larger investment in the project than Argos did:

> "Well, I think that Solidaridad has made a much larger investment than Argos. And I did not always think it was that fair. But well, the willingness of companies to invest money in something is quite limited and in that moment we were at a stage that we really wanted to start with the sugarcane program. And we were also willing to do the investment ourselves" (Interviewee from Solidaridad, 22 May 2014, own translation).

Compared to a consumer facing company that is generally more willing to invest a higher amount of resources because the value of the collaboration is much larger for the brand, Argos argued that it could not permit the extra costs because of small margins. Although today Argos *is* a consumer facing company because it possesses a large number of service stations in The Netherlands, Belgium and Germany; at the time Argos engaged in the partnership with Solidaridad this was not the case as it only focused on large-scale international sourcing of biofuels. Only after the fusion with Argos Oil in 2011, the company started to provide services to consumers.

For Solidaridad, the partnership with Argos was mainly a way to achieve a greater and more direct impact in facilitating a transition to a fair and sustainable sugarcane ethanol chains. Solidaridad's interaction with the private sector somehow began when it established the Fairtrade label of Max Havelaar in 1988. While this model has improved the livelihoods of many smallholders, the possibility for expansion is limited for two reasons. First of all, only a small percentage of consumers are willing to buy Fairtrade products. Second, it is relatively laborious to create fair and sustainable production chains from scratch (Interviewee Solidaridad, 22 May 2014). In order to be able to create a greater impact Solidaridad began to shift its focus towards working with companies with existing commodity chains:

> "At a certain point we said: why don't we turn it around, why don't we start working with companies that already have supply chains and go from that side deeper into the supply chain… to work from the roots of those supply chains for better working conditions, for farmers that are more sustainable and thus also can obtain better income from their farm?" (Interviewee Solidaridad, 22 May 2014, own translation).

Solidaridad takes the perspective that corporations are key change makers (Solidaridad, 2010). According to the organization, sustainable production and trade are contingent upon the behavior of market actors. "They can achieve what no single development organization could ever achieve on its own" (Solidaridad, 2010, p. 4).

> "… If we can make those big companies adjust their course with two degrees, then that has a bigger impact than when we establish a small company in the niche of the market, which only reaches a few people" (Interviewee Solidaridad, 22 May 2014, own translation).

The NGO therefore engages in partnerships with those companies that can bring about important changes within the sector.

Solidaridad was particularly interested in collaborating with Argos rightly because of the impact the company could have within the biofuel sector. At that time, the company possessed a market share of fifty percent in the supply of petrol stations in The Netherlands. Solidaridad therefore believed that, if Argos would set up a sustainable supply chain, it could set an important example for other companies in the sector. Through collaboration with Argos, Solidaridad could show to other companies in the sector how to establish a certified supply chain as this had not been done before with regard to biofuels. The collaboration with Argos came at a convenient moment because at the time of the first encounter between both organizations, Solidaridad had plans to establish a sugarcane program on biofuels. Argos could contribute considerable knowledge on the ethanol market to the project, which would enable Solidaridad to set up market relevant project (Interviewee Solidaridad, 22 May 2014).

Throughout the partnership process the different motives of Argos and Solidaridad to engage in the partnership did not constitute a major difficulty, as they could be easily linked. However, it did start to pose an obstacle when it turned out that market circumstances had changed and for Argos the business value of the partnership disappeared. At the outset, the overall partnership objective was strongly linked to Argos' economic interests. Nevertheless, as the prices of

Brazilian sugarcane ethanol rose due to a combination of strong internal demand, an overvalued Brazilian Real and more favorable prices of American corn ethanol, for Argos it was not economically favorable anymore to import biofuels from Brazil. Corn ethanol from the United States and from Europe gained a much better market position and therefore it was more attractive for Argos to buy ethanol from those countries (Interviewee Solidaridad, 22 May 2014). As soon as Argos' supply chain became certified, the company had achieved its main objective and there was no strong reason to continue the partnership anymore, as it was not economically advantageous. As Solidaridad does not focus on corn as a commodity, the strategic ground for collaboration disappeared. In June 2013, the partners decided to quietly dissolve the partnership, one year before the partnership agreement ended.

4.3.4 Partnership Stages

Formation

Argos nor Solidaridad explicitly sought to initiate a strategic partnership on biofuels. The first time the partnering organizations discussed the opportunity to engage in a partnership was when the current director of Solidaridad's Latin American office met with the Director of Biofuels from Van Der Sluijs Groep (former name of Argos) on a business trip to Brazil. Both had been invited by investors to visit a large sugarcane plantation that was still in construction. At that moment, Argos was in the process of expanding its market share in the European market, including in the biofuel market. However, Argos was concerned about social unrest that had arisen regarding the question whether biofuels actually are sustainable. Collaboration with Solidaridad could help Argos establish a fair and sustainable chain of ethanol from Brazil to the Netherlands. Solidaridad, on the other hand, was particularly interested in collaboration as a partnership with Argos could help Solidaridad make a large impact in the biofuel industry (see Paragraph 4.3.4).

Back in the Netherlands, Argos and Solidaridad explored the possibility to establish a sustainable sugarcane ethanol supply chain through thought experiment. The collaboration became more serious when Solidaridad learned of the existence of a fund from Agency NL for projects aimed at the development of sustainable biomass. Solidaridad contacted Argos and after deliberation the partners decided to send in a proposal. As the requirements of the fund specified that a local party needed to be involved in the project, the partners decided to invite World Wildlife Fund Brazil to join the project. At that moment, Solidaridad still had no formal local presence in Brazil and, given the fact that Solidaridad cooperated with WWF Brazil on a regular basis, WWF Brazil was a suitable partner. Eventually, Agency NL accepted the proposal and assigned a subsidy of approximately 1 million Euros to the project (Interviewee Solidaridad, 22 May 2014).

Solidaridad did not conduct a rigorous due diligence study of Argos' records. Except for businesses in the tobacco industry, there are few companies with which Solidaridad is reluctant to engage strategically. Apart from the tobacco sector (produces a product that is damaging to

human health) Solidaridad does not maintain strict criteria with which companies have to fulfill to become a corporate partner. Obviously, any partnership in which Solidaridad engages must offer sufficient strategic ground between the partners and must have a large impact on the sector in which the respective company operates (Interviewee Solidaridad, 22 May 2014).

