

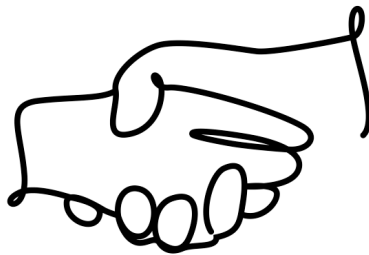


Swedish University of Agricultural Sciences  
Faculty of Natural Resources and Agricultural Sciences  
Department of Economics

# **Private-Public Partnerships (PPP)**

- Collaborating for a sustainable business in Sweden

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*Nurgül Özbek*



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## **Private-Public Partnerships – Collaborating for a sustainable business in Sweden**

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# Abstract

In theory, the logic behind partnerships is simple: All organisations have strengths, but no organisation has all the strength required to do everything. Triggered by global perspectives and challenged by sustainability objectives, the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992 pointed out needs for corporate responsibility. In this conference, Private-public partnership, PPP, was identified as a potential way to work towards sustainability, especially as a way to emphasize a corporate responsibility commitment. Nowadays, organizations exist to satisfy the needs and interests of all their stakeholders, such as customers, markets, shareholders, as well as secondary stakeholders such as media, NGOs, and society at large. Addressing all stakeholders and working towards a sustainable business development makes PPP a potential solution, but also a source of challenges. Therefore, PPP has been also described as a form of art, given that today's leaders have to manage their businesses in a world of complicated issues and uncertainties. So the question arises, what are the challenges and motivators from a corporate perspective? And within this context, what are the perceived conditions for PPP to be a part of SBD strategy?

Food retailers have a special function given that they are the link between consumers and food producers and therefore have somewhat a negotiating and influencing role. The focus of this project is to describe different conditions for a perceived successful PPP from a retailer's perspective. It is based on a comparative case analysis of three major retailing companies in Sweden (ICA, COOP and Axfood). Given that these retailers combined own more than 85% of the Swedish retail market for Fast Moving Consumer Goods, the findings in this project carry importance in the future development of the industry. NGO perspectives from Rädda Barnen, WWF and Naturskyddsföreningen have been taken into account to provide a holistic analysis. Further, this project is based on an exploratory and qualitative research methodology, aiming at understanding underlying rationale and reasons beyond what a quantitative study could provide. Interviewees were chosen with representative persons in each organization. After the theoretical framework was developed in a careful review, we decided on a stakeholder and network theory, Charter & Polonksy's (1995) concept of motivators and challenges and Sustainable Business Development strategies by Rainey (2006).

This study aimed at understanding why and how PPP is approached, what are the motivators and challenges perceived. The findings are similar to the ones pointed out in previous literature, yet it seems that PPP is used rather as an operational tool than as part of a holistic management strategy such as Sustainable Business Development (SBD). Access to knowledge was found to be the main common motivator for PPP, whereas on the challenges side there was a wider confusion. The governance and structure of the organization seem to have a significant impact on how and why the PPP is managed, where network ties are rather weak. Further, it seems that long-term perspectives are not in the immediate stakeholder analysis, where private organizations need to be more inclusive and actively addressing stakeholder's interests.

PPP can be constructive and effective way to address sustainability issues, yet it should be taken seriously as the concept that it is; a holistic approach that requires respect, commitment, trust, transparency and reciprocity. Yet, this is highly dependent on time, assuming that the concept of time exists and is valid. Finally, clear objectives and constant dialogues with all stakeholders are key factors for a successful PPP.

