

# Strategic Alliances Between the Private Sector and Civil Society

*by*

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## Background

The challenge for almost every government in every country in the 21st century is to achieve economic growth and competitiveness without neglecting the goals of poverty reduction, social cohesion, and environmental sustainability (Nelson 2000). Positive relationships between the private sector and civil society have much to contribute in helping nations meet this challenge. Our experience within the WLN has been that it is possible to bring these two sides together in a positive and collaborative relationship that can benefit both sectors. The discussion that follows documents some of the key issues in this process as well as several examples of effective private sector and civil society collaboration. Although the recent WTO negotiations have shown that there is high potential for conflict between the private sector and civil society, this paper will aim to demonstrate the high potential for the development of mutually beneficial relationships between the private sector and civil society.

The private sector encapsulates large multinational corporations, business associations, small and medium microenterprises, and neighbourhood cooperatives, and, therefore, possesses a wide range of resources, skills, and capacities. Civil society includes 'social enterprises' since they exist fundamentally for social purposes and includes community enterprises, non-governmental organizations (NGOs), and the non-profit sector.

Large-scale businesses are rapidly increasing their influence over people's lives. The US-based Worldwatch Institute estimates that the world's 500 top corporations now control 70 percent of world trade and 30 percent of world Gross Domestic Product (Nelson 2000). This indicates that the private sector plays a vitally important role in wealth generation and job creation, and the process of privatization and liberalization has made private enterprise the center of economic growth and development.

Privatization and liberalization has inevitably led to examining the wider role the private sector can play in shaping and influencing society. Government officials and community leaders simply cannot afford to ignore the positive and negative impacts and potential contribution of the business sector to the social and economic development of any nation. This realization has led to an increase in the fostering of partnerships between not only the public sector and private sector, but between civil society organizations and the private sector. The number, diversity, and increasing relations between businesses and civil society groups can also be contributed to global

processes, the global market, declining regulatory power of the nation-state, and the increase in global communications. There are both financial and social reasons, short and long term, why businesses should seek partnership with civil society groups. Interestingly enough, some perceive that civil society groups regulate businesses (Heap and Fowler 1998).

Businesses contribute to social and economic development not only by pursuing their core business activities in an efficient and ethical manner that maximizes beneficial spin-offs and multipliers for countries and communities. The private sector also contributes to the social and economic development of nations and communities through 'social investment', which can take the form of humanitarian grants to local charities and/or the sharing of its managerial and technical expertise with similar civil society groups (Nelson 2000). Some examples of social investment in civil society organizations by the private sector are cash, donations, and trust funds; joint project management; joint advisory and advocacy activities; in-kind contributions in the form of people, products, services, and facilities.

In discussing the possibility and benefit of partnerships between the private sector and civil society, there are a few questions to consider.

- What is the role of business in facilitating greater economic participation by people on the margins of society?
- Can profit-driven companies be expected to play a leadership role in sustainable development beyond the minimum expectations of operating within the law and contributing directly to economic growth through their core business activities?
- What contribution can business make to improve the quality of education, training, healthcare, and environmental protection?
- Is it possible for companies to form mutually beneficial partnerships with a growing range of stakeholders, including non-traditional allies in the public and NGO sectors?
- Do the benefits and added-value of such partnerships outweigh the costs and time taken to build them?

The answers to these questions will be explored in the few examples provided below. These examples depict the various types of collaboration possible between businesses and civil society organizations.

## Examples of private sector and civil society collaboration

**Example One:** The Body Shop Canada and the Canadian Women's Foundation

This is an example of a partnership between an individual business and community organizations.

The Body Shop is a cosmetics company that uses its shops and brand power to promote a new way of doing business dedicated to social responsibility. The Body Shop worldwide network comprises more than 1,500 shops spanning 48 countries. In Canada, there are 120 shops operating in communities from coast-to-coast (The Body Shop Canada 1999). While The Body Shop is in the business of trade, this company embraces the philosophy that trade should not just focus solely on material goods. The Body Shop also trades in knowledge, experience, ideas, and community action.