The initial negotiations of the partnership went relatively smoothly. All parties negotiated what they wanted to achieve individually and subsequently integrated these objectives in a common partnership objective. Argos' main priority concerned the certification of its supply chain to ensure sustainability of its biofuels. Solidaridad had the same objective but also wanted the project to involve a social dimension such as retraining redundant sugarcane cutters (Interviewee Argos, 4 June 2014). The organizations then prepared a MoU, which took them approximately one month to prepare and sign. The respondent from Solidaridad pointed out that this is relatively fast because normally these kinds of negotiations take much longer. He believes that part of the reason was that in the initial MoU there was no clause on the external communication of the partnership. Only one paragraph was included on this matter in which was specified that both partner organizations needed to agree on the content of external communications about the partnership (Interviewee Solidaridad, 22 May 2014).

Usually, in partnerships that Solidaridad enters the communication clause is an element that takes quite some time to agree: "the communication department is often where things can get out of hand enormously because then they want that everything stays within the corporate branding" (Interviewee Solidaridad, 22 May 2014). According to the respondent from Solidaridad, the fact that little attention was paid to a communication clause could be explained by the fact that Argos is not that much of a consumer-facing company and thus less concerned with achieving visibility. Moreover, Solidaridad was less concerned with protecting its image than it is today:

> "We did not face that problem with them [Argos] and, on top of that, we as an organization were less strict regarding that matter because our brand value as Solidaridad was lower than it is now" (Interviewee Solidaridad, 22 May 2014, own translation).

An important aspect that did require some negotiation was the number of years the project was supposed to last. Whereas Argos wanted to achieve the project objectives within one or two years, Solidaridad pointed out that this was practically impossible and that at least 5 to 6 years were necessary to complete the project:

> In the land of oil that is just very long. Our wish particularly was to bring those sustainable volumes as fast as possible to here, whereas they said in actually a very conservative way in our opinion: "no, the basis has to be good first … and then we will upscale" …. Then we put some pressure, like "well, two year is the max". We do not undertake projects for three, four, five years. Eventually, it did last that long, like four years. So that was something I had to adjust to (Interviewee Argos, 4 June 2014, own translation).

Implementation

A supervisory board, the so-called Project Steering Committee, governed the partnership. The board consisted of one employee each from Solidaridad, Argos and WWF Brazil. Besides, there was a project leader who reported the board on the progress of the project and the need for changes (see Figure 1). Throughout the project, the board gathered on seven occasions (Interviewee Solidaridad, 22 May 2014).

Each partner was responsible for the implementation of different intervention lines of the project (see Figure 1). The redundant cutter retraining program was implemented by Solidaridad in cooperation with local partners in Brazil. Solidaridad and WWF Brazil, in cooperation with local partners, executed the farmer support activities. The Copernicus Institute from Utrecht University was contracted to perform the study on the potential for sourcing sustainable sugarcane ethanol from Northeast Brazil. All project partners were responsible for the certification of mills that produced Brazilian ethanol through Bonsucro. Finally, the task of guaranteeing traceability of certified ethanol through the establishment of traceability systems was performed by Argos (*Real Benefit Sharing*, 2013).

All in all, Solidaridad was mainly responsible for the social and environmental aspects of the partnership, while Argos was largely involved in commercial aspects. As such, the tasks and responsibilities of the partners were rather compartmentalized and there was not a lot of co-implementation on the ground. On the other hand, from the outset the partners agreed that Solidaridad would invest more efforts in the implementation of the partnership on the ground than Argos (Interviewee Solidaridad, 22 May 2014). For Solidaridad this did not constitute a major nuisance because Argos was not sufficiently experienced to do so:

> "Everyone brings in its own quality in such a partnership of course and it is happens that the fieldwork yes Argos does not have any experience with that. They don't know anything about agriculture and that kind of support programs. And that is where the crux of the work lies … That we do more is not so much the problem" (Interviewee Solidaridad, 22 May 2014, own translation).

On the other hand, Argos certified its supply chain and actively participated in presentations at conferences and meetings in which it explained how it passed through all the steps to certify its supply chain through Bonsucro. In so doing, it encouraged other companies to become Bonsucro certified as well and to adopt more sustainable practices. The respondents from both organizations noted that they would not have been able to execute the project on their own because there was a high level of integration of knowledge and expertise from both sides. For instance, the respondent from Solidaridad expressed that they learned about the functioning of the sugarcane ethanol market of which they previously did not have knowledge.

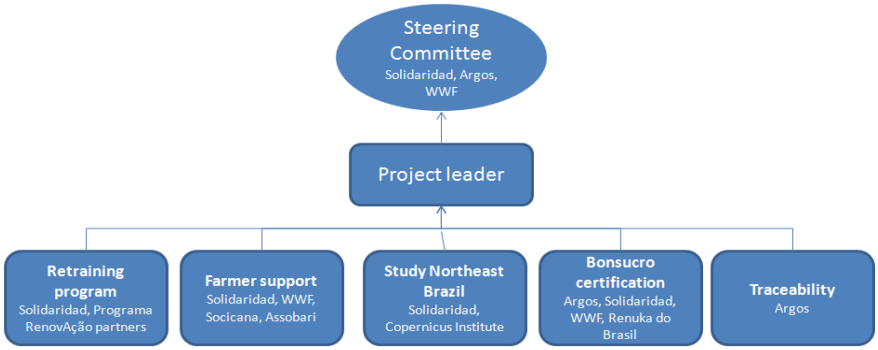

Figure 1: Governance Structure (Source: Real Benefit Sharing, 2013)

The original idea of the partners was to develop a retraining program on their own. However, this turned out to be too costly given the small size of the available project budget. Hence, the partners joined an existing retraining program called *Projecto RenovAção* in order to minimize development and transaction costs. The farmer support program proved challenging because it was difficult to encourage farmers to engage in the certification process, yet eventually through the development of a Producer Support & Loyalty Tool, "farmers could be engaged in a process of performance enhancement that could result in certification over time" (Real Benefit Sharing, 2013, p. 10). The tool offers farmers the opportunity to self-assess their economic, social and environmental performance (Interviewee Solidaridad, 22 May 2014). Engaging the mills in certification processes was not easy either. Four mills that had demonstrated an initial willingness to participate in the certification pilot withdrew, mostly "because the industry was going through a rough time and wanted to focus on the bottom line" (Real Benefit Sharing, 2013, p. 12). Throughout the project, only one mill completed the certification pilot (Real Benefit Sharing, 2013).