# Sammanfattning

I teorin är organisatoriska partnerskap något rätt självklart: alla organisationer har styrkor men ingen organisation har styrkor i alla sammanhang. Samarbete och partnerskap är en enkel lösning. Sedan FNs Rio-konferens om miljö och utveckling 1992 har många företag följt de råd som där gavs kring att samarbeta med hållbarhetsfrågor genom att utveckla samarbeten mellan företag och andra organisationer (t.ex. icke-statliga intresseföreningar s.k. NGOs). Konferensen identifierade dessa samarbeten, så kallade ”PPP, private-public partnership, som en viktig väg för företag att inkludera en bredare behovsbild i sitt strategiska arbete, målsättningar och i sitt operativa arbete. I den bredare intressebilden beaktas primära intressenter (konsumenter, marknader, aktieägare) såväl som sekundära intressenter (media, NGOs och samhälle i allmänhet) behov och intressen. En bred intressentbild innebär många möjligheter att tillgodose hållbarhetsambitioner men den är också förenad med stora utmaningar.”PPP” har därför beskrivits som något av en ”konst” och en utmaning för företagsledare som möter komplexa krav och svårighet att förutspå framtida utveckling. Givet dessa utmaningar är frågan: vad som motiverar arbete i organisatoriska partnerskap? Och, vad är förutsättningar för att de skall bli en del av en hållbarhetsstrategi?

Dagligvaruhandeln är vald som studieområde för att den har en unik roll, som länk mellan livsmedelsproducenter och konsumenter. Målsättningen för detta projekt är att beskriva förutsättningar för lyckade PPP (organisatoriska partnerskap) ur ett dagligvaruperspektiv. Studien är baserad på komparativa fallstudier av svenska dagligvaruföretag (ICA, COOP och Axfood). Dessa aktörer har tillsammans mer än 85% av den svenska marknaden för dagligvaror, vilket innebär att de har ett stort ansvar. Det publika perspektivet (NGO) har också studerats (Rädda Barnen, WWF och Naturskyddsföreningen) för att ge en balanserad empirisk bild. En explorativ ansats har inneburit en kombination av existerande litteratur inom området och empiriska intervjustudier med representanter från företag och icke-statliga organisationer. Intervjupersoner valdes för att kunna representera företags- och NGO-perspektiv. Den teoretiska ramen för studien vilar på etablerade teorier kring företagsansvar (CR, Corporate Responsibility) med fokus på motivationsfaktorer och utmaningar i hållbart ledarskap baserat på litteratur av bland annat Rainey och Carter-Polonsky.

Studien syftar till att öka förståelsen för varför och hur organisatoriska partnerskap (PPP, private-public partnership) skapas och utvecklas. Resultaten stödjer till stor del tidigare studier i vilka PPP betraktas som ett mer operativt redskap snarare än en del av en långsiktig hållbarhetsstrategi. Det mest framträdande motivet för att ingå i ett partnerskap är kunskapstillgång. Utmaningarna varierade i högre utsträckning mellan de studerade partnerskapen. I studien framgår att organisationsaspekter som styrning och struktur speglar perspektivet på vad PPP förväntas utmynna i. I termer av tidsperspektiv framkommer det i studien att PPP innebär att företagen i större utsträckning agerar med långsiktiga mål och att dessa mål inkluderar ett stort antal intressenter intressen och behov.

Organisatoriska partnerskap, PPP, betraktas i studien som ett konstruktivt sätt att arbeta med hållbarhetsambitioner. Det förutsätter ett helhetsperspektiv, respekt, engagemang, tillförlit, öppenhet och ömsesidiga ambitioner att finna gemensamma målbilder. Alla dessa förutsättningar är kontext- och tidsbundna, vilket förutsätter en kontinuerlig intressentdialog för att i stunden skapa förutsättningar för framtida organisatoriska partnerskap (PPP).

Nyckelord: allians, ansvar, dagligvaruhandel, hållbarhet, organisatoriska partnerskap, privat-offentlig samverkan, socialt ansvar, Sverige

# Abbreviations

BA	Business Agreement
CCB	Coalition Clean Baltic
CR	Corporate Responsibility
CSR	Corporate Social Responsibility
EC	European Commission
EU	European Union
FMCG	Fast Moving Consumer Goods
FoEI	Friends of the Earth International
GDP	Gross Domestic Product
IO	International Organization
KF	Kooperative Förbundet
LCT	Life Cycle Thinking
LTO	Long-term Orientation Index
MBE	Market-based environmentalism
NGO	Non-governmental Organization
PPP	Private-Public Partnerships
P3	Private-Public Partnerships
SBD	Sustainable Business Development
SSNC	The Swedish Society for Nature Conservation
TBL	Triple Bottom Line
TWN	Third World Network
WRM	World Rainforest Movement
WWF	World Wide Fund (For Nature)

