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NGOs AND THE PRIVATE SECTOR: POTENTIAL FOR PARTNERSHIPS?

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1. Introduction

Globalisation, the increasingly multinational nature of business and electronic communication, has led to a parallel reduction in the powers of the nation-state to affect development and an increase in the powers of the business community (Im 1995, Mathews 1997). Transnational Corporations (TNCs) account for over one-quarter of the earth's GNP. Unlike governments, global businesses are able to operate efficiently globally, moving people, money and, above all, information around the world with little restriction. TNCs are becoming larger and more numerous; individually their resources and impact on people's lives can be as great as many nation-states. Collectively their direct investment activities increasingly dominate international capital flows (Lall 1997). With such massive resources at their disposal there is increasing recognition that with global influence comes global responsibility. Tackling issues of environmental and social concern globally can no longer rest solely with governments and international organisations but must also become an obligation of the business community. The welfare state is giving way to business welfare. This rapidly changing external environment is having major implications for the role of NGOs, their sources of funding, the nature of their relationships and their activities. NGOs now need to look beyond the State as the main actor to influence.

Societies are made up largely of three overlapping sectors: government, the private sector and non-governmental organisations (NGOs). The distinction between sectors at the edge is often blurred and, increasingly, each has to work with organisations in one or both of the other sectors in order to fulfil their own objectives. In the past decade a visible trend, however, has been the transfer of governmental actions and responsibilities to private sector and NGO sector. This paper concentrates on the business-NGO axis of relations. Does this trend lend itself to greater levels of collaboration, particularly with reference to larger companies and NGOs? Globally the balance of command over resources is beginning to lie less with governments and more with private organisations, both business and NGOs.

The end of the Cold War has brought no mere adjustment among states but a novel redistribution of power among states, markets and civil society. This has not stopped governments using their still considerable sovereign powers to position themselves within the new paradigm (Department for International Development 1997). National governments are not simply losing autonomy in a globalising economy. They are sharing powers - including political, social and security roles at the core of sovereignty - with businesses, with international organisations and with a multitude of NGOs. Indeed, companies and NGOs should not be usurping the state, though finance, information, pollution and popular culture do shape the lives of human beings with little regard for political boundaries. International standards of conduct are gradually beginning to override claims of national or regional singularity. Even the most powerful states find the market-place and international public opinion increasing by compelling them more often to follow a particular course. That new force on the global scene, international public opinion, informed by worldwide media coverage and mobilised by NGOs, can be extraordinarily potent in getting things done, and done quickly (Mathews 1997). After the débâcle over Greenpeace's successful campaign against the sinking of the Brent Spar in the Atlantic, Shell's Chief Executive, C. A. J. Herkstroter added weight to the argument that there is a new paradigm in state, market and civil society relationships:

> We took decisions, which in retrospect were mistakes. We now realise that alone we could never have hoped to reach the right approach - that we should have discussed them in a more open and frank way with others in order to reach acceptable solutions ... In essence, we were somewhat slow in understanding that environmentalist groups, consumer groups and so on were tending to acquire authority. Meanwhile those groups we were used to dealing with (e.g. government and industry organisations) were tending to lose authority. (Shell 1996)

Throughout history the most powerful force for development in society has moved from religion via governments and nation states to business. The former two had the welfare of their constituents as their base, but companies have had less concern about welfare, until recently. Nobel economics laureate Milton Friedman made his classic contention, almost thirty years ago, that the private sector's sole social responsibility was to make a profit (Friedman 1970). In recent years, however, stakeholders who are directly affected by corporate activities have increasingly criticised this perspective. In fact, a company's impact on its stakeholders is an emerging benchmark of corporate performance. There is a need to look at what companies can do for society, not what society can do for companies. Another concept relevant to this contextual debate on development is 'sustainable development', first defined over ten years ago in a document called *Our Common Future* (Bruntland Commission 1987). This paper follows a definition from a recent influential book, *Greening the North*:

> Development which satisfies today's needs without endangering those of future generations. This basic principle also entails recognition that environmental problems cannot be considered in isolation from economic and social development. A holistic approach is necessary since the environment and development are inextricably linked. The old developmental maxim about first achieving economic affluence and then repairing the social and ecological damage has become untenable. The new thinking demands integration of ecological, social, and economic interests (Sachs, Loske, Linz, et al. 1998).

It can be argued that corporations are the only organisations with the resources, the global reach, and, ultimately, the motivation to achieve sustainability, but, at the same time, there are political and social issues that exceed the mandate and capabilities of any corporation. For those attempting to solve matters on their own, it will prove gruelling, if not impossible, as Björn Stigson, Executive Director of the World Business Council for Sustainable Development, has recognised:

> Sustainable development requires collaborative thinking and partnerships with other non-business organisations ... These partnerships only make sense in the global scheme: to address poverty in the Third World, as much as to deal with pollution control ... business can't tackle all the issues nor can it do it alone. (quoted in Elkington 1997)

In short, partnerships are contemporary solutions to pressing present-day problems. Such a changed, and changing environment, has implications for the way NGOs think and work.

The private sector will be an increasingly important target for NGOs although not in a singular oppositional sense, but rather in a negotiated manner recognising that the private

sector has clear profit-making motives in its actions. NGOs need to engage with the private sector in new ways, yet the dynamics of relationships between NGOs and the private sector has been very little researched. INTRAC is an NGO set up to serve NGOs. One of the key services INTRAC provides to NGOs is the reflective capacity to assess and analyse key NGO policy issues. INTRAC believes that it is vital that this analysis be done from within the NGO sector itself, rather than by commercial consultants or academic institutes, who are removed from the unique context of the NGO world. INTRAC's ongoing monitoring of the NGO sector suggests that an analysis of NGO-private sector relations would be of great value to both parties as they grapple with possible new modes of engagement in their quest to have a positive impact on justice, peace and sustainable development. The aim will be to find out whether, when and how NGOs and the private sector can effectively work together. Changes in the external environment will have major implications for the roles of NGOs: their sources of funding; the nature of their relationships; and their activities. For organisations that are having to make strategic and operational decisions about the nature and impact of their contribution to international development co-operation, this research project's analysis of the issues affecting their work is of key strategic importance to NGOs and the private sector.

Phase One of the project set out to conduct an information-gathering and mapping exercise to outline and examine the existing and newly emerging relationships between NGOs and the private sector, and the different kinds of relationship between NGOs and their constituencies. Given this wide aim, it was decided to concentrate on the North and with the admission that TNCs and Big International NGOs (BINGOs) have generally gone the furthest in engaging with each other. Such a skew in the mapping does not rule out the fact that many of the issues covered here are of relevance and applicability to SMEs (small and medium-sized enterprises) and Southern and Eastern NGOs.

Secondary data from a wide range of sources was collected: documentary and website information supplemented relevant literature gathered from NGOs, private sector organisations and others known to be working on related issues. Interviews with a small number of key INTRAC associates, Northern NGOs, private sector organisations and other relevant actors were conducted. Travel to North America and within Europe enabled further secondary data collection and allowed for meetings with a number of key actors to discuss issues in greater depth. A semi-closed questionnaire structure allowed for analysis between NGOs and the private sector on several identifiable issues of common concern. By examining events, how knowledge is received and perceived by the actors involved to shape their views, the researcher pursued a qualitative methodological approach to the data. This paper lays out the issues concerning engagements between NGOs and the private sector and will provide a basis with which to examine matters in greater depth in Phase Two of the project during 1999.

2.   Impact of the Private Sector

2.1   Impact of the Private Sector on Global Development

The way in which the private sector operates impacts on the lives of the poorest in numerous ways. The private sector has many roles. It is a major employer bringing jobs and economic activity to countries and regions far beyond the company's headquarters or shareholders' communities. Its power is significant in that it can disinvest from a country by withdrawing important sources of employment and infrastuctual improvements. Although some argue that '... the sovereign power of governments - ultimately demonstrated in the capacity to nationalise or refuse permission to operate - is paramount, whether in regard to national or foreign corporations' (Chandler 1993), others stress that 'global interdependence and interconnectedness is challenging (both) popular sovereignty and state sovereignty' (Im 1995).

Investments in financial markets can be made ethically - giving weight to the social and environmental costs incurred by private sector companies during the production of goods or provision of services - or not. Organisations such as the American Franklin Research and Development of Boston and a similar but smaller UK organisation EIRIS - Ethical Investment Research Services, provide information to unit and investment trusts on those issues which the public considers ethical and unethical (Boyden 1994). Lists of trusts with ethically selected portfolios are now widely available to investors. Private sector philanthropy is also a rapidly growing area: 'Sponsorship of non-profit organisations has become the fastest growing area of market budgets, increasing from $2 million in 1984 to a projected $2 billion in 1994' (Stark 1993).

Despite the expanded roles of the private sector, NNGOs were found by research conducted in 1994 'to be uncooperative towards the business community' (Boyden 1994). An oppositional stance, when employed in campaigns by NGOs like WDM (World Development Movement), has certainly been successful in raising public awareness of issues such as the human rights abuses of multinational companies.   Nevertheless campaigns such as that exposing the widespread use of child labour in the textile and carpet industries of Bangladesh and India, some argue, can be counter-productive. As companies 'cleanse' their product of child labour, children are forced to find alternative employment, generally in even worse conditions.