Although the partners succeeded to set up a sustainable supply chain, they did so on a much smaller scale as initially envisioned. When the project was being designed, it was contemplated that the Brazilian sugarcane ethanol sector would become the largest provider of ethanol to the European market. However, soon after the project took off, the Brazilian ethanol market changed due to a combination of strong internal demand, an overvalued Brazilian Real and more favorable prices of American corn ethanol. Despite this setback, the partners decided to continue their work to set up a certified supply chain because they wanted to continue the learning curve of how to set up a certified supply chain and Argos wanted to get Bonsucro certified. Argos found another lucrative approach to incorporate sugarcane ethanol into its chain of custody. The company invested in the import of a batch of *hydrous* (wet) sugarcane ethanol, rather than the *anhydrous* (dry) sugarcane ethanol on which the certified supply chain originally was to be based. Hydrous ethanol has lower production costs as a result of lower energy use and therefore is less expensive. In the Netherlands, Argos introduced the hydrous ethanol under the name of

BlueOne95. In the end, it was therefore possible to set up a certified supply chain and for Argos to become Bonsucro certified (Interviewee Solidaridad, 22 May 2014).

Although Argos and Solidaridad communicated about the first shipment of hydrous ethanol that arrived from Brazil in the context of the partnership, the Bonsucro certified supply chain of the hydrous ethanol was set up by Argos outside of the partnership project (Interviewee Solidaridad, 22 May 2014).

> Setting up the chain for BlueOne95, [Argos] did that. I think that they would have done that any way, but it indeed was a way to do that really sustainable. So they have done that, but those costs have not been made within this project (Interviewee Solidaridad, 22 May 2014).

Argos shared its experiences and lessons with its peers and Bonsucro in the Bonsucro EU working group (Real Benefit Sharing, 2013). Although the eventual certified supply chain was not set up within the context of the partnership, Solidaridad now has the knowledge and experience to set up such a chain. Moreover, they have demonstrated that it is feasible to obtain Bonsucro certification and have been able to communicate the lessons learned from the process in obtaining this certification. As such, despite the termination of the partnership, to a certain degree the collaboration did fulfill the overarching partnership objective and from the partners point of view the collaboration had been successful (Interviewee Solidaridad, 22 May 2014).

The respondents maintained that the decision to end the partnership had nothing to do with the relationship between Argos and Solidaridad. Throughout the collaboration there was a lot of trust between the partners and that the chemistry in the group was very good. Negotiations always involved open discussions with high levels of trust. All members always listened carefully to each other and consensus could be easily reached. Milestones were celebrated every now and then and there was a genuine interest of the partners in each other's respective expertise (Interviewee Solidaridad, 22 May 2014). Moreover, employees from Solidaridad and Argos regularly ran into each other at congresses and conferences on the subject of biomass, which created a sense of kinship:

> "And then we always had a feeling of … we're in this together or something like that … we perhaps might have experienced it a bit as a common adventure. This might sound vague, but it is just something of which you think 'OK this has never been done before and we are going to do this together'" (Interviewee Solidaridad, 22 May 2014, own translation).

The respondent from Argos emphasized that he was particularly pleased with Solidaridad's attitude towards Argos: "many other NGOs are very judgmental and often yell: no, no, no, that is not possible, whereas Solidaridad really seeks dialogue" (Interviewee Argos, 4 June 2014, own translation). For instance, when it turned out economically disadvantageous for Argos to buy the amount of bioethanol it had promised beforehand as a result of an increase in prices of sugarcane ethanol, Solidaridad respected the company's situation and offered Argos to jointly explore a new course of action. This relates to the fact that Solidaridad can be characterized as an organization that does not intend to fight the logic of companies it works with, but instead

focuses on the common ground that exists with its corporate partner and purposefully leaves aside sensitive issues about which no agreement can be reached:

> "For instance we work with Shell or we have done that in the past. Well, with regard to certain aspects I strongly disagree with Shell, but within the biofuel department of Shell … they possess the biggest ethanol producer in the world … they can be very instrumental to the agenda that Solidaridad also has, which is making sugarcane production more sustainable. What some NGOs try to do is that via such a partnership about bioethanol they say: Oh and we do not want you to continue to drill in the Arctic. I don't do that in such a moment, then I think: OK we do not have to agree on everything but on this aspect we can collaborate very well" (Interviewee Solidaridad, 22 May 2014, own translation).

Finally, the partnership was not communicated to the outside world extensively, particularly because of two reasons. First of all:

> "You first need some results in order to communicate. You can always start with saying: whoopee, we are going to collaborate but then afterwards you have to really do it and obtain results can take a long time. Especially with regard to complex things like our project" (Interviewee Solidaridad, 22 May 2014, own translation).

Moreover, although companies generally press for external communication, Argos did not. The respondent from Solidaridad commented that "often it can become problematic when you're collaborating with more consumer facing companies, because they want to communicate things quickly, also to maintain internal support and to show that they are result-driven" (Interviewee Solidaridad, 22 May 2014, own translation). In the few instances the partners did present the partnership to the outside world, they did so through publications in their annual reports, at presentations and conferences related to themes on biofuels, and sporadically in news articles.

Evaluation

During the Project Steering Committee meetings the progress of the project was discussed. The committee gathered twice a year to monitor the progress and review updates and changes of the project implementation plan. The project leader reported to the board on the progress of the project and the need for changes. Before the meeting, the project leader prepared a document in which there four or five aspects were listed that required strategic attention. During the meeting, the project leader would explain why those aspects required attention and the possible decisions that could be taken. After the meeting, the project leader would formulate a consensus that he send around on which the members of the steering committee could react. Necessary project changes had to be approved by the steering board and then by Agency NL. All in all, there was no rigorous monitoring and evaluation system in place. It was more in the sense like registering what went well and what went less well. The aspects that went less well should be done differently the next time.

On the other hand, to obtain Bonsucro certification a variety of criteria had to be fulfilled as was mentioned in Paragraph 4.3.2. For the management of biodiversity and ecosystem services, more specific criteria include a maximum application of 5 kg of herbicides and pesticides per hectare

per year to minimize air, soil and water contamination, and a maximum use of 120 kg of nitrogen and phosphorus fertilizer per hectare per year. Moreover, producers of Bonsucro certified sugarcane ethanol should prevent the expansion or new sugarcane development into High Conservation Value Areas and should protect existing riparian areas, wetlands or other significantly affected natural habitats and conservation of threatened and endangered species. Sustainability criteria are related to the monitoring of production and process efficiency and of global warming emissions. Examples of these criteria include, among others, the total of raw materials used per kg product, sugarcane yield, mill overall time efficiency, and global warming burden per unit mass product (Bonsucro, 2011). In addition, the partners had to report their overall progress on obtaining Bonsucro certification to Agency NL through a format that included a variety of indicators (Interviewee Solidaridad, 22 May 2014).