The Body Shop uses all aspects of the business including its shops, purchasing power, and staff to advance issues of importance in three key areas: the environment, animal protection and human rights. An example of this is The Body Shop Canada's dedication to helping stop violence against women. Since 1994, The Body Shop Canada has raised close to half-a-million dollars to support violence prevention and recovery programs across Canada (The Body Shop Canada 1999). This is an initiative that is specific to Body Shop Canada although similar initiatives are taking place in the UK and the US. The Body Shop Canada began this campaign to stop violence against women after realizing that 90% of its staff are women, a little less than 90 % of its clients are women, and the fact that 52% of women in Canada have experienced a violent incident in their life. These realizations and awareness of community issues have led to the identification of the need for this campaign (The Body Shop Canada 2000). Although the Body Shop Canada exudes an ethical and humanitarian stance in the way it runs its business, its commitment to social responsibility has been beneficial for its consumer sales. The successful expansion of the international Body Shop network can be partially attributed to its commitment to the environment, animal protection, human rights and violence prevention issues.

Employee volunteerism and providing donations in products, services, or cash have always been a part of The Body Shop Canada's activities. But The Body Shop Canada wanted to strengthen its commitment to the cause of stopping violence against women by establishing a campaign that would gain positive social change in this area (The Body Shop Canada 2000).

The Body Shop Canada's partnerships with civil society and community organizations and agencies occur both at the individual shop level as well as at the corporate level. At the individual shop level, the Body Shop Canada Community Service program enables each shop to donate from 12 to 16 hours of paid employee time per month to a local organization working to help stop violence against women within the local community. This translates into more than 14,000 hours committed to this issue every year (The Body Shop Canada 1999). Some of the activities employees carry out include working in women's shelters serving food or doing household tasks. This also serves to free up needed time for shelter staff to spend with women. Each store has a community service person selected among the staff who liaises with community organizations and agencies to identify community needs and issues and relays relevant information to the staff. The staff of each shop collaboratively choose the community

organizations they would like to be involved with, and then take initiatives to build partnerships with chosen community organizations (The Body Shop Canada 2000).

At the corporate level, in the spring of 1999, the Body Shop Canada launched a new STOP Violence Against Women Fund. The fund is administered by the Canadian Women's Foundation (CWF)-Canada's only national public foundation specifically for women and girls. In fact, The Body Shop Canada has been involved with the CWF for the past 7 years (The Body Shop 2000). The Body Shop Canada will also continue to run STOP Violence Against Women Campaigns in their shops to help raise awareness and funds. The way the collected funds are spent is decided through a collaborative decision-making process involving the Body Shop Canada, the CWF, experts working in violence prevention programs, and other corporate bodies, all of who belong to a granting committee. This process takes place over a 2-day annual granting process. The funds are distributed through grants to different programs across the country dedicated to stopping violence against women and violence prevention programs. The Body Shop Canada's role in this process is to participate on the granting committee, review applications for funding, and present favourable applications to this committee.

The Body Shop Canada offers not only financial and in-kind support to community organizations working in the area of violence prevention for women, but offers a venue, through its shops, to discuss violence against women issues. For example, on March 8th, on International Women's Day, posters, leaflets, and information are disseminated to educate the public about such issues. One of their goals is to conduct this type of activity year round on an ongoing basis. This may include utilizing the sales of a product for fundraising or organizing an event (The Body Shop Canada 2000).

Future directions for The Body Shop Canada's STOP Violence Against Women Campaign include a deeper, long-term commitment to this campaign with the hope of making greater impacts in stopping violence against women. The Body Shop Canada is now in the process of working with the CWF to develop a national strategy to address the issue of violence against women. The Body Shop Canada is also moving towards developing social programs in conjunction with civil society organizations (The Body Shop Canada 2000).