NGOs may be attempting to take a new approach in their relationship with the private sector. For instance the DIY retailers B&Q (buying products from over 60 countries) and the environmental NGO World-Wide Fund for Nature (WWF) (operating in all five continents) are in partnership. The aim will be to '... find out how far businesses and organisations such as WWF can really go in working together. How can a business which meets customers' demands for consumption be reconciled with an organisation whose purpose is to conserve those same resources? ... it will raise awareness of issues among businesses, and it will challenge the assumptions of NGOs and the public' (King 1997). NGO advocacy and lobbying of the private sector which focuses on environmental concerns is more advanced than that which focuses on development and human rights issues. Nevertheless there are examples of the latter. Amnesty International UK's Business Group was set up in 1991 to encourage companies and business people engaged in overseas

trade and investment to use their international links to work for an improvement in human rights. The group works on a basis of confidentiality with businesses and does not organise sanctions or boycotts and does not encourage disinvestment. The suggestion that a continuation of known abuses may affect a country's commercial trading via a 'quiet word from a manager often in touch with a government minister can have a potent influence in remedying abuses' (Chandler 1993).

2.2   Impact of the Private Sector on NGOs

No matter whether an NGO believes TNCs are incompatible with the world of sustainable development and so wants to remove them from the scene or whether an NGO sees full-scale collaboration with the private sector as the most effective way towards a more sustainable future, the private sector will have real and perceived effects on the NGO sector. Companies are an unsettling, even divisive, force in the NGO world. Four potential ways in which the private sector can impact on NGOs - with major implications for the way NGOs' future operations - are identifiable,.

1. Changing Relationships. As the private sector becomes increasingly involved in the delivery of essential services, in place of the state, NGOs wanting to influence the quality, cost and reach of such services must involve themselves with the state's utility regulators - now as partners - in advocacy work. On the other hand NGOs are also seeking more formal engagement with the private sector in order to secure access to subsidies and financial services for the poorest (e.g. SEWA (Self-Employed Womens' Association), India and Planact, South Africa). A number of private sector companies are now creating development departments or promoting development initiatives in partnership with NGOs. For instance Allied Dunbar, Shell and Barclays Bank all have departments dedicated to 'third sector' work. Through their advocacy work and as players in multi-actor negotiations with the state, private sector and other civil society organisations, NGOs are able to impact on the accountability and people-orientation of business.

2. Changing Programmes. The private sector is increasingly becoming a provider of essential services that were previously in the public sector domain. As a result of World Bank structural adjustment policies and privatisation policies in general, many essential services throughout the world are now provided on a contractual basis. By also bidding for contracts, NGOs increasingly see the private sector as a rival for lucrative contracts.

As commercial companies, both national and multinational, become increasingly important partners/employers of grass-roots groups NGOs have less legitimacy in confrontational roles with them and therefore need to engage with that sector in new ways. In addition, the process of globalisation is widening the gap between the rich and the poor, both between the rich North and the poor South as well as between rich and poor in the South and in the North. As a result NGOs are increasingly pressured to engage in residual and welfare work with the very poorest.

3. Changing Organisational Systems and Structures. NGO-private sector relations are like a game of chess: while there are only a few pieces to move, there is an almost infinite variety of ways to play the game. Both NGOs and companies face organisational challenges in dealing ethically and rewardingly with each other. On the NGO side, for example, partnerships with the private sector are accentuating and aggravating differences between fund-raisers, policy and campaign departments, so much so that a particular NGO can have several external 'faces' to a private sector company almost at the same time. For example, within a short space of time an NGO could take money from a company, advocate a new policy for the whole commercial or industrial sector and set the company up for a campaign. Such disunity in organisation and purpose makes the private sector perceive NGOs as disorganised as their traditional stereotypes have suggested. For NGOs, more worryingly, it can also breed contempt for colleagues: euphemisms for the animosity between departments, especially policy ('those upstairs') and fund-raisers ('those downstairs') are many, but harsh and unrepeatable.

Many NGOs are currently debating the value of talking to 'the enemy'. What is in it for their cause? Are they wasting their time pursuing their agendas through the market? For those NGOs engaging with the private sector, what do they hope to achieve? If some companies can be accused of partnering for PR reasons, are NGOs equally using partnership as a competitive tool to raise their profile amongst donors and to sensitise supporters? The power of boardrooms and lunches with chief executives attract some NGO staff. Where do NGOs' mission principles figure in all this? Few NGOs have a united position as regards businesses, except are those pursuing a solely antagonistic route. There are heated debates within NGOs: director, trustees, supporters and staff can divide into separate cliques. Strategic stakeholder management requires creative leadership as supporters push their NGO for more corporate engagement or act like a ball and chain on potential partnerships.

The changing environment is also affecting the relationship between NGOs and their constituents. NGOs' constituencies have always been important in terms of providing NGOs with independent funding and in lobbying and acting for change. If one of the most important ways in which NNGOs can add value to development co-operation is through lobbying by their constituents in the North, it is important to know how they are linking up with Southern NGOs (SNGOs) as regards an issue concerning a certain TNC in a particular location in the South. Is it only better communication of information between NGOs or is it more than that? What is the experience of NGOs who have targeted the private sector through the mobilisation not only of their own constituents but also the constituents of the private sector?

4. New Organisational Forms. What differentiates NGOs from companies? NGOs are said to have a monopoly on principles while the latter focus on profits. That was never completely true in the past; today principles and profits are intrinsically linked (Shell 1998). The trick is in the word 'and' instead of 'or'; these two small words make a world of difference, and can ultimately make a difference to the world (Heap 1998).

While statutory legal and tax systems keep NGOs and the private sector apart, the cross-fertilisation of each other's vocabulary and methods is making sectoral frontiers increasingly blurred, a breeding ground for hybrid for-profit/non-profit organisations (Leat

1993; Davis 1997). INTRAC's own millennium paper lays out this institutional isomorphism as 'NGO Incorporated':

> ... we have identified ... the dramatic change in the nature and form of NGOs. Even the language used to describe NGOs is changing and identities and boundaries are clearly shifting. We see NGOs with no value base, as against commercial enterprises with very strong ethical values; certain non-profit organisations run counter to the traditional spirit of voluntarism; commercial consultancy firms competing with established NGOs to operate programmes in former 'NGO territory', and NGOs setting up commercial consultancy wings. (INTRAC 1997)

The main aid agencies may be NGOs but they are run like companies, with huge turnovers, marketing strategies and revenue targets. While not on the multibillion, multinational business scale, CARE's revenue is measured in hundreds of millions of dollars, and last year the UK's 6,500 charity shops made £91m in profits (Charity Shops Survey 1998). Some well-known NGOs are not even charities (Amnesty International and Greenpeace). WaterAid, an independent development agency but with sponsorship from an industrial sector, uses the enormous publicity network of 22 million UK water bills for cost-effective fund-raising.

Some people call NGOs non-profits, yet these non-profits are profit-making entities. This is not a question of semantics; their measures of success are in social or environmental terms, rather than solely economic ones. In turn, companies have seen the light of social and environmental accounting and are, with their auditors, beavering away on developing ways to measure themselves in more than just pounds and dollars. These trends will continue as 'the focus of NGOs' eyes on companies is turning away from funding in isolation towards the issue of "humanizing capitalism"- perhaps the key task of the 21st century' (Edwards 1998a; Edwards 1999). There is a single world market in aircraft, cars and computers, so why not in human rights or sustainable development? Given current globalising business trends, the further encouragement of corporate citizenship would seem to be a pragmatic way for NGOs to harness the power of all companies towards the triple bottom line of sustainable economic, social and environmental development for the earth and its people.

3.   Typologies of NGO-Private Sector Engagements

The NGO and the private sector are not homogeneous in their attitude and practices towards each other. This section explores the various typologies used to define the basic characteristics of NGO-private sector engagements. Such typologies are by their very nature crudely deterministic but do help to clarify the specificities of organisations into more manageable general classes. For example, Starke (1993) has offered a broad classification of corporations in relation to their development of a 'moral' perspective.

Five Stages in the Moral Development of the Private Sector Corporation

1. The Amoral Corporation	Pursues winning at any cost; views employees merely as economic units of production.
2. The Legalistic Corporation	Concerned with the letter of the law, but not its spirit; adopts codes of conduct that read like products of legal departments (which they are).
3. The Responsive Corporation	Interested in being a responsive corporate citizen, but because it is expedient has codes of conduct that begin to look more like codes of ethics.
4. The Emergent Ethical Corporation	Recognises the existence of a social contract between business and society, and seeks to instil that attitude throughout the corporation.
5. The Ethical Corporation	Balances profits and ethics throughout its culture.

Source: Starke (1993).

While many progressive private sector companies are on a journey towards the ethical corporation, a great number of their contemporaries are stuck in legal compliant mode - just doing the bare statutory minimum, and sometimes not even that. The number of private sector companies moving into stage three is increasingly significant as firms realise their new obligations to society at large. This is a positive phenomenon which NGOs must recognise and encourage. A small but growing number of private sector companies are entering the 'emergent' stage four, such as B&Q, Body Shop, Interface, Skandia and Ben and Jerry's. It is not possible to find any examples of the 'ideal' final stage, however, where a founding moral stance permeates the whole culture. Such organisations will be the corporations of the new millennium. One observer has developed a typology to account for the varying speed of private sector responses to the sustainable development agenda.

Classifying Corporate Responses to Global Philanthropy

		Short-Term Rewards to Businesses	
		LOW	HIGH
Long-Term Rewards to Businesses	H I G H	**Cynics/Repenters** *(Defensive)*	**Saints** *(Proactive)*
	L O W	**Sinners** *(Reactive)*	**Pharisees** *(Accommodative)*

Source: Collins (1992).