Through the Bonsucro standard social and environmental impacts of the project were measured. However, the respondent from Solidaridad believes that the assessment was conducted insufficiently. It turned out difficult to measure social and environmental impacts because the project partners did not do a baseline assessment and this made it challenging to determine what the impacts have been. The respondent believed the major reason was "because you have to manage so many things in the beginning of the project". He thinks that they would be much more capable to do so today because they had more experience as the use of the Bonsucro Standard has become better. Another reason was that the subsidy was relatively low in proportion to the scope of the project and therefore there were not sufficient resources available to create a monitoring system. Finally, another challenge concerned the lack of hard data:

> "When you want hard data then you need to collect hard data. Generally in the agriculture sector there is a lack of hard data and then you have to set up systems yourself, which is very expensive. So this means that you have to develop systems yourself and validate it yourself. That can become very expensive" (Interviewee Solidaridad, 22 May 2014, own translation).

To compensate for the lack of data, the partners developed a self-assessment tool for farmers that aimed to become Bonsucro certified. The assessment indicates how the farmers are doing with regard to the process of obtaining the certification. The results of the individual farmers are aggregated to obtain a more general overview of the overall progress. However, this tool only started to be implemented after the partnership.

4.3.5 Third Party Intervention

Overall, the respondents from Solidaridad and Argos felt that there was no need to contract an independent party to support or mediate the relationship between the partners in the project. However, they did contract several parties to address some of the implementation aspects of the project for which both the partners lacked knowledge or skills to do so themselves. For instance, the *Copernicus Institute* from Utrecht University conducted a study on sustainable sugarcane ethanol production in Northeast Brazil, thereby assessing the potential for sourcing ethanol from Northeast Brazil to Europe. *Ambiente Social Consultoria*, a small Brazilian consultancy firm,

assisted in the development of the social dimension of the Producer Support and Loyalty Tool. Hence, in this sense, there can be an important role for third parties to contribute expertise.

The respondent from Argos viewed Agency NL also as a kind of independent third party that helped monitor the progress of the project. He did not believe that the project required the assistance of an additional third party, but that he could imagine that some partnerships would feel the need to involve an external party for the task of project steering. Solidaridad has a strong capacity to steer the project in the right direction, but if this would not have been the case, the respondent estimated that Argos would not have been able to perform this task because it demands considerable time and human resources:

> "In this case, I could imagine that you would contract an [external party] that can steer the project in the right direction and can monitor those milestones … and take account of the financial aspects" (Interviewee Argos, 4 June 2014, own translation).

The respondent from Solidaridad also suggested the option to contract a third party to execute the secretariat of the project but at the same time argued that he himself would never do so, particularly because one learns more when executing the task of project steering him- or herself. Also, he envisaged that contracting an external party like a consultancy to operate the secretariat might lead to substantial expenses as consultants work on the basis of billable hours:

> "Because certainly when there are many innovative elements involved in such a partnership you just don't know, you are dealing with 'unknown unknowance' and thus it is very difficult to estimate how much time you should dedicate to that. You need to be willing to invest much more time than you budgeted. And that willingness consultants generally do not have" (Interviewee Solidaridad, 22 May 2014, own translation).

For instance, Solidaridad assigned 225 hours to the task of project steering for the period of four years but eventually dedicated about 600 hours. The respondent of Solidaridad explained that a consultancy would generally not be willing to exceed their billable hours because it does not correspond to its business model (Interviewee Solidaridad, 22 May 2014).

At Solidaridad, additional hours are financed through cross-subsidy. This means that hours from projects that turn out less time-consuming are channeled to projects that exceed the estimated amounted of hours. The respondent believes that a consultancy firm may only be able to work with partnerships when it is willing to invest more time than it initially budgets, for instance because the firm believes that it can learn a lot from the project. They may need to fill a part of their portfolio with projects that could perhaps lead to a net loss, but from which new knowledge, networks and leads might be obtained. The respondent from Solidaridad believes that on the whole consultancies are expensive, not just for executing the project secretariat. The project budget the partners managed was around one million Euros. When comparing this budget to the setting of the Brazilian sugar-ethanol industry – which amounts to approximately 24 billion dollars industry – it turns out that the budget was relatively small and that therefore the partners would not have been able to finance a consultancy (Interviewee Solidaridad, 22 May 2014).

On the other hand, the respondent from Argos commented that one might expect that ideally the support of a consultant will relieve the partnering organizations from a large number of duties (Interviewee Argos, 4 June 2014). However, he is concerned that third parties might perhaps hold on to their own interests or may not be able to estimate the interests of all parties. He believes that it is of crucial importance that a third party is a fully independent actor that has the ultimate goal and willingness to make the project really work for all parties and questions whether a third party can be really just that as he fears that a third party could have a profit motive and might want to secure a slice of the pie:

> "I would find it very bothersome. We are in the project with the conviction that we want to do this right. We really wanted to produce a good project, there was no profit-motive attached to it directly. Eventually, we did want to maintain our leading position and this is a way to achieve that. Yes, a third party needs to understand and accept that, otherwise it will become very difficult" (Interviewee Argos, 4 June 2014, own translation).

4.3.6 Conclusion

Argos and Solidaridad were able to build a constructive relationship based on mutual understanding and respect. This could be attributed mainly to the flexible and acquiescent nature of both organizations. According to the respondent from Solidaridad, unlike consumer-facing companies that aim for quick results and enhanced visibility, Argos' behavior was more tolerant. Solidaridad's objective was not to fight Argos' corporate policies but rather to support the company to green its supply chain. Solidaridad is driven by the belief that partners do not necessarily have to agree about everything and that sensitive issues can be easily left aside. Another possible reason the relationship between the partners has been positive may have been related to the fact that the tasks of the partners were compartmentalized and therefore required few interaction.

However, on the implementation level the partnership might not be considered as successful. Unfavorable market circumstances made it economically disadvantageous for Argos to import anhydrous sugarcane ethanol and therefore reduced Argos' interest in the partnership. When the link between the partnership objectives and the Argos' economic interests weakened, the strategic ground of the partnership disappeared, eventually leading to the partnership's termination. This case reminds us that the partnership between Argos and Solidaridad concerns collaboration between a for-profit company and a non-profit NGO, which are two very different organizations that operate on the basis of distinct rationales. The nature of a company suggests its main priority is profit generation, preferably in the short term. Therefore, for a company it is important that a partnership is economically feasible when the partnership requires considerable investment and affects the company's core business, as is the case with Argos.

Chapter 5:
Discussion and Conclusion

The objective of this study is to contribute to an enhanced understanding of the internal processes and dynamics within strategic business-NGO partnerships. In doing so, the study aims to gain insights in the challenges that business and NGO partners encounter throughout the partnership process and identify the knowledge or skills gaps that exist on the part of partnering organizations. On the basis of the identification of the challenges and gaps, the study aims to explore the potential role of third parties in supporting business-NGO partnerships. In Chapter Two a theoretical framework was developed, which served as a basis for the case study. Whereas Chapter Four presented the findings of the individual case studies, this chapter discusses and compares the empirical findings from all partnership cases.