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# 1 Introduction

In theory, the logic behind partnerships is simple. *“All organisations have strengths, but no organisation has all the strength required to do everything”* (Macdonald & Chrisp, 2005, p. 307). Therefore, collaborations such as Private-Public Partnerships (PPP) can provide a valuable source of increasing competitive advantage or even create win-win situations. Partnership (PPP), also known as P3, can be defined as *“a voluntary or collaborative alliance which implies cooperation between two (or more) actors be it public, private, non-governmental organizations (NGOs)”* (www, UNDP, 2006, p.12). Yet, private-public partnerships (P3, PPP) have also been described as a form of art (Kanter, 2000; Plante & Bendell, 1998), which have to *“begin, grow and develop—or fail—much like relationships between people”* (Kanter, 2000, p. 99), which require a strong and visionary leadership.

Today's leaders have to manage their businesses in a world of complicated issues and uncertainties, or as Selznick (1984) states *“to steer a course through uncharted water”* (p.89) in order to ensure long-term success in this complex and ever-changing environment. Therefore, Selznick (1984) proposes that the leader's job is *“to test the environment to find out which demands can become truly effective threats, to change the environment by finding allies and other sources to external support, and to gird his organization by creating the means and the will to withstand attacks”* (p.145).

Already in 1957, Selznick (1984) argued for a holistic approach to something that could be described as sustainable business development (SBD) today. SBD is a holistic management construct that is based on a cradle-to-grave approach by looking at three major areas of development, the economical, social and environmental, also referred to as the 'triple bottom line' (TBL) coined by Elkington in 1994 (Rainey, 2006; Elkington, 1997). In other words *“SBD involves defining, assessing, and improving the whole business enterprise to achieve superior and sustainable performance that exceeds the challenges of the present and the expectations for the future”* (Rainey, 2006, p. 9). Therefore, from a stakeholder perspective *“companies are expected to be accountable not only to shareholders for financial performance, but to stakeholders for their wider economic, environmental and societal impacts”* (Maak & Pless, 2006, p. 99). The concept of SBD and TBL is also closely linked to Corporate Social Responsibility (CSR), which *“implies that corporations have a fiduciary duty to meet the needs and wants of consumers and stakeholders and protect the health and safety of both humankind and the natural environment”* (Rainey, 2006, p. 694).

Triggered by globalization and the notion of sustainable development, in order to address social, environmental and economic considerations, irrespective of which is the underlying concept, collaborations such as PPP has become an increasingly popular concept especially, since the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992. This was when PPP was first pointed out as a potential way to work towards sustainability, and sustainable business development on a micro level. Since then, researchers, as well as companies, have focused their attention towards these forms of collaborations, as theoretical there are several benefits associated with PPP such as access to expertise, legitimacy, social capital creation, or part of a risk management strategy. Rainey (2006, p. 1) suggests, *“by building key stakeholder relationships among government, NGOs, and other constituents, corporations can anticipate and manage issues and concerns that, unrecognized, could develop into major problems”*.

PPP can be formed at different levels of involvement as well as only within various or single business activities, such as marketing or as concrete action plans, addressing social and environmental issues in society. Depending on the level of involvement and expectations for each party involved, the potential benefits and underlying motivators can vary quite substantially. Frithiof & Mossberg (2006) conclude in their survey of approximate 200 companies in Sweden that the most prominent reasons for partnerships were imitation resulting from external and competitive pressure, besides managerial values. A similar result was found in a previous study by Loza (2004), stating that through partnerships social issues can be easily addressed as well as social capital can be created, which is especially important due to globalization and continuous deregulations. Globalization is frequently mentioned as an underlying key driver when it comes to strategic expansions (Jamali & Keshishian, 2008; Loza, 2004). Loza (2004, p. 308) claims that *“partnerships are becoming increasingly important and those that focus on developing the organizational capacity of community organizations can be effective vehicles for sustaining a vibrant civil society and ultimately, sustainable business practice”*. Hartman *et al.* (1999) agree that sustainable development can arise from on-going partnerships, by establishing new social values and sharing responsibility.