Cynics/Repenters avoid additional obligations linked to a problem. Sinners allow a potential problem to go unresolved until the public learns about it. Although the business then denies responsibility, is attempts to resolve the problem and deal with its consequences through seemingly 'benevolent' action, for example Nestlé using its Co-ordination Centre for Nutrition during the infant food formula scandal. Pharisees take responsibility for the firm's actions when strong pressures from special interest groups build up or when it appears that legislative action will soon occur to ensure compliance. Saints are firms that assume responsibility for their actions and that respond without outside pressure or the threat of government intervention. In the short term, Pharisees may not negatively affect their corporate image. In the long term they will, however, pursue only an accommodative marketing strategy to corporate philanthropy, while comparing badly to the proactive planning of the competitor Saints. Even the Cynics can repent the error of their ways, suffering only short-term damage, but reaping long-term rewards through their conversion in the eyes of the public. Sinners will ultimately suffer for their lack of vision in choosing only to defend an increasingly untenable position in a competitive business environment. Even if a firm has not made some publicised environmental or social disasters in the past, it can no longer safely assume a neutral position. Active social involvement in the form of some kind of philanthropic action is becoming a way of reassuring the public of the firm's good intentions, while at the same time creating a stock of goodwill and separating the saints from the sinners (Collins 1992).

Saints (no crimes, high contribution) and Cynics (crimes, high contribution) rate substantially higher than Pharisees (no crimes, low contribution) and Sinners (crimes, low contribution) in the study of the relationship between corporate financial performance and experts' ratings of corporate social responsibility. Therefore more than just reputation is at stake (Wokutch and Spencer 1987). It is better to be a Repenter than a Pharisee and better still to be a Saint.

From the point of view of the private sector analysing the NGO sector, John Elkington of SustainAbility invented a typology of NGOs using marine animals which distinguishes between those who seek to create and maintain a clear distance between themselves and their target companies and those seeking to collaborate, and those who discriminate between the well and badly behaving companies and those who do not.

- Shark-like NGOs are those which see no place for TNC in a world heading towards sustainable development.

- Sea lion NGOs may be conservative and uncontroversial and therefore attractive to private sector companies seeking comfortable partners. But these sorts of NGOs have to be very careful that the corporate donations they receive do not link them to an agenda which conflicts with their overall mission.

- Killer whale NGOs are more selective than sharks in choosing corporate targets but just as uncompromising in their engagements.

- Dolphin NGOs hold off from immediately partnering with any private sector company that approaches them. Instead, they select partners on the basis of developed ethical criteria and appropriateness of the company's words and deeds to the overall cause of the NGO.

A Corporate Typology of NGOs Engaging the Private Sector

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

Source: SustainAbility (1996)

Do NGOs need the strategies of both killer whale and dolphin: the carrots of praise and reputational enhancement and the sticks of adverse publicity and legal costs (SustainAbility 1996)? Can NGOs adopt a twin-track approach without radically changing their internal organisational structure and their external links to other NGOs? In the ocean, no matter you are as big as a killer whale, as ferocious as a shark or as cognisant as a dolphin, all require the water of life - that is, civil society. Do dolphins need to do anything first themselves, or allow (if they are in a position to know) a shark NGO to attack, or at least to threaten to, to engage the private sector? If not, are they too value-based and idealistic to engage with the private sector? This typology has gained a great deal of publicity, although disappointingly Elkington has not so far developed this provocative typology: for example, his subsequent work on the transitions required on the road to sustainable development uses only Greenpeace and Shell (Elkington 1997).

This corporate view of the NGO sector has a reverse mirror: the private sector can be defined in the eyes of NGOs as regards those fishing for sustainable development.

An NGO Typology of Private Sector Companies Seeking Sustainable Development

	Doing the wrong thing wrong	*Doing the wrong thing*
N E G A T I V E	**Whalers:** harpooning endangered species despite international regulation, and using poorly paid labour as crew Financially/Environmentally/Socially Unsustainable	**Tuna fishing**: making a profit, but trawling everything without thought for future fish stocks or fishing livelihoods Financially Sustainable (only in short term); Environmentally/Socially Unsustainable
P O S I T I V E	**Pier fishing:** fishing sometimes as a stress relieving hobby, sometimes as a competitive sport Financially Unsustainable; Environmentally/Socially Sustainable	**Sustainable fishing**: balancing financial concerns with equally profitable environmental and social issues Financially/Environmentally/Socially Sustainable
	Doing the right thing	*Doing the right thing right*

Source: Heap and Fowler (1999b)

Whalers and tuna fishermen-type private sector companies need killer whale-type confrontations to force the former to consider the social and environmental laws with which they are not complying. Pier fishermen, on the other hand, could be approached in a positive dolphin-like way. Such fishermen would never dream of catching dolphins - they might even get in the water and swim with them! - where the NGO and the firm explore mutually satisfying partnership possibilities.

Those private sector companies that fish in a sustainable manner are already going beyond legal compliance, are mentally living in the next millennium and are the best partners for NGOs, even though some of the latter's rivals might question the real extent of change from traditional ways and the speed of their conversion to sustainable development.

Should NGOs adopt the approach of making their pier fishing (fair trade) more economically viable or is the cause of sustainable development helped by partnering those companies developing a sustainable fishing fleet (ethical trade)?

In another study, the Communication's Group conducted a survey in 1997 of the attitudes of major European private sector companies towards NGOs (Communications Group 1997). Key findings included:

- business fears the power of NGOs but is complacent about how to handle them; although NGOs can affect their operations, few companies in the survey expect to make major changes to their activities;

- pressure groups frequently outflank business in their campaigns, and use global communication techniques much more widely and swiftly than most companies;

- companies rely heavily on media publicity to deliver their message across dealing with pressure groups, rather than taking a strategic approach to managing the issues posed by them;

- few companies have far-sighted corporate strategies in place to deal with NGO power.

In six of the nine European countries surveyed, at least a third of respondents identified NGOs as 'a positive stimulus'. Only a small fraction of respondents opted for 'generally negative' to describe their attitude. Most respondents made a direct link between the influence exerted by NGOs and the imposition of government regulations affecting their company's operations. Areas most frequently mentioned included environment, labour relations, consumer protection and development issues. Of those attributing changes in their operations to the effects of NGO action, most do not believe that such modifications have affected their company's financial performance appreciably.

Despite the problems inherent in responding to NGO campaigns, companies pointed to various side-effects of the pressure exercised by such groups: 'can be a stimulus to planning and thinking'; 'can indicate shortcomings in our communications policy'; 'made us think more consciously about the effects of our actions'; 'helps to focus issues, promotes debate and eventual acceptance'; and 'led us to improve our quality service'. Specific improvements in response to NGOs are less easy to identify, however. One unidentified UK company referred to co-operation as '... a dialogue with the deaf'. Meanwhile a second company suggested that 'even if you agree to disagree you ought at least to exchange views'. Most companies claim to include NGO activity as a variable in their planning. One respondent explained: 'In our business, pressure group activity is the norm rather than the exception. We regard dealing with them as part and parcel of the normal business process.' Considering the potentially conflictive nature of much NGO activity, it is striking to see how many companies favour an approach of engagement in this area. A clear majority of respondents report success in developing 'non-adversarial co-operative relationships' with NGOs, and even larger majorities in all of the survey countries believe such relationships are possible with all but the most uncompromising groups.

Evidence from a recent survey of 133 NGOs suggests such trends are continuing and will strengthen in the near future. It found a number of NGOs anticipating continued antagonistic and non-existent relationships with TNCs falling dramatically, while increasing numbers of NGOs foresaw the development of partnerships (Enderle and Peters 1998).

How NGOs Perceive the Relationship between NGOs and TNCs.

AT PRESENT   IN THE FUTURE
TIME

Antagonistic	41%	26%
Ambivalent	47%	13%
Accordant	12%	61%
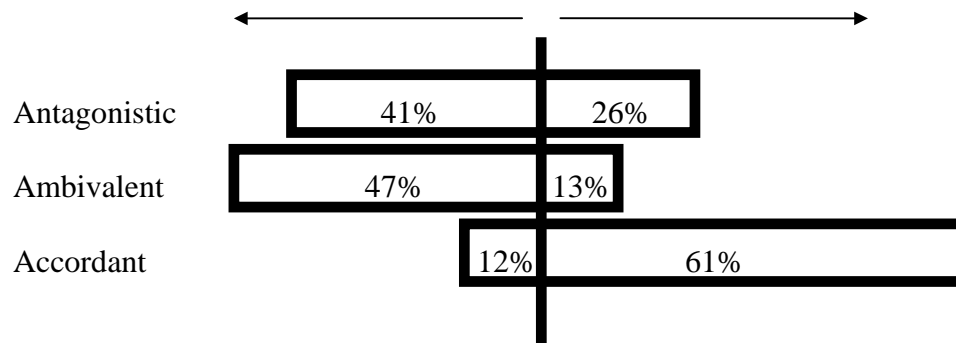
Source: Enderle and Peters (1998).

Such optimism as regards current and future prospects for NGO-private sector engagements confirms the general trends discussed at the beginning of this paper. The reason for NGO optimism that engagements with companies will develop in more close and constructive ways lies in the word 'dialogue'. The increasing willingness, particularly on the part of some companies previously hostile to the thought of talking to organisations embodying other points of view, represents a trend strongly favouring partnerships, as symbolised by the watershed British government's White Paper (Department for International Development 1997). This trend is especially strong when the label 'stakeholder dialogue' is used to described what traditionally were mere discussions between two organisations. Of course, when an NGO and a private sector company enter into such a process of consultations, they might well be doing so against the resistance of other stakeholders such as their staff colleagues. Nevertheless a typology of general organisational positions can be defined: from a company thinking it is immune from external NGO pressures to an open, inclusive policy of NGO consultation and partnership.