It is important to note that the empirical evidence presented in this chapter is based on a limited amount of cases and therefore it is difficult to make broad generalizations. The empirical findings provided below are intended to be illustrative rather than conclusive and to provide some preliminary evidence on partnering motives and challenges and the role of third parties for future studies to build further on. Paragraph 5.1 will discuss the main findings of the case study according to the research questions, Paragraph 5.2 provides a conclusion in the form of an answer to the overall research question, and Paragraph 5.3 will provide an overview of the limitations of the study and the possible pathways for further research.

5.1 Discussion of the empirical findings

5.1.1 Motives for cross-sector partnering

The first research question aims to identify the motives of NGOs and companies for entering in strategic cross-sector partnerships and examine the degree to which their motives are similar or different. The outcomes from the empirical research have notable similarities with the literature on motives for cross-sector partnering that was discussed in Chapter Two. However, there are also certain differences, as is discussed further below.

The company cases in this study exhibit one or more of the following motives: (1) biodiversity conservation, (2) access to expertise and skills, (3) gaining competitive advantage, (4) enhancing credibility, (5) enhancing legitimacy, (6) risk management, (7) improving image and reputation, and (8) gaining access to financial resources. All company respondents commented that their

organization had formed a partnership with an NGO because it aims to limit its negative impact on the environment and to conserve biodiversity. Nevertheless, it seems that this motive is only secondary and that instrumental motives overshadow the company's ethical desire to protect the environment and biodiversity. First of all, all company respondents expressed that their organization's decision to partner with the respective NGO was for a large part based on the fact that the NGO holds expertise and skills on sustainability and biodiversity conservation that the company itself lacks. Some commented that this could offer the company the possibility to gain competitive advantage because it acquires an attribute through which it might outperform its competitors and make the company more attractive to do business with. Others expressed that it could help the company limit risk, for instance through reducing its vulnerability vis-à-vis stakeholders.

Furthermore, one case demonstrated that the perceived credibility of the NGO is an important asset to the company. The company respondent believed that sustainable initiatives implemented in collaboration with an NGO generate more credibility than programs that have been developed by the corporation acting alone, as partnering presupposes implicit or explicit endorsement from the NGO of the companies' policy. At the same time, engaging with an NGO for biodiversity conservation purposes can enhance the company's legitimacy and improve or strengthen its reputation and brand. Existing research similarly points out that companies have a dominant focus on achieving their own organizational objectives through the partnership.

Interestingly, the respondents openly acknowledged the fact that their organization's engagement in the partnership was motivated by a desire to gain benefits. Companies thus seem to approach the partnership from a real business perspective. Following Stadtler (2011), then it is likely that the stronger the linkage between a company's economic interests and the overall partnership objective, the higher the interest and commitment of the company to the partnership. This became visible in the current study, as well. Whereas one case clearly demonstrated that the company's interest and commitment in the partnership enhanced (in terms of marketing and external communication) as the partnership became more successful, in a different case the company's commitment decreased as the economic value of the partnership declined and eventually resulted in the termination of the collaboration.

The motives of NGOs to engage in a cross-sector partnership that were identified include: (1) contributing to and strengthening the NGO's conservation work, (2) having a greater and more direct impact by influencing corporate behavior, and (3) setting an example for other companies in the sector. Despite the fact that NGOs engage in partnerships for normative or moral reasons so to achieve their conservation mission, these same reasons can simultaneously be regarded as instrumental in nature because they are achieved through the partnership. Many NGOs recognize that, rightly because companies are part of problems of environmental degradation and biodiversity loss, they also have the power to contribute to solutions. They believe a much greater impact can be achieved in collaboration with companies, helping them change their behavior and find solutions

for their negative impact on biodiversity. In turn, this might provoke other companies in the sector to adopt more responsible and sustainable practices.

Especially, the more pragmatic NGOs are willing to work with almost any company as long as it can bring about a fundamental change in the sector the company is affiliated with. These latter type of NGOs need to be cautious they do not to lose their critical and neutral view. Yet, not all NGOs are willing to work with just any company. Some of the more critical NGOs maintain a black list that contains different sectors with which it does not want to collaborate. These NGOs are very much concerned with protecting their brand value and therefore conduct due diligence studies aimed at assessing the risks and opportunities that are associated with the partnership, so as to shield the NGO from reputational damage and non-compliance and determine whether there is strategic fit between the partners.

A major part of the literature posits that some NGOs form partnerships with companies in order to gain access to financial resources and increased visibility. Although none of the NGO respondents explicitly mentioned access to funding as a motive to engage in the partnership, in two out of three partnerships it was the company that funded the collaboration. Access to financial resources can be an important benefit when partnering with business. Forming a partnership with a corporate partner could help implement the NGO's mission and strengthen existing conservation work without investing a high level of financial resources that would normally be needed to implement large projects.

On the other hand, the literature is relatively silent on the possibility that companies can also hold a financial motive. However, the empirical findings from one case in this study reveal that a business can also be driven by a quest for capital such as subsidies. Interesting is that in the case under consideration the company is non-consumer facing, which means that the company does not deal directly with customers who buy its products or services. Whereas for consumer-facing companies (e.g. carpet companies or banks) a financial investment in a partnership with an NGO can be recovered through the positive reputational effects the partnership might have in terms of sales, this is more difficult for non-consumer facing companies. Still, partnering with an NGO can be fruitful for these latter type of companies, for instance to enhance its legitimacy in order to influence state regulations.

This suggests that motives are different for distinct types of companies, and it is likely that this is also the case with regard to distinct types of NGOs. Also, within the partnering organizations different staff members and divisions might disagree about certain aspects of the partnership. Therefore, we should not approach companies and NGOs like 'black boxes' because internally one may observe ongoing struggles, as will be elaborated below in Paragraph 5.1.2.

5.1.2 Challenges throughout the partnership process

In Chapter Two it was hypothesized that, in contrast to philanthropy or sponsorship-based forms of interaction, strategic partnerships involve more complex inter-organizational collaboration

because of two main factors. First of all, business-NGO partnerships involve an alliance between organizations from different institutional backgrounds. Second, generally NGOs and businesses have little experience with regard to strategic forms of collaboration between them. The case study confirmed the presence of both factors. In all three cases there were indicators that distinct institutional logics, cultural differences, inexperience and unfamiliarity can lead to certain complications between the partnering organizations.