**Example Two:** A Multinational Corporation and NGO Partnership for Sustainable Marine Fisheries-World Wide Fund for Nature (WWF) and Unilever PLC.

This is an example of a partnership between a multinational corporation and an international NGO.

The Marine Stewardship Council (MSC) is the product of a partnership between the international NGO, WWF, and the multinational company, Unilever PLC.

For these two to come together in partnership towards a mutual objective requires a shared perception of the added-value of the partnership, over and above what each organization could achieve on its own. Established in February 1997, the MSC's mission is to work for sustainable marine fisheries by promoting responsible, environmentally

appropriate, socially beneficial and economically viable fisheries practices, while maintaining the biodiversity, productivity and ecological processes of the marine environment. The MSC has established a broad set of principles and criteria for certification of sustainable fisheries (Heap and Fowler 1998).

The WWF-Unilever partnership was established on the basis of a shared objective to ensure the long-term viability of global fish stocks. However, the motivations for each partner in pursuing a common objective are considerably different and relate to their respective organizational missions.

WWF is the world's largest independent conservation organization with more than five million supporters. WWF's mission is to protect the diversity of life on earth. It is a science-based, practical organization that raises funds for the practice of the conservation of wildlife and habitats in the UK and around the world. WWF's motivation to establish the MSC was driven by its mission to protect marine biodiversity and the environment. Unilever's motivations to establish the MSC coincide with its business objectives of ensuring long term financial returns to its investors. Unilever is one of the world's largest buyers of fish, controlling about 25 percent of the frozen fish market in Europe and the US, and declining fish stocks present a clear risk to Unilever's fish business (Heap and Fowler 1998).

Through partnership, WWF recognized that they could offer Unilever the possibility of an enhanced environmentally friendly image in return for Unilever supporting the development of the MSC and making certain concrete changes in their fish buying practices. For Unilever, the choice of an NGO partner resulted from a recognition that a broader solution was required to address the problem of declining world fish stocks than a purely industrial response (Heap and Fowler 1998).

It is possible to identify some key lessons of the WWF-Unilever partnership for companies and NGOs considering embarking on a joint initiative. Firstly, parties need to agree on a well-defined but flexible plan at the outset which defines common ground and forms the basis of the partnership. Secondly, partnerships need adequate resources to be devoted to them to ensure effective management. It is essential that NGOs have professional staff to relate to businesses and that companies have the internal capacity necessary to deal with NGOs. Thirdly, for business-NGO partnerships to work, NGOs must take the time to understand a business, what it does and its constraints in order to be able to propose realistic solutions. On the same vein, companies must take the time to understand what NGOs do and their value. Finally, stakeholders can have very different perceptions of indicators that demonstrate a successful partnership (Heap and Fowler 1998). Although the broad objective may be the same, the indicators of success, particularly intermediary milestones, are likely to be different. Therefore, the perceived success of a business-NGO partnership ultimately depends on the perspective of the judge. The newness of the MSC makes it difficult for stakeholders, and observers, to assess its impact on global fisheries and the fishing industry as yet and it should be interesting to revisit stakeholder opinions of the MSC as the initiative develops.

## Multi-company Initiatives

**Example Three:** Creating nationwide development partnerships in Peru

Initiatives for collaboration between the private sector and civil society do not always involve individual companies. There is actually a growing number of formal alliances or coalitions between groups of businesses aimed specifically at mobilizing private sector skills and resources for social or environmental progress. These alliances or coalitions vary from wide-ranging objectives to specifically focused objectives, and operate on international, national, regional, or local levels.

This example demonstrates the potential of mobilizing companies on a nationwide basis to support either grassroots community projects or broader national development priorities and policies.

Peru 2021 was established in 1995 as a coalition of executives from national and foreign companies, supported by the Peruvian Association of Private Sector Institutions (CONFIEP). It has the goals of developing a long-term vision of social and economic progress in Peru and enhancing the role of entrepreneurs in such development. Working with member companies, universities and local community institutions, Peru 2021 is undertaking consultations, surveys, education, and environmental programs, and training initiatives for disadvantaged groups of the population (Nelson 2000).