The five 'I's of Private Sector-NGO Stakeholder Dialogue:

- **Indifference/invisibility**   a dysfunctional process which provokes action from NGOs

- **Input but Ignore**   a quantitative policy of including NGOs

- **Input and Initiate**   a qualitative process acting with NGOs

- **Involve**   a deliberative policy of getting NGOs views

- **Include/integral**   a symbiotic process of NGOs in partnership

Yet there appears to be too many companies conducting stakeholder dialogues in order simply to feel consultative rather than acting in a properly consultative manner. Private sector dialogue with NGOs as representatives of society appears superficial and spurious - a pair of confidential sets of photographs from two TNCs own dialogues illustrates the point. The first set showed two company employees talking to a group of local people affected by their Latin American operation (an NGO or male chiefs?), but without tape recorders or any use of materials to record the 'dialogue'. In the second set, also from Latin America, the subsidiary of a TNC proudly proclaimed their dialoguing credentials

with photographs of a daytime meeting in the town hall of the 'great and the good' of local society to decide how the company's Corporate Community Investment would be spent in the coming year. Also there, however, because they were either housewives or not so near the borderline of existence that they could not afford to take time off work. That said, NGOs seem guilty of overemphasising the concept of dialogue. The researcher has come across interviews where 'dialogue' has been the magic buzzword to explain - and explain away - the difficulties of communication and the opportunities of partnership between their NGO and a particular private sector company. Some policy officers have seen the fraud and avoided the temptation to mention the dialogue buzzword; this can be summed up as follows:

> Whether the buzzword be 'dialogue' or 'win-win', the fraud that lies at the heart of such seventh-hand jargons is that they trade in mood. Colourful but indistinct, mood is a way of getting everyone under the same umbrella in order to engineer consent and sell them something. Mood is a way of getting you to feel rather than understand. People and organisations who use them do so to marshal the market under a single banner. But mood is addictive and what those who trade in it find irresistible is that no one needs to define what they actually mean. Effective partnerships are deeper than mood; they encompass and respect attitudes and values. (Heap and Fowler 1998c)

Why do NGOs and the private sector really engage in dialogue? What do they hope to achieve by engagements? The next two sections explore the potentials of NGO-private sector partnerships.

4.   What the Private Sector Wants and What NGOs Can Offer

The private sector wants to address certain key issues when it seeks to engage with an NGO. Companies, more than NGOs, want to control the agenda, and in so doing address their concerns first and foremost. A private sector company may have different priorities depending on circumstances, for example, seeking marketing knowledge of their target customers or wanting to demonstrate a fit licence to operate as it moves into a crowded or new market. But what the private sector wants from NGO partners may not always be what the NGO can deliver, or is in a position to deliver, or want to deliver. Nevertheless, drivers for engagement can be delineated.

1. A chance to demonstrate corporate philanthropy: this together with a desire to head off negative public confrontations. 'CCI is going beyond launches and lunches. Companies are moving in from wanting to look good, to doing good' (Collins 1992). The naive belief that doing good will elicit praise has been the downfall of many a well-intentioned organisation. The problem is that philanthropy is a potential minefield; carried out effectively it can be a valuable marketing tool, carried out badly it can damage both the reputation and the operations of an organisation in the long term. An area of criticism by the public is the covert manner in which some firms carry out their philanthropy. Conversely, many firms find that if they openly display and promote their corporate philanthropy, they are criticised by a public who believe that they are cynically manipulating and exploiting the causes for corporate gain. This is a 'lose-lose' scenario since the public like neither secrecy nor publicity seekers (Collins 1995). Building up a stockpile of goodwill is a less expensive option than the post-crisis repairs undertaken by Perrier and Exxon in the face of non-existent public sympathy (Collins 1992). In short, the old paradigm of giving money is now being replaced by the broader paradigm of stakeholders.

2. Reputation enhancement: reputation is the main weapon used by campaigning NGOs. But many NGOs also have their reputations to defend. The degree to which a company's or an NGO's reputation rubs off on the other is open to interpretation: a great deal of gain is perceived rather than actualised. There is a need to think critically about the twin strategy of NGOs: how they can threaten the private sector's reputation and then offer to work with them and reward them for solving problems. As regards relations with NGOs - companies bring baggage with them and perhaps also a poor reputation. Investors, lenders and insurers are increasingly interested in the business risk factors associated with reputation. The risk of a damaged reputation is seemingly becoming more important and companies go overboard to avoid bad publicity. No matter what it costs it is worth doing, to avoid brand damage. Initial corporate instincts to fight back against campaigning NGOs or to rely on self-righteous outrage and media rebuttals are tending to give way to dialogue and attempts at collaboration. Increasingly, stakeholders, like consumers are demanding that businesses do more than make a profit, hence the emphasis on enhanced public image through association with an NGO and therefore enhanced corporate brand reputation.

The rhetoric about consumers and their position as purchasers provides two conflicting images. On the one hand, consumers are discerning, demanding and need to be deferred to - 'the customer is king' or 'the customer is always right'. On the other hand, consumers are victims in need of media exposés on products and/or companies. The rhetoric which

conjures up the first image is usually to do with the economic dependence of firms on consumers:

> Firms that want to stay in business have to sell things that people want to buy and on terms that will make the buying easy and pleasant. After all, a business is at the mercy of the economic power of its customers, who are always being enticed to buy from competitors; so it pays to do what it takes to keep one's customers loyal, including treating them as kings. (Sorrell 1994)

Consumers buy company products and to some extent buy into that company's ethics. A more caring consumer is evolving. The concept of integrating social concerns with shopping decisions is increasingly popular, such as the Council on Economic Priorities's *Shopping for a Better World*, which has sold more than 1.5 million copies. The public has said that it would be more inclined to buy from companies that support the community and society. 58% of consumers questioned in a survey expressed the importance of buying from companies that make charitable contributions. 45% would buy from a company that supported a charitable cause, even if it meant switching brands (Dragon International 1992). The public recognises Tesco for positive educational development through donations of computers, and views GlaxoWellcome's donations of medical supplies as being beneficial to mankind (De Nitto 1989). The Co-operative Bank's ethical stance on such matters as landmines has been more effective in generating accounts than conventional advertising and promotion (Bidlake 1991; Co-operative Bank 1998). Such appeals to strengthening the civil fabric via the financial bottom line is as applicable in the South as it is in the North. Similarly, although consumers and producers have become more separate due to industrialisation and globalisation, consumer pressure in action, or as Jem Bendell terms it 'civil compliance', is an increasing global phenomenon (Bendell 1998).

3. Financial drivers: improved image or credibility through association. Corporate Community Involvement (CCI) can benefit a firm in terms of image, brand recognition, marketing position and profits. This is consistent with the prudential sense of 'investment'. However, there is a case for justifying CCI using the economic sense of 'investment' as well. Charities often promote causes that can result in an increase in human capital. CCI does not require that there be an unbroken, easily traceable causal line between expenditure and company benefit. It is simply a principle that, in making decisions about charitable expenditures, funds should be directed to those projects which are compatible with the products of the company. Because of this fit, such charitable activities would normally lead to improving those products or their market environment (Dienhart 1988). 'Virtuous capital'. Company commitment can no longer be simply a question of investment and technology. Increasingly, it is one of ethics and values. The case for private sector involvement is based not only on doing good, but as being seen to do good.

Below is MORI's latest Annual UK Corporate Social Responsibility Study. It found clear differences in perceptions between the general public, Labour MPs, MEPs, Conservative MPs, the business press and investors as to what factors make up a private sector company's external reputation. Most strikingly, the City's faith in the benefits of profits overwhelms any notion of environmental or social responsibility.

Criteria for Judging a Private Sector Company's Reputation (%)

	Public	Labour MPs	MEPs	Cons MPs	Business Press	City Investors
Treatment of staff	23	67	30	30	14	0
Quality of products	20	24	34	26	21	0
Financial performance	19	18	26	31	64	70
Quality of management	17	15	12	15	54	80
Customer service	11	32	15	32	17	0
Environmental responsibility	4	40	37	23	4	0
Social responsibility	2	34	34	12	0	0

Source: Worcester (1997).

There are potentially increased sales and profits through Cause-Related Marketing (CRM) or 'passion branding' (US phrase). Citizenship gives you responsibilities and rights. Businesses' dual citizenship means market and social responsibilities. They are linked: if a community is healthy and has low crime and vandalism, it will thrive socially and economically, and business in turn will benefit though increased consumerism and reduced dependence on social programmes. The direct benefits of investing in a sustainable business environment are most obvious when it is clear that the company is dependent on developing a social and physical infrastructure which the government will not or cannot do by itself.

> Major figures in business and industry are not amoral. They care as deeply as those who work in the public sector about justice, decency and human suffering. And they understand that a flourishing business sector is crucial to human advance and well being. (Short 1997)

Profit and societal benefits need not be mutually exclusive. There is scope for a more marketing-orientated philanthropy which contributes both to the bottom line and to society. One academic saw societal marketing as a concept which widens the arena of business concerns to include not only the internal 'proximate' environment, but also the 'ultimate' environment of society in general (Dawson 1969). Another observer also saw the need to include the objective of attaining long-run consumer welfare in order to be consistent with the long-term goal of profitability (Kotler 1972). The world is moving from an era in which businesses maximised profits independent of societal interests to one in which success depends on the close synergy of interests between business, civil society and state interests. No individual business is commercially compelled to accept its social responsibility, however: it can choose to opt out and thus transfer the problem to other enterprises or to society as a whole. The difficulty for any firm considering CCI relates to the distribution of costs and benefits: broader social benefits (creation and maintenance of a stable and well-functioning society) have an impact on everybody in a society (including business) but direct business benefit will not necessarily accrue to the individual company within the time scale of immediate commercial decisions.

Survey evidence supports the supposition of a causal link between corporate social responsibility and financial performance. The issues involved in assessing business benefits are too complex to expect consistent answers across all industries, but it appears that socially networked firms will in the long run outperform those which are not

networked in such partnerships, in terms of market-based performance or risk measures. Partnerships increase trust and help companies improve risk management by ensuring stakeholder involvement in relevant decision-making, and accordingly are at the heart of corporate strategy.