The degree to which these factors manifested within the three partnerships differs. Some corporate cultures appear more compatible to that of NGOs, and vice versa. Also, the character of the organizations and individuals involved in the partnership seem to have an influence on the degree the above factors could manifest itself. For instance, in one partnership the appeasing character of the NGO seems to have facilitated the possibility for the development of a constructive relationship between the partners. Moreover, the ability of the partnership managers to build a relationship with high levels of trust seems to have an influence on the extent to which there is tension and conflict between the partners. Previous collaboration experience with the same partner does not necessarily ease the collaboration process. Although the partnering organizations from one partnership in this study had engaged successfully in a partnership before, in the current partnership where different individuals are involved they are facing relationship challenges. The scope of the partnership objective might also have an impact: the broader and higher the ambitions, the more difficult it may be to achieve them (also because more partners are likely to be involved), potentially leading to tensions on the relationship level.

Next, an overview is provided of the main obstacles partnering organizations have encountered during the different stages of the partnership process, including the formation, implementation and evaluation stages. The stage of partnership formation has a large influence on the subsequent stage of implementation. When the foundations of the partnership are not properly developed, the partners may encounter problems during the implementation of the shared partnership objectives. It is therefore important to have a clearly defined, common objective that incorporates the wishes and expectations of all partners. The fact that NGOs and businesses have different motives and expect different things from the partnership does not lead to fundamentally different views on the overarching objective of the partnership per se. Their motives need not necessarily be the same and in most cases, by exchanging views and openly discussing their differences, partnering organizations are able to find common ground and link their objectives.

Still, attention must be paid to the negative consequences of having different motives that could potentially unfold. It should be noted that the partners' different motives could potentially limit the scope of the value of the partnership to biodiversity and wider society. Finding common ground often implies consensus, which in turn might lead the partners to compromise on their individual objectives. For instance, a company's objective to gain competitive advantage is to a certain extent inconsistent with an NGO's objective to influence the wider sector and encouraging other companies in that sector to adopt more sustainable practices, as is the case in one of the

partnerships included in this study. In this case, the NGO needs to be careful that it does not end up compromising too much on its conservation objectives.

When finally a common objective has been formulated and has been written down on paper, the objective needs to be translated into an action plan. During this process the different perspectives of the partners may come to the surface, rightly because the partners have different ways of working and different ideas about the meaning of certain concepts. For instance, several respondents from NGOs mentioned that particularly for the communication departments from both sides it takes considerable time to agree on how the partnership is communicated externally. It regularly happens that the corporate communication teams hope to focus more on the marketing side of the partnership, whereas the NGO wants to focus more on communicating the conservation aspects of the partnership.

Particularly during the formation stage, it seems to be of crucial importance that both sides maintain a stable and reliable work force with minimal disruptions. Staff mobility can slow down the formation stage significantly as it can undermine the growth of trust and creates inefficiencies as 'new' staff members need to become acquainted with partner and the partnership objectives. The absence of trust can generate suspicion and thus hamper the negotiations between the partners. Individual relationships therefore play a pivotal role in a successful collaboration process. It is also crucial that, during the formation stage, all actors involved in the partnership are informed about the partnership. Partnerships that are formed on the global level often require national branches of the partnering organizations to implement certain aspects of the partnership. One partnership case shows that subsidiary offices are not always willing to participate in the implementation of the partnership objectives, particularly because they had not been involved during the negotiations and they have their own independent structure and policies.

During the implementation stage, a common problem seems to be the prioritization of the partners' respective organizational goals at the expense of the overarching partnership objective. This can seriously affect the effectiveness of the partnership because this objective is often dependent upon the commitment of both partnering organizations. Another challenge that surfaced in one of the cases involves the perception of an unfair distribution between the costs and the benefits of the partnership where one or both partners might feel that it invests more resources or time than the other partner.

As the partnership grows, new and more fundamental questions come up that are less artificial and more central to the partnering organization's individual missions and objectives. Although most partnerships start out as temporary collaborations, the partnership might develop into a more organizational-like structure when it becomes more successful. As an increasing number of people become involved in the partnership, the individuals that were initially involved in the partnership might gradually have to let go of the initial arrangement and allow other employees or divisions to interfere in the partnership. The relationship between the partnering organizations was not based anymore on the interactions of the partnership managers solely, but on those of a wide range of individuals and organizational divisions with different objectives,

thus increasing the possibility of disagreement about the scope and future direction of the partnership.

Finally, overall the respondents from the three partnerships that were included in the case study commented that during the evaluation process few challenges are encountered. All partnerships evaluate their progress with regard to achieving the partnership objective and the impact of the partnership on biodiversity and wider society. However, often partners choose to focus first on ensuring that the partnership is well functioning and only later focus on the development of indicators in order to establish the impact of the partnership on biodiversity. Several respondents pointed out that setting up and implementing the partnership often is already a substantial challenge. During the initial phase of the partnership several aspects have to be arranged and hence monitoring and evaluation is of a secondary concern. Also, financial resource constraints can also limit the partner's focus on and/or capability with regard to monitoring and evaluation.

In one case, partners have only been able to measure the biodiversity impacts on a more superficial level, mostly as a result of the broadness of the partnership objectives. As the partnering organizations focus on improving the entire marine biodiversity, rather than protecting specific species, they might not be able to credibly measure with specific, measurable indicators, rightly because there are so many other variables that influence the marine biodiversity in the areas where the partnership is active. Partnerships that focus on more concrete biodiversity objectives might be more capable of measuring the impacts. Still, an often-heard concern is the problem that environmental issues can only be measured to a certain degree as the environment is a too complex phenomenon and hence some partnering organizations do not have the intention to determine the precise impact.

5.1.3 The Potential Roles of External Third Parties

All partnering organizations included in this study have contracted one or more external third parties – mostly university institutes and consulting firms – to facilitate the collaboration process or to carry out tasks related to the implementation of the partnership. Before discussing the specific roles third parties could perform in supporting business-NGO partnerships, first the various problems and disadvantages with regard to third party intervention are examined as many of the respondents expressed concerns when they were asked about their opinion on external third party intervention.

An important point of concern on the part of one NGO respondent is related to the costs that are associated with contracting an external third party, particularly with regard to a consulting firm. Consultants generally work on the basis of billable hours and in the context of business-NGO partnerships this can be quite problematic. Due to the novelty of these forms of collaboration, partners are dealing with 'unknown unknowance', as one of the NGO respondents noted. Initially, it is difficult to estimate how much time to allocate to the management of the partnership projects. Also, partnering organizations might become dependent on the support of

the third party. This might make the involvement of a third party expensive for many partnering organizations.