**Example Four.** Building rural capacity in Mexico and Chile-FMDR AND CODESSER

This example describes the partnerships between alliances or coalitions of businesses with civil society organizations.

The Fundacion Mexicana Para el Desarrollo Rural (FMDR), a nongovernmental organization supported by private enterprises, operates through more than 40 development centers building local capacity and incentives for rural development. Its objectives are to promote an increase in the productivity of rural people and groups and to support integrated human development. Several hundred Mexican and multinational companies help finance FMDR'S activities and also offer technical assistance and business linkages to rural development projects (Nelson 2000).

Chile's Corporation for Rural Development (CODESSER) operates 15 agricultural and two industrial training schools and works closely with a coalition of individual industrialists and industry associations to develop appropriate training programs that reflect the needs of the marketplace; offer work experiences for trainees; and secure jobs for graduates (Nelson 2000).

FIVDR and CODESSER'S initiatives help to build the knowledge, skills, and capacity of rural people and trainees and help to build the human resources in the agricultural and industrial sectors. FIVDR and CODESSER benefit from these initiatives by producing a skilled labour force which they can draw on.

## Conclusion

### Significance of partnerships between private sector and civil society

Collaboration between the private sector and civil society has four potential results:

1. Building of human capital: improving the access to education, training, nutrition and health services and strengthening the role of women in society;
2. Building of social capital: strengthening democratic institutions and public accountability, invigorating civil society, and facilitating greater citizen participation;
3. Sustaining and building natural capital: conserving the natural environment, investing in biodiversity, energy efficiency, and cleaner production;
4. Building economic capital: accelerating not only economic growth, but greater economic participation, promoting regional integration and trade, developing capital markets and infrastructure, and encouraging microenterprises and small businesses as critical sources of employment and wealth creation (Nelson 2000).

### Factors affecting the success of partnerships between the private sector and civil society organizations

The examples provided offer only a small sample of the diversity, innovativeness, and potential of new forms of partnership both within the private sector itself and between the private sector and civil society. However, establishing and sustaining a mutually beneficial relationship is complex and not easy to accomplish since cross-sector partnerships such as that between the private sector' and civil society organizations involve relationships between nontraditional allies. Even in circumstances where these initial barriers can be overcome, there are numerous practical and cultural obstacles to tackle in building partnerships between organizations that have fundamentally different missions', management structures, operating methodologies, and communication mechanisms (Nelson 2000).

Successful partnerships require vision, a strong sense of mission, practical and hard work, and demonstrable results if they are to survive. Many are based on a strong commitment to principles, but must also reflect a willingness to accept, respect, and respond to other perspectives and different ways of doing things.

The crucial factors affecting the success of collaborations between the private sector and civil society actors include the identification of a common objective and the creativity of staff in both organizations. Among these factors, the vision, goodwill and personal commitment of individuals have a great influence on how the relationship between both parties play out.

### Characteristics of successful partnerships

Relatively little research has been carried out on cross-sector partnerships, but those successful partnerships that have been examined usually share the following characteristics:

- Clear and common goals based on mutual benefit
- Individuals or an organization who can play an intermediary leadership role between the different partners
- A clear understanding of different roles, resource needs, and capacities of the partners to ensure that expectations of each other are realistic and mutually agreed upon
- Well-understood systems and management procedures for operations and decision making, resolving conflicts and reviewing and evaluating progress.
- Formal, informal, open and transparent communication
- Clear lines of accountability between partners

Successful partnerships between the private sector and civil society can be powerful catalysts for change and valuable mechanisms for delivering efficient, effective, and equitable solutions to the challenges of sustainable development. These partnerships offer a balance between economic growth and competitiveness, social cohesion, and environmental sustainability (Nelson 2000). As such, they serve as examples of best practices that could be used to further APEC's goal of sustainable development for the region.

## References

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