4. NGOs provide a much needed external challenge: early warning system for societal concerns and a 'barometer' on society's view of business behaviour. With the demise of Marxist thinking as a development paradigm, companies need the centre-left views of civil society through NGOs. A position where every NGO should be quiescent through partnership is not being advocated here though; NGO voices must continue to be heard now and in the future. Yet companies do not want to hear about theory - they seek practical solutions and endorsement of the sustainable processes they are pursuing.

The prominent NGOs are currently assessing their relationship with the private sector. Their members may be asking why are they talking to 'the enemy' and what is in it for their cause? A recent paper brought out the synergy:

> In fact, NGOs and large companies could do so much more together than
separately,
> even though many have yet to realise it. It was recently suggested to Shell which
> was involved with the Brent Spar and Nigerian issues, that if Greenpeace had not
> existed Shell would have had to invent it. It did not disagree. Social competition
> is much like market competition in concept. All powerful organisations, including
> large companies, need effective countervailing power to keep them performing
> effectively for their own benefit as well as that of the wider society. If government
> agencies cannot do this internationally then NGOs must. (Marsden and Andriof
> 1998)

Large corporations too often listen to themselves. External engagement, however, can open up new voices, new options and fresh thinking.

5. Credibility: NGOs offer this in the local community or with the public regarding private sector involvement in a particular issue. Some companies have a policy towards social responsibility which obliges them to contribute to and participate in the communities in which they operate. This, in turn, provides an opportunity to consolidate and protect its investment in the community. But the reverse halo effect can come into play here: if a company is getting its business basics wrong, then their CCI is perceived as useless, even damaging; but if a company is getting its' business basics right, then its CCI is often downplayed.

6. Intelligence: NGO knowledge of, and access to, a geographic community or a target audience that will help fulfil business objectives, especially ones in which the company is investing for the first time. NGOs are repositories of knowledge on issues which the private sector could use. NGOs have specialist expertise, such as disability charities advising on disabled employee rights issues for employers or companies needing marketing information about the lifestyle of older people or young black groups. The largest public relations firm in the world, Burson-Marsteller, found in a survey of UK and Continental businesses and their American counterparts that all faced numerous problems breaking into

new foreign markets, uppermost of which was the lack of information as to how local conditions could potentially affect their foreign investments (Burson-Marsteller 1991).

Militating Constraints Against Companies Increasing CCI Overseas (%)

	All	USA	UK/Europe
Lack of local know-how	50	56	40
Local management	35	37	30
Insufficient funds	34	30	40
Lack of suitable staff	30	28	32
Irrelevance to business	28	28	28
Host country resistance	20	25	11
Want not to offend government	19	22	13
Desire not to stand out	16	22	5

Source: Burson-Marsteller (1991)

Given SNGOs' expertise in language, local issues and contact facilitation, this is surely an area which could lead to private sector engagement, especially with TNCs moving into a new market or seeking advice on the impact of a local factory in their supply chain.

7. Human resource management implications: included in working with NGOs are opportunities for skills development and training opportunities; gains from the talent and skills of staff and volunteers; and insights into different management styles. NGOs have great practical field experience, are experts at maximising the resources that they have, and 'can teach businesses more about stakeholder management in terms of shareholders, community, staff and customers' (Lewis 1998).

> The company will have better morale, team working and cross-functional communications, a greater ability to manage a diverse workforce, and sharper skills in making change happen. Good reputation attracts and retains employees who have pride in themselves and the companies they work for. Business partners, suppliers and customers will choose to do business with reputable companies. (Taskforce 2002 1997)

Increased staff morale and commitment and positive developmental experiences can result in a higher rate of productivity for business employees, make business an employer of choice and enhance employer-employee relations (Pante 1996). Employee benefits include an attraction to potential recruits or a morale boost to existing staff that comes from working for a company that is clearly doing a useful job and is going about doing things in the right way. The respect a company earns in this manner rubs off on employees and extends to family, peers and the local community. With companies competing for a decreasing pool of potential young employees, having a good corporate image can aid their recruitment of the best young people. Many firms with strong and active programmes of philanthropy often second staff and involve them in the company's socially responsible work. Shell, BP, W. H. Smith and Marks and Spencer are some of the firms which actively involve their staff in such work, believing that it pays dividends in staff training and skill building, as well as boosting morale (Collins 1995). The Body Shop International has also

long claimed that 'it benefits as much from its community work as the community benefits from it'. Employee secondment programmes are a 'valuable tool in management development' (Daws 1991).

5.   What NGOs Want and What the Private Sector Can Offer.

All sides would be better served if NGOs were to decide exactly what they want before approaching the private sector. A great deal of effort is side-tracked down improbable paths, with unsuitable partners and unrealistic goals. NGOs want to address certain key issues when they pursue engagement with the private sector: for example, they may seek incremental change or significant changes to basic business practice, they may want to sensitise its supporters. But, as noted earlier, what the NGO wants from its private sector partner may not always be what the company can deliver, or is in a position to deliver, or wants to deliver. Nevertheless, seven drivers for engagement can be delineated.

1. **Philanthropy.**   Companies altruistically donate cash or goods to an NGO. This is a charitable activity which involves a one-way transfer of resources. The financial resources generally come from the company's contributions or donations budget.

> Another ambiguous type of market-based funding [like lotteries] comes from
> donations made by commercial corporations, sometimes referred to as 'social
> responsibility finance'.   For NGOs, corporate funding is a market-driven gift;
> for enterprise, gifts to NGOs are a form of strategic investment in their public
> image. Present levels of corporate disbursements to NGOs are difficult to ascertain
> as are their trends. There is presently no indication that this type of finance will
> have major significance in the future scenario of NGO funding. (Fowler 1992)\

The first contact of an NGO with the private sector is often through a fund-raising manager. That initial connection has implications for other parts of the NGO. NGOs need new sources of funding, sometimes just alternative financial sources, as government assistance tails off and is subject to political considerations beyond the control of individual NGOs. In the South, ActionAid and the Aga Khan Foundation encourage local philanthropy. Indeed, philanthropy is key the South for why business should work with NGOs. In Europe, private sector donations as a percentage of total non-profit income is as follows: Germany 0.7%, UK 2.8%, France 2.9% and Hungary 9.6% (Salamon and Anheier 1996). In the US it is 2.8%. UK corporate cash is a small percentage of the total, but increases when the private sector employees volunteer time and products in kind are added. In the past two decades, private sector giving to the charitable sector has increased and expectations of private sector involvement in community and charitable activities have been transformed. The lack of published information about the nature and extent of corporate community involvement which hampers the growth of further engagement between the sectors is now being tackled through benchmarking CCI and its publicising in new journals (Tuffrey 1997).[1]

CCI is small in terms of overall profits of companies and in terms of charitable income totals but companies frequently feature their giving programmes as centrepieces of efforts to serve the community. Moreover, for some voluntary organisations, corporate money can make the difference between sinking and survival (Lane and Saxon-Harold 1993). Private sector giving may not necessarily create friends among those who receive the money. It

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[1] Publications include *Alliance*, *Corporate Citizen, Corporate Watch* (UK and USA), Forum Briefing (the Prince of Wales Business Leaders Forum newsletter, and the e-newsletter Fusi@n <www.memegroup.co.uk>.

can however certainly create enemies of those who do not receive funds and of those who oppose corporate giving on principle:

> In the very act of being charitable, top executives can offend their counterparts in other companies, civic leaders, stockholders, customers, employees, and even the recipients of their benevolence. [But] handled correctly ... corporate contributions can win friends, awards, and maybe even increased sales and profits - although we cannot prove cause and effect. (Morris and Biederman 1985)

The private sector is happy to be benevolent as long as it is linked to an image-boosting cause. Conversely, if firms do decide to support more controversial or less popular causes this too can have its hidden dangers. AT&T became involved with the Planned Parenthood Federation in the USA, targeting the prevention of teenage pregnancy. The ensuing political furore over abortion in which AT&T became embroiled resulted in the firm withdrawing its support amidst some embarrassing publicity, with a worse image than if it had never become involved at all. However, if the private sector chooses 'safe' causes' only, their actions might generate few objections, but could also have little impact.

Differences arise between fashionable and unfashionable cause as regards finding a fit. It makes more sense for a private sector company such as Pedigree Pet Foods to support a charity such as the Royal Society for the Prevention of Cruelty to Animals or Guide Dogs for the Blind than Victim Support (Collins 1995). But NGOs linked to unpopular causes (for example aiding refugees or ex-offenders) have a much harder job marketing themselves.

Some observers equate the relative small size of the NGO sector *vis-à-vis* the private sector in financial terms as an expression of the former's less significant role when compared to even individual TNCs. For example, the annual salary bill of BT plc equals the total amount raised by the UK voluntary sector in 1997, both at £3.7 billion. But while even the annual income of a large NGO like Oxfam at £85m may look very, very small compared to TNCs, even large national companies, NGO's leverage of resources or positive movement on global agendas can be enormous.

2. Gifts in kind. These come in many forms: from products, equipment and premises to the commitment of time by employees for voluntary work. Volunteering is *the* act of citizenship. Employees may contribute time and caring to community initiatives or use specific skills such as public relations, accounting or product development. NGOs can capitalise on the skills and expertise of the individuals involved through board participation, project development or employee volunteerism. Some companies, especially in the media industry, realise it is easier to share information than to give cash (NCVO Conference 1998). But private sector giving of non-monetary cast-offs to NGOs can prove costly in terms of the time and money required to tailor the gifts to NGO needs. Also, while gifts in kind are tax deductible, they are difficult in terms of administration.