An external third party might therefore need to employ a revenue model that fits strategic business-NGO partnerships. Working on the basis of billable hours could lead to excessive costs for some aspects of a partnership. Pricing models based on a predefined budget or risk sharing might in certain cases be more suitable. Although these latter revenue models could result in a net financial loss; new knowledge, networks and leads might be generated. It could strengthen the third party's relationship with the partnering organizations, and the costs could potentially be recovered through new projects that are commissioned by the partnering organizations (Interviewee De Gemeynt, 10 June 2014).

An important distinction that was made by some respondents was one between for-profit and not-for-profit third parties. Some respondents are concerned about the ability of for–profit third parties to remain independent and impartial. Respondents from one partnership declared that they would prefer the involvement of a university institute rather than a consultancy firm, because the former has considerable scientific expertise of partnering processes and therefore is regarded as more capable to deliver objective and science-based counseling. Their concern is that a consulting firm might hold on to self-interest and be too business-minded or may not be able to correctly estimate the interests of all parties. Indeed, third parties are also driven by a range of motivations to perform third party roles. Therefore, a for-profit organization that offers its services to business-NGO partnerships needs to make sure that it maintains neutral and unbiased and must be able to convey this objectiveness towards the partners.

On the other hand, many partnerships are already contracting third parties to assist them in the partnership process. External third parties can add considerable value to the partnership. Receiving assistance from an external party can bring additional expertise and skills to the partnership, as well as contribute to a smoothening of the partners' relationship, thus accelerating the partnership's progress. They can take a lot of work out of the partners' hands and relieve them from a large number of duties. This allows the partners to focus on other important tasks that are associated with their core abilities. Below, an overview follows of the potential roles third parties could perform in the context of business-NGO partnerships based on the empirical results of this study.

The first set of roles that are presented below are based on Gray's (2007) typology of third party intervention tasks. These intervention tasks aim to influence and improve the formation, design, or process of interaction between the partnering organizations. First of all, external third parties could perform the roles of convening and visioning. This means that they could organize forums or workshops where companies and NGOs can meet and jointly explore opportunities to collaborate. As was mentioned in Chapter One, polls demonstrate that more and more companies and NGOs believe that their investments in cross-sector partnerships will increase in the next few years. This means that it is likely that new partnerships will be formed. External third parties could play an important role in convening potential partners and offering them an

environment where they have the time and space to jointly explore their common interests, helping them understand what it is that they could potentially achieve together.

Second, third parties could play a significant role in facilitating dialogue between the partnering organizations to improve their relationship and interaction by performing tasks such as reflective intervening and process design. They could help the partners identify their strengths and weaknesses and help them understand the nature and causes of the problems they are facing. In turn, solving problems on the relationship level could have a positive impact on the implementation level of the partnership as problems on both levels are often interrelated. In addition, external parties could help the partners accommodate their values and practices with the newly constructed norms within the partnership, fulfilling the role of institutional entrepreneurship. It sometimes results challenging for the partners to integrate their distinct value systems, limiting the possibility to work as a coherent and united team.

The roles of convening, visioning, reflective intervening, process design, and institutional entrepreneurship all focus on the relationship and interaction between the partnering organizations. Whereas the partnering organizations from one partnership fully embraced the support of a third party to improve their relationship and structure their collaboration process, the partnering organizations from the other two partnerships in this study believed this was not necessary as they did not encounter problems in their collaboration process. On the other hand, these latter organizations did contract a third party to perform certain tasks related to the implementation of the partnership. For instance, in the case of one partnership contracted a consultant firm to assist in calculating the social and environmental value of the partnership in monetary terms. Moreover, the partnering organizations of another partnership hired a university institute to conduct a study into the feasibility of sourcing sustainable sugarcane ethanol from Brazil to the Netherlands. This suggests that there is also a demand for certain expertise and skills that both partners themselves lack for the implementation of certain aspects of the partnership.

The partnering organizations from the three partnerships that were included in this study performed the monitoring and evaluation of the partnership themselves. The NGO and business respondents commented that they have sufficient expertise and skills that are required to monitor and evaluate the progress of the partnership objectives. Nonetheless, they only do so at a later phase of the partnership as they believe other matters are more urgent to address first. Also, some believe it is too difficult to determine the precise impact of their partnership on biodiversity. In this sense, external third parties could assist the partners from the outset with the monitoring and evaluation process by developing a tailored model that includes a variety of key performance indicators. This could offer the partners more credibility and might enhance the quality and effectiveness of the partnership significantly because it contributes to a mutual learning process through which partners are able to review their performance and, if necessary, improve or adapt their policies and practices over time.

5.2 Conclusion

In this study I have tried to answer the following research question:

> *What challenges do business corporations and nongovernmental organizations that engage in strategic partnerships for biodiversity protection face during the formation, implementation and evaluation stages of the partnership and to what extent could external third parties contribute to alleviate these challenges?*

It often takes considerable time to build an effective partnership, requiring the full commitment of all partners involved. A variety of challenges have been described above that partnering organizations in business-NGO partnerships encounter. The findings demonstrate that each partnership is unique and copes with different challenges. However, some similarities can be observed as well. First of all, it appears that individual relationships are very important for successful collaboration. Staff mobility can seriously undermine trust-building processes. Second, it appears crucial that partnering organizations build a coherent and united arrangement where the main focus is on the overarching partnership objective rather than the organization's individual objectives. The findings of the case study show that often this is not the case. Anticipating the partners' motives could give an early indication of the partners' behavior and commitment to the overall partnership objective. On the other hand, anticipation is no guarantee because motives can change over time, particularly as the partnership expands in size and scope and more individuals become involved in the partnership each with their own objectives.

On the basis of the cases in this study, it appears that there certainly is demand for the assistance of external third parties. In all cases, the partnering organizations contracted an external third party either to help them improve their collaboration process or to contribute to certain aspects of the implementation of the partnership objective. One case demonstrated that third party intervention could be helpful in clarifying the nature and causes of the partners' collaboration problems. Solving problems on the relationship level might in turn help the partners solve their challenges on the implementation level of the partnership as problems on both levels are often interrelated. Also, third parties can add value to the partnership through assisting implementation processes, allowing the partners to focus on other important tasks that are closer to their core abilities.

5.3 Limitations and Recommendations For Further research

5.3.1 Limitations of the research

Although the findings revealed critical aspects of strategic business-NGO partnerships and third party intervention, some limitations can be observed. The first limitation is related to the research method. As previously mentioned, the sample size of the study was small, consisting of three cases. Therefore, the generalization of the findings to other settings might be questionable. Moreover, the cases that were selected only partly fulfilled the selection criteria of biodiversity

conservation partnerships. Although previously the researcher intended to select partnerships that exclusively focused on biodiversity conservation objectives, it turned out that this was not possible because of the scarcity of such partnerships and the difficulties of contacting the partners to invite them to participate in the study. Hence, two out of three cases that were selected have besides biodiversity conservation objectives also have more wider social and environmental objectives. As such, the cases in this study are not 'pure' biodiversity partnerships.