3. Marketing. Relations such as event sponsorship, and social and cause-related marketing. Global philanthropy is becoming intrinsically linked to socially responsible marketing - moving away from paternalistic good deeds towards more planned deliberate strategies linked to marketing concepts. Five principles involved with enlightened marketing have been delineated of which the last is the most relevant to this debate:

consumer-orientated marketing; innovative marketing; value marketing; sense-of-mission marketing; and societal marketing. Consumers' wants, company's requirements, consumers' long-term interests and society's long-term interests all form part of the firm's marketing strategy. The success of business practice models like Total Quality Management prove that to ignore consumers' and society's long-term interests will lead to the downfall of many private sector companies (Collins 1992). Corporate social policies and philanthropic behaviour are to be viewed as a 'product' offered by the firms to its various consumers (Murray and Muntanari 1986). A key task of the organisation is to determine the needs, wants, interests and moral expectations of its target audience and to adapt itself to deliver desired satisfaction more effectively and efficiently than its competitors. This leads to a form of enlightened self-interest: 'Business does best in communities that are healthy, alive and secure ... to succeed in business we have to share some of that profit for the public good' (Meson and Tilson 1987). The Japanese call it Kyosei, their word for the harmony between business and its physical, economic and social surroundings (GrandMet 1997).

Social marketing applies marketing tools, strategies and resources to change attitudes, beliefs and behaviour with respect to a social cause or issue. Effective social marketing requires the collaborative effort of business which contributes marketing expertise, and of NGOs which have expertise on a given issue. Some of the benefits to the business includes creating a competitive advantage and building brand image. Businesses involved in social marketing are responding to a consumer-driven agenda which entails an increasing number of corporate boycotts and a greater desire to use consumer purchasing power to support companies seen to be doing good (Menzies 1994). For NGOs, benefits include creating a powerful campaign that will influence their target audience and leveraging money already committed to their work. Social marketing is a powerful tool for change based on mutual self-interest. In fact, social marketing will continue to influence social partnerships given that it is the 'fastest growing marketing trend today' (Smith 1994).

4. Access to networks and contacts. Companies are much more influential than they acknowledge, but even that which is acknowledged is enormous. By using its contacts with the private sector, NGOs can gain the power to open doors to key contacts in public and private arenas. Such access and exposure might gain an influential voice with a particular audience which the NGO may not be able to reach effectively on its own, for example, the wider business community, government or a particular community of people. Looking at the links and access the corporate world has with governments, and the extent to which NGOs covet even greater accessibility than they already have, 'NGOs would kill their grandmother for more such political influence'.[2]

5. Technical expertise. For example, like IT and marketing. Business links, such as telecommunications help can be very useful to NGOs operating within the context of a humanitarian emergency, such as the services of Cable and Wireless's engineers.
6. Organisational structures. Business has outstripped both NGO and government sectors in terms of management and organisational advances. Private sector individuals skilled in these processes could make a big difference by investing some time with such non-profit organisations. Insight into different management styles and business skills; an innovative, risk-taking perspective, the injection of leadership capacity: an ability to focus

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[2] Frank Almond, Programmes Director, WWF (1998), 'Companies and NGOs', at Corporate Citizenship Conference, Warwick Business School, University of Warwick, 15-16 July.

on making things happen and getting results. The private sector stresses the importance of human resource management, team-building skills, interpersonal skills (NCVO Conference 1998). Also, a long-term strategic link between the two sectors via twinning rather than mentoring may prove to be much more stimulating.

Learning from the private sector can give NGO leaders confidence and new expertise. There are potential opportunities for businesses to learn from NGOs too, for example, when there are more women in senior positions in NGOs versus fewer women in senior positions in the private sector. The feminisation of business is one growing trend which has hardly begun, but which will have tremendous implications in the future.

7. Financial disciplines and customer focus. The private sector can teach NGOs about clearer staff roles and accountabilities and also about systems for accounting. In the latter case, the private sector can assist NGOs with their finances - either by contributing to their activities or by assisting them to develop ways of earning their own income. This too, would be money well invested, for the work these NGOs do will contribute to a more stable society and a more productive economy (Dulany 1995) Some NGOs are becoming less like aid organisations and more like supermarkets for shoppers with a conscience. For example, Friends of the Earth has launched its own range of branded green financial products in conjunction with an insurance company. The proposals include selling a personal equity plan, as well as lower-risk products such as a savings scheme. Friends of the Earth, which may also start a green book shop or eco-travel service, has been approached by lawyers for a utility wanting to set up a gas affinity deal. But do such NGOs risk over diversifying into markets in which they have no experience? Are NGOs speculating with their precious reputations by launching high-risk investments? Should NGOs be encouraging their constituents to put money into organisations whose aims might appear to sit uneasily with those of the NGO: 'The mere association of a charity and a particular commercial entity will affect people at whom the promotion is aimed. When they see the name Oxfam or Greenpeace, they will assume that the charity has done everything necessary to protect its reputation.'[3]

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[3] Richard Corden, Head of Charity Standards, in 'Are They Really Ready for the Big City', *Guardian*, 28 February 1998, Money supplement, p. 4.

6.   Partnering Variables between NGOs and the Private Sector

NGOs and the private sector are often perceived as being at opposite ends of the continuum of concern on issues of poverty and development. Yet an increasing number of NGOs and members of the private sector are seeking to work collaboratively. Perceptions are shaped on three levels: surface currents of opinions swayed by mood, below surface attitudes and deep tidal values. NGOs perceive mismatches in values, objectives and power in NGO-private sector engagements. NGOs see themselves as the poor relation in private sector partnerships, with the majority of benefits going to companies. Despite the expanded roles of the private sector, NGOs were found, by research conducted in 1994, 'to be uncooperative towards the business community' (Boyden 1994). The Deakin Commission in the UK, also found a clear lack of understanding in the private sector of the NGO sector and vice versa, and therefore a lack of understanding of the benefits of partnerships. NGOs anti-business stance was reinforced by such matters as the application of sanctions against apartheid South Africa, and continues to remain so by TNCs operating in countries with bad human rights regimes like Burma, Indonesia and Nigeria. Images of NGO begging bowls and deep corporate pockets loom large in people's minds. Negative stereotypical perceptions on both sides run very deep and make for mutual suspicion and resistance to change, both on a personal and an organisational level. NGOs are right to think of themselves as moral arbiters to some extent - self-appointed and right - but this imposes uneasiness and restraint on the way NGOs approach the private sector. NGOs often view corporations as exploitative, having prospered at the expense of others. In their turn, corporations see NGOs as undisciplined in the light of the realities of the market-place.

If NGOs can be educated to set aside prejudices, to recognise the role and value of business in society, they will gain a broad understanding of the business case and clarity about what they can offer business which can lead to creative lateral thinking about engaging companies. This requires mutual respect for cultural differences and recognition by territorial sovereignty contributions by each according to their strengths, appreciation of the resources each partner offers the collaborator, recognition of the uniqueness of each partner (all businesses and all NGOs are not alike) and the differences between the partners. Joint action can produce very effective results and generate new resources, but collaborative projects have special characteristics which necessitate policies and operational procedures that differ from conventional methods (Schearer 1995).

NGOs rely on the public trust . While integrity is at the base of all organisations, public trust of NGOs is higher than that of companies. Trust is becoming a fundamental driver for partnerships, but there are serious implications for NGOs if a corporate relationship turns sour. Campaigning NGOs' main weapon focuses on corporate reputations. But many advocacy NGOs engaging the private sector find themselves devoting resources to defending their own reputation, which can be damaged when linked to an errant company. An NGO may give advice on a company code of conduct. The company advertises the fact but nevertheless remains unimproved and, when exposed, the public sees both the company and the NGO in a bad light. NGOs should not be endorsing companies, but engaging with them critically. Some of the most successful partnerships will come from partners who disagree with each other.

In the past, there were four phases to NGO-private sector engagement which were carried out in order over time, but this is no longer the sole paradigm. Today NGOs do not need corporate donations to get a partnership going. With NGOs and the private sector engaging each other around company codes of conduct aimed at the corporate accountability and transparency along the supply chain, some NGOs and companies are starting at Phase Four.

Four Phases of Private Sector-NGO engagement

The Private Sector Perspective	The NGO Perspective
1. Private sector philanthropy: the company makes a wide range of charitable donations, often small and at the personal instigation of senior directors. Business benefit is largely incidental. The company might feel it can conduct its CCI without recourse to the NGO sector.	1. Receives private sector donations on an *ad hoc* basis without complicated negotiations, without clear commitments from both sides, but without any discussion over deeper agendas. NGO's constituency may be extensive enough or constitutionally set up in such a way as to do without corporate cash altogether.
2. Strategic contributions: donations are focused on a limited number of topics relevant to the business, enhancing external reputation and sustaining the local 'licence to operate'. Donations are fewer but larger - a major trend in corporate funding, so can be concentrated on with less resources deployed.	2. Strategic contributions: focused private sector donations mean there are larger donations to fewer NGOs. This raises issues of whether a particular NGO is 'comfortable', even fashionable, in the eyes of the private sector. Should an NGO reputation be its unique selling point?
3. Mainstream involvement: community involvement is linked to more immediate operational business concerns. As well as the internal benefits of enhancing staff morale and competencies, externally it attracts customer loyalty and builds stronger relationships with suppliers. Involvement broadens from money to encompass in-kind resources, such as staff time and expertise, products and access to company facilities.	3. Mainstream involvement: involvement with business is linked to more immediate operational concerns. In addition to external benefits, attention is focused internally to enhance staff morale and competence, to attract new membership and reassure existing members and to build stable relationships with end-users. Involvement then broadens from money to encompass in-kind resources.
4. Corporate accountability: the company has a full, open and long-term engagement with all those having an interest in business; for example, geographic communities, providers of capital, current and potential staff, customers, suppliers, local and central government and public agencies	4. NGO accountability: a full, open and long-term engagement with all stakeholders having an interest in its advocacy and fieldwork; for example, geographic communities, staff, public agencies and current and future generations. Increased overall budgets allow more intensive penetration of its particular sector.

6.1   Key issues of partnership

The following analysis is not a prescriptive tool-kit for NGO-private sector partnerships. A generic formulation lies in the future when a widely acceptable and applicable methodology used in more longitudinal studies allows for such general lessons to be drawn for partnering and partnerships. However, some characteristics can be identified which might increase the quality of NGO-private sector partnerships for sustainable development.

The Director of Business in the Community, an organisation which has done a great deal to partner the NGO and private sectors in the UK, rightly reduced the quick-fix mood-induced partnerships to 'launch, lunch and logo', rather than the much better, harder to achieve option of productive, mutually satisfying long-term relationships (Taskforce 1997, 1998).[4] The key issues for partnerships include:

1. Partnerships are built upon specific needs and problems, not generalities. Whether safe water or access to primary health care services, the defined problem helps to guide the nature and formation of the collaborative effort.   As partnerships grow, they tend to require substantial amounts of input in the form of human, material and informational resources.

2. Partners need to understand each other's needs and interests.

> A partnership isn't about warm feelings towards one another. A partnership is a way of getting something done, and in order to get things done you occasionally have to have a bit of confrontation or a difference of opinion. A partnership resolves those issues and ... pushes ahead nonetheless. (Wilson and Charlton 1997)

Balance and a sense of proportion have long been the key to successful partnerships, equal and unequal, in every area of endeavour from personal to organisational marriages. Partners require enormous amounts of patience, trust, respect and tolerance. To gain a certain level of trust, equality in decision-making and effacement of power disparities bodes well for any partnership. Power, in terms of both money and resources, rather than solely trust, can be key in managing partnerships. ActionAid's brochure *Keeping Good Company*, which tells businesses what they can contribute to ActionAid's cause, appears a possible mechanism to equalise the often unequal power relations at play in these engagements (ActionAid 1998).

When new partners agree to work together towards a common goal, they often do so with different motivations.   Those differences can create conflicting interests as activities progress, or perceptions of conflicting interests develop, despite the shared goal. This is particularly true for partnerships between NGOs and the private sector. In addition to a shared common objectives, each partner may also have specific objectives which should be articulated and understood by all. According to one observer's checklist of variables, both sides need to anticipate and resolve conflict; acquire a unity of vision and purpose, with an emphasis on goals defined by consensus and agree mutually acceptable and explicit time frames. 'Something must be happening and it must be measurable with a realistic time frame for accomplishment' (Pante 1996). Successful partnership efforts require reciprocity: each partner should have something to give to, and gain from, the joint collaboration.

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[4] David Grayson, Director, Business in the Community, NCVO Conference, London, 22 January 1998.

An NGO's role is not to endorse companies, but to engage them critically. Some of the most productive partnerships will come from those partners who disagree with each other. Furthermore, while there might be external congruence between a particular NGO and a private sector company, there will often be internal criticism which will require skilful stakeholder management.

3. Partnerships require a structure and organisation to support the relationship. Also, shared and explicitly designated leadership, and mechanisms for internal conflict resolution. There needs to be the leadership development and support within partner organisations to enable the relationship not to depend solely on one or two people in each organisation and to ensure that the history of the partnership is known and appreciated. No single person can take properly oversee all areas of engagement. This requires an organisational ability to plan strategically across departments and disciplines of the partners. Partnerships have different levels of formalisation ranging from a handshake to a letter of agreement or legal document. On the one hand, in certain sensitive cases, where documents such as a Memorandum of Understanding might limit preliminary discussions, they can be kept till later. On the other hand, a Memorandum of Understanding or contract can help to institutionalise the process of partnership. It also prevents individuals from being caught out on a limb, isolated from their organisation's structure and collective policy decisions.

Some NGOs have felt their fear of partnerships eased when they brought in the active involvement of beneficiaries as well as a freedom of association and disassociation, with exit strategies from the partnership on the horizon (African Association 1995). This could be aided by flexibility on both sides; there must be room for change and modification of strategies, roles, activities and objectives. Ongoing assessments of the venture yield vital information about its effectiveness and help identify any changes that need to be made. It is important that partners are receptive to this information and act upon it while the project is in process.

In order to satisfy the partnership and to help convince doubters in both the NGO and private sectors that acting together achieves more, quicker, there is clearly a real need to measure individual partnership's impact in the community. While celebrating success together and publicising achievements in the media are the qualified measures of success, the quantification of success is more problematic. Phase Two of INTRAC's research will explore actual and potential methodologies to measure success.

4. Financial self-sufficiency is a key area of engagement. There will always be tension between short-term resource demands and long-term relations between NGOs and the private sector. NGOs are seeking increasingly to rid themselves of reliance on outside aid by selling their services. The UK NGO sector earns 14.5% of its income - a much smaller percentage in the USA - but there are wide variations, with many only getting a few percentage points of their income from selling their services while others are deliberately aiming for self-sufficiency.
NGOs would like the funding, but it is not good to have 'NGOs paying for their conscience'. To avoid the ethical dilemmas of direct corporate funding, NGOs may need to set up technical assistance bodies that advise private sector companies - advice for which they would pay. Then the private sector decision as to what to do with the advice is solely their affair. In short, the advice is not complicated by funding.

5. The type of private sector engagement conducted by NGOs as regards the number of companies and issues in its sight. A single NGO can follow four basic routes:

- **Single-Company, Single-Issue**: this type of NGO-private sector engagement has its origins in the boycott. Boycotts aim to have their primary effect in the market-place. In singling out a particular company the boycott implies a comparison between this one company and all the others - in which this company is portrayed as qualitatively worse. Single-company, single-issue monitoring is inherently limited, but may be extremely effective in influencing the activities of the target. The main problem is that the policy changes achieved may have a limited effect on other companies. NGOs will get a TNC with an active policy on human rights to live up its principles. The NGO gains momentum and then moves on to the next players who also have to live up to human rights written in their business principles. The growing NGO support for ethical investment, where investments are screened against social and environmental criteria, is also a form of systematic boycotting of 'unethical' company shares. Although these tactics can have implications worldwide, they do not appear to be a viable option for countries where consumer and investment power is less prominent (Murphy and Bendell 1997a).
- **Single-Company, Multiple Issues**: the pressure that can be brought to bear on a company by multiple constituencies organised around multiple issues can be intense, complex, and extremely difficult to manage by both the company and the NGOs. Concessions that are meaningful to one group may not be significant to another, and may even be resented.
- **Multiple Companies, Single Issue:** measurement of relative performance, rather than calls to actions, have become the heart of these campaigns. This form of monitoring tends to produce a call for substantial further disclosures about the issues in question and corporate plans for further action. Actions are often only implied by the NGOs who tackle the companies, and leave it to the initiative of the 'consumers' to pursue the suggested course of action with companies, such as buying a fairly traded alternative.
- **Multiple Companies, Multiple Issues:** a logical extension of the multiple-issue, single-company approach is one where multiple companies are rated across multiple issues. In general these have taken what we would term a 'Consumer Reports' approach aimed at distinguishing the 'best' from the 'worst' for a particular clientele. A more ambitious example of multiple companies rated on multiple issues is contained in publications by the Council on Economic Priorities such as *Shopping for a Better World* and the *Ethical Consumer Magazine* based in Manchester (Paul and Lydenberg 1992).

6. Confrontational tactic of NGOs against the private sector revolves around direct action protest, where groups deliberately sabotage the commercial operations of a company. In the South, the forest people of the Oriente in Ecuador have on numerous occasions blocked the building of new roads by the oil company ARCO. In the North, activist attendance at annual shareholder meetings to demonstrate or table controversial motions is another form of direct action protest, which has affected companies such as Royal Dutch Shell Group. Corporate shareholder meetings have become occasions for highly media-focused protests at denouncing investment or management remuneration policies, such as in March 1996 when LAMB (the Lloyds and Midland Boycott Group) orchestrated a series of nine streakers who took turns stripping off, revealing slogans on their skin (Communications Group 1997).

7. Codes of conduct. There are dozens of codes of conduct, most of them corporate in origin, but with some derived from external bodies like NGOs (ECCR 1998; Ferguson 1998). Four areas of conduct are universal:

- Private sector companies incur duties and obligations to respect their employees' rights to work, to security, to freedom of association, to healthful and safe work conditions, to a pay scale that sustains them and their families at a dignified level of subsistence, to privacy, and to be free from discrimination at work, to promotion them where and when possible and to avoid taking actions that would deny these rights to the company's employees and other stakeholders.
- Private sector companies are obligated to avoid harming the ecological balance on which human community life and health depend and a positive duty to promote environmental conditions conducive to the pursuit and protection of human rights because humans and their communities have rights to security, to health, and to the opportunity to develop themselves to their full potential.
- Private sector companies have a duty to offer their products for sale under conditions that permit a free choice for the consumer because they have rights to safe and effective products and to know the origin of the products and services they need.
- Because human beings can lay claim to a set of human rights and fundamental freedoms enumerated in the Universal Declaration of Human Rights, private sector companies are duty-bound to promote, protect and preserve those rights and freedoms and to avoid harming their operation through corporate actions (Frederick 1991).

Some codes of conduct are 'carefully constructed, thoughtful, and packaged in a manner suggesting they are intended to be read and understood' (White and Montgomery 1980). Other codes, however, are little more than legal barriers and self-defence mechanisms. When NGOs seek to influence the operation of both kinds of codes of conduct in practice, then they need to identify soft spots within companies who have got neither a community reputation nor a licence to operate, nor an obvious supply chain issue. What role do NGOs in the North and the South play in the process of monitoring? How could an NGO certify a factory? The Council on Economic Priorities SA8000 initiative uses Save the Children Fund (SCF), CARE International, ActionAid and Ashoka. In short, BINGOs, operating in more than ten countries with good global reach and some degree of neutrality, are well-respected, trusted. Similarly, the big international auditing firms are the players in this game. For the most part, with some very interesting exceptions, SNGOs are being sidelined. Whether the verification of standards requirement is to be bottom-up or top-down has only recently begun to be analysed (Heap and Fowler, 1999a).