Second, in all cases but one, only one employee was interviewed from each organization. Due to time and resource constraints it was not possible to interview more employees. A one-sided perspective might therefore have resulted. On the other hand, the answers of the respondents were rigorously scrutinized through additional secondary sources to avoid any inconsistency and personal bias to interfere with the results. A final limitation is that the interview guide that was developed turned out to place more emphasis on the collaboration processes and awarded less attention to the subject of the partnerships, which is biodiversity. Although from the outset the research objective has been to study the partnership process and the collaboration dynamics between the partnering organizations and therefore this is not a major limitation, questions with regard, for instance, disagreements on the definition of biodiversity and how these disagreements were reflected in the common partnership objectives could have given more substance to the study, which is ultimately focused on 'biodiversity partnerships'.

5.3.2 Recommendations for Further Research

From the findings, a number of issues were identified that need to be addressed by future research. First of all, the current study could be repeated with a larger sample in order to obtain more generalizable results. In doing so, researchers might want to differentiate between the different kinds of NGOs and companies that engage in partnerships rather than to pursue a "one size fits all" approach. For instance, a sample could be employed that includes more radical lobby organizations versus more collaborative NGOs, consumer-facing companies versus non-consumer facing companies, or pioneers in corporate social responsibility and companies that recently have started to pay attention to biodiversity issues. For the present study, three partnerships were selected that all consisted of companies that aspire to become environmental leaders and NGOs that have traditionally been working with stakeholders on the basis of a collaborative approach. Also, there is a need for clearer differentiation between different types of partnerships. Besides the work of Glasbergen en Groenenberg (2001) on product-oriented partnerships, so far existing research does not aim at developing partnership types. As the partnership population is so diverse, the development of categories could make it possible to obtain more precise findings.

Second, this study showed that there certainly is a demand for third party intervention in a variety of different roles. It would be meaningful to specifically examine partnerships in which the partnering organizations contracted an external third party to support certain aspects of the partnership and analyze how the actions of the third party influenced the overall outcome of the

partnership. In this way, more evidence can be gathered on how different third party roles affect the partnership process, thereby focusing on the advantages and disadvantages of engaging a third party. It is relevant also to interview individuals from those third party organizations in order to obtain a better understanding of how they experience the act of supporting of and intervening in business-NGO partnerships. In addition, it might also be valuable to investigate NGOs and companies that have been partnering for several years with different companies to see whether the need to involve a third party decreases as more experience has been gained.

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Appendix I: Interviewees

Partnership/Expert	Organization	Interviewee	Date
Interface – ZSL partnership (Net-Works)	Interface Inc.	G. van Arkel M. Turner	12 May 2014 12 May 2014
	ZSL	N. Hill	29 May 2014 11 July 2014
Rabobank – WNF partnership	Rabobank	R. Piechocki	11 June 2014
	WNF	C. van den Bergh	27 May 2014 22 July 2014
Argos Energies – Solidaridad partnership	Argos Energies	B. Ten Cate	4 June 2014
	Solidaridad	S. Sielhorst	22 May 2014 7 August 2014
Expert	Wageningen University	I. Visseren-Hamakers	17 December 2014 20 February 2014
Expert	Partnership Resource Center	M. de Wal	20 May 2014
Expert	De Gemeynt	S. de Bie	10 June 2014
Expert	ARCADIS	B. Nijhof	13 June 2014

Appendix II: Interview guides

1. Interviews for respondents from partnering organizations

A. Introduction

1. Could you provide a brief description of your role at [party x]?

B. Motives

1. What was the reason for [party x] to collaborate with a [NGO/business] in general?

2. What was the reason for [party x] to engage in a partnership with [party y] specifically?

3. Did [party x] initially have doubts or concern? If so, why?

4. Which organization initiated the partnership, [party x] or [party y]?

5. It is conceivable that the motives of the two parties differ given their different organizational backgrounds.

a) To what extent is this the case?

b) Has this difference in motives translated into difficulties during the collaboration?

C. Objectives

5. Could you briefly explain the objective of the partnership between [party x] and [party y]?

6. How did you arrive at this objective?

7. Did you encounter obstacles in the process of defining this objective?

8. How is [party x] connected to this objective?

9. What makes a partnership more suitable for achieving that objective than other strategies?

D. Implementation of Objectives

10. What challenges did you experience during the implementation of the partnership objectives?

11. Where does the partnership stand at the moment?

12. Do you feel that the set objectives have been achieved?

a. If yes, what do you think were the factors that have contributed to this achievement?

b. If not, do you think the objective was too ambitious?

E. Communication

1. Have [party x] and [party y] developed a specific communication strategy to guide their inter-organizational communication?

2. How do you communicate the partnership externally?

3. How do you communicate the partnership internally?

F. Evaluation

1. Do [party x] and [party y] evaluate the results and impact of the partnership?
    a. If yes, how do you do this?
        - How often?
        - Did you develop specific formal performance indicators?
        - Only on the partnership level, or also on the organizational level (achievement of the organization's strategic goals)?
        - Goal achievement and process performance?
        - What difficulties do you encounter in measuring the progress?
    b. If not, what could be the reason? What kind of knowledge would you need for the evaluation of the partnership?

G. Role for Third Parties

1. How do you think about the possible involvement of third parties within the collaboration process of a partnership between non-profit organizations and corporations (e.g. giving advice, evaluation of the partnership, etc.)?
    a. If yes, what kind of role and for what purposes?
    b. If not, why not?
2. During your collaboration with [party y], have you ever felt the need for the involvement of an independent third party?

2. Interviews for experts on business-NGO partnering

1. Could you provide a brief description of your role at [organization x]?
2. What is the purpose of [organization x], what services does it deliver?
3. What are the motives of companies and NGOs for engaging in partnerships?
4. What distinguishes business-NGO partnerships from public-private partnerships?
5. What are special characteristics of business-NGO partnerships for biodiversity conservation in comparison to, for instance, development partnerships?
6. What common obstacles do partners encounter when they engage in a partnership?
7. What role could external third parties play during the partnership process and during which phases can these roles be performed?
8. To what extent are these roles already being fulfilled by these kinds of organizations?
9. To what extent and how are business-NGO partnerships for biodiversity conservation generally monitored and evaluated?
10. What are the difficulties partners usually encounter while monitoring and evaluation their partnership?
11. What are the advantages and disadvantages of involving an external third party?
12. Why do partnering organizations contract the services of your organization?
13. What trends do you perceive with regard to third party intervention?