For an NGO to reach a company, there has to be something reachable. If the company does not give any sign of concern, or does not have to show concern, how does an NGO reach it? Reaching them through somewhere along their company's product's lifecycle, or a location problem is a possibility. A theory of stakeholder salients in terms of NGOs is a very helpful tool when considering this aspect of potential engagement:

Stakeholder salients in terms of NGOs	Number of salients in play
Is the demand legitimate?	ONE = Company can ignore NGO

Is it backed with any amount of power?	TWO (possibilities of getting third into play): Company cannot ignore NGO
Is the issue urgent?	THREE: Company cannot ignore NGO

Source: Mitchell et al. 1997.

Campaigning organisations know that they use the combination of consumer pressure and value chains to bring intense pressure to bear on some industries (Elkington 1997). A number of NGOs are now using codes of conduct to set out what they expect from industry. These codes are used to set out minimum standards of conduct in areas such as employment, worker rights and more sustainable patterns of production. For example, OXFAM and other NGOs have established the Clothes Code Campaign which calls on major retailers to adopt a code of practice and effective monitoring procedures based on at least the minimum employment standards that have been agreed in international conventions. SCF is working with the sporting goods industry, the ILO and UNICEF to put together a social protection programme that will phase out child labour in football production without driving children into poverty.

The UK's Ethical Trading Initiative (ETI) is a potentially influential, growing network of private sector companies, NGOs, trades unionists and intermediary bodies. A voluntary initiative, the ETI illustrates some of the political dimensions between companies and NGOs. Private sector companies want to be partners with NGOs, but towards campaigning NGOs they want dialogue beforehand - therefore there is an undercurrent of lack of trust. Rapprochement and the lack of trust form the dynamics in play. Trust is key to true engagements and closer relations between the NGO and corporate sectors. There is a need for transparency behind the standards: having the process behind for fundamental improvement towards moving along the sustainable development path at an ever quickening pace, with a ratcheting of standards periodically. The ETI is trying to export the model to other organisations, get it into the mainstream, and may well prove to be the most valuable NGO-private sector partnership of recent times.

8. The ability of NGOs and the private sector to lobby third parties, especially governments, will prove a crucial function. Compared to NGOs, TNCs are able to put huge resources, both financial and human, into lobbying institutions which they see as likely to affect their activities. In many countries, they are legally able to fund political parties, or the campaigns of particular politicians, who they believe will support legislation that is in their interest. Measures to curb or control the current level of NGOs' influence include better communication; countering sensationalism; investigating how pressure groups operate; encouraging media to become more critical; dialogue with pressure groups; accommodating their demands; greater sensitivity in business; and making pressure groups accountable. 'Curbing influence is not the aim, but providing accurate information is' (Communications Group 1997).

9. The Internet offers a way for NGOs to outplay companies. In the past most private sector PR always outdid NGO PR. New technology is fundamental to NGOs' new clout. One of the major strengths of NGOs - in fact a levelling factor in their confrontation with powerful companies - is their ability to exploit the instruments of the telecommunications

revolution. The Internet has played a role in enforcing more accountability than ten years ago. The Internet provides communication which is fast, direct, relatively cheap, hard to censor, almost global, and NGOs use the Internet as a source of information, specialist news source, and even to hijack company websites. NGOs' agile use of global tools such as the Internet reduces the advantage that corporate budgets once provided (Winter and Steger 1998). While many private sector companies appear slow to incorporate such tools into their own communications strategies, some private sector companies are responding to these more sophisticated NGO strategies with heavy expenditure in the information and interpretation battle of PR to outmanoeuvre and undermine the credibility and legitimacy of NGOs with their constituents and in the eyes of governments, donors and the general public. The sensitivity of both companies and NGOs to public pressure will not diminish; in fact as citizens become more informed and information hungry this will ensure increasing resources devoted to 'the right' information and its skilful management.

10. The limits to corporate responsibilities. In the 1960s and 1970s NGOs criticised TNCs for meddling in the political affairs of developing countries. But in the 1990s, there has been a *volte face*: NGOs criticise TNCs for not influencing national political affairs. This swing may have gone beyond reasonable limits. It can be argued that NGOs have devolved onto companies roles and responsibilities for which they have no legitimate function (as a surrogate body for other people's policies and practices). But should not a company use its contacts and influence for the greater good of humanity? The extent of a private sector company's role in national affairs and human rights continues to provoke discussion and debate. Human rights groups have long highlighted the fact that international businesses can exert a powerful, positive influence on human rights issues in the countries where they operate - and that they have an obligation to do so.

11. Intermediaries between the NGO and private sector have vital partnering roles to play. There is a need for more brokers to play a mediating, catalytic role in the construction of NGO-private sector partnerships by building the required level of trust and understanding. Many possible intermediaries, however, have their own agendas to pursue and therefore alienate a great many potential collaborators. There is a lack of bodies with specialised knowledge of both sectors and therefore not enough creative understanding of how the NGO and business case can be engaged. Proper dating agencies are required for NGO-private sector marriages - but with what skills, and how are they to be positioned *vis-à-vis* both the NGO and corporate sectors? This problem has not been satisfactorily resolved to date.

7.   Summary and Conclusions

NGOs can mobilise their constituents into a coherent force, first, to urge the private sector to do the right thing, and second, to get the private sector to do the right thing right in the interests of their own NGO objectives. To do this effectively and efficiently, NGOs will need to reject the idea that business does not matter and pragmatically take on board the potential NGO role of manipulating capitalism for the global good. NGOs undervalue their powerful potentials: their credible assets are legitimacy, information, vision and expertise. It also requires willingness to be educated in a new way, to reject stereotypes not principles.

Everyone would be better served if NGOs were to decide if and when to engage, and what they want, before approaching the private sector. Above all else the partnering process requires the development both within the NGO and the private sector of creative linkages and more appropriate and responsive organisational capacities: 'It is a debate that every NGO must listen and respond to, but each will do so in a different way - some more enthusiastically and aggressively than others' (Edwards 1998b). Soporific NGOs will find their policy of inertia as regards the private sector increasingly troublesome and threatening to their very existence as businesses move on to traditional 'NGO ground', in terms of both ideas and practical solutions. The point will soon be reached in private sector relations where proactive, nimble NGOs will prosper as their reactive counterparts wither and die for lack of funds and meaningful strategies.

There will be not be a sudden increase in the quality of NGO-private sector partnerships to quicken the march towards sustainable development unless the taste for cross-sectoral partnerships grows out of its present formative moody phase into a more progressive phenomenon of mutual satisfaction and sustainability. This is bound to be a gradual process in relation to a pressing problem, whose solution lies somewhere between the co-ordinated agendas of the NGO and the private sector. There are, however, a great many organisations in both the NGO and the private sector who have yet to consider the possibilities and potential pitfalls of NGO-private sector partnerships, let alone the steps required towards sustainable development. Those indifferent, invisible NGOs and private sector companies without a thought and a policy form a challenging constituency. There is a need to get more businesses interested in NGOs. This can be achieved to a great extent by helping NGOs sell their agendas and capabilities - not themselves - to business. Certain leaders in the business world - intrapreneurs - actively promote partnerships with NGOs - John Browne of BP, Anita Roddick, formerly of the Body Shop, Ben Cohen and Jerry Greenfield of Ben and Jerry's to name but four. But where are the evangelistic leaders in the NGO sector to spread the real potential gains of partnership?

Companies existing merely to maximise shareholders profits is no longer a valid proposition.   It is in the private sector's interest to see this in terms of their financial bottom line, if nothing else. Human beings are not just pawns in the global economic game, but crucial stakeholders in pushing forward the new agenda of sustainable development. What if the idea of 2B2M - bringing two billion more people into the global market economy - could be achieved? (UNESCO 1998). If that third of the human race tripled or quadrupled its income, the poverty eradication programmes would be given an

enormous boost and the effect on the balance sheets of the private sector would be significant.

The potential for NGO-private sector partnerships is not a short-term phenomenon likely to be blown off-course when the next economic recession bites. If the things about successful businesses placing themselves in a web of stakeholder partnerships turns out to be anywhere near correct, then the economic downturn will accelerate partnering, not kill it (Kanter and Summers 1987). There is a need for both the NGO and the private sector to play the long game on this, to see beyond the next campaign or project to where their organisation will be in a generation's time, a time when sustainable development will be not only the mood but the practical issue of the twenty-first century and beyond.

We have spent many years debating what the private sector can offer the NGOs, but what NGOs can offer the corporate world is a recent trend. There is a pressing need to educate the private sector about what NGOs have to offer. In turn, NGOs do not always know their own strengths. As in any other partnership, mutual respect, self-awareness, internal capacity and clear targets will be essential for effective and mutually satisfying NGO-private sector partnerships.

Phase Two of INTRAC's research project will examine the crucial issues raised in Phase One by means of a number of case studies. The selection of case studies is presently under consideration. Case studies will focus on providing empirical evidence on the general processes of engagement between NGOs and the private sector. Fieldwork on the case studies will be conducted in the first half of 1999.

In general terms the research will focus on the question of whether NGO-private sector partnerships are more effective in promoting financial viability, environmental sustainability and social equity than either adversial NGO campaigns and fair trade or company self-regulation on their own. This focus leads to a number of key research questions:

1. How can the relative effectiveness of market-based strategies towards a sustainable future be measured?

2. What accounts for the different levels of engagement between environment, development and human rights NGOs and the private sector?

3. What internal organisational/psychological changes are required for, and result from, NGO-private sector engagements?

4. Is transparency with, and accountability to, the constituents of both parties essential for successful NGO-private sector engagements?

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