Consequently, in theory such type of cross-sectoral collaborations can be a constructive way of facing challenges related to globalization, competition and deregulations, where firms are expected to be a corporate citizen creating value for all their stakeholders. However, when it comes to real life applications, it becomes difficult to address the questions of what the underlying drivers for PPP are and how companies face the challenges associated with it. Is it used as a way to emphasize on a Corporate Social Responsibility (CSR) commitment and how it can be incorporated as part of a sustainable business development strategy, as suggested by Selznick (1984) and Rainey (2006)? Or is it just part of a strategic marketing plan in terms of branding or green washing?

## 1.1 Problem background

It is commonly accepted that *“corporations exist to satisfy the needs of their customers, markets, shareholders, stakeholders, and society”* (Rainey, 2006, p. 215), however in the past private organizations have been mainly concerned with the economic bottom line. Today, in order to anticipate globalisation, continuous deregulation and market pressure organizations, social and environmental issues are becoming more and more prominent on the daily agenda of corporations, which leaves managers with a complicated task to direct the organization through a multitude of uncertainties.

Especially, like other relationships, private-public relationships (PPP) are assumed to rarely succeed by chance or coincidence. Researchers have therefore focused on determining what potential success factors are for businesses to follow and hopefully avoid failure. One of the main challenges identified in literature seems to lie within the management from both sides and their mutual commitment. Depending of the type and level of strategic involvement, some form of change is required to adapt to the new situation, where *“resistance to change has been a key concern of executives and strategic management for decades”* (Rainey, 2006, p. 369). Inkpen (2005, p. 115) claims that the success factors depend on creating a *“learning environment and overcome knowledge transfer barriers”*, whereas MacDonald & Chrisp (2005) mention inter-personal trust as a key factor for a partnership to succeed. According to Kantar (2000, p. 101) a PPP should not be built on hopes and dreams but follow three key criteria: self-analysis, chemistry and compatibility. In terms of compatibility and chemistry, (corporate) culture can play an important role that might influence heavily the success of such

collaborations (Rainey, 2006). Additionally, PPP should be seen as a *“living system that evolves progressively in their possibilities”* (Kanter, 2000, p. 97).

PPP can be observed in many different business sectors. Retailers have a special function given that they are the link between consumers and food producers and therefore have somewhat a negotiating and influencing role (Tansey & Worsley, 1995, p. 124). Tansey & Worsley (1995) state, *“as food retailing is becoming more dominated by a few major players, retailers have focused on themselves as a brand with which they want customers to indentify”* (p. 125). Sweden is dominated by three major retailing chains, namely ICA, KF (Coop) and Axfood, all of which have some form of PPP with non-governmental organizations (NGOs), such as WWF, Rädda Barnen and Naturskyddsföreningen.

However, retailers, like any other profit oriented organization, are subject to a highly competitive and changing environment, altering preferences and food habits and therefore must ensure to constantly attract consumers beyond their product range (Tansey & Worsley, 1995). Consequently, marketing activities specifically targeted at existing and future customers, besides other stakeholders, are becoming arguably increasingly important. In this context, one way to position and brand an organization is for example through alliances such as partnerships with non-governmental organizations, also known as cause promotions (Kotler & Lee, 2008). Cause promotions, as part of a social marketing strategy, aims at raising *“awareness and concern for a social issue but typically stop short of charging itself with changing behaviours”* (Kotler & Lee, 2008, p. 15). The aim of social marketing is to influence consumer behaviour to benefit communities and society at large, which can be part of a sustainable business development (SBD) strategy, but also to *“contribute to organizational goals such as a desired brand image or even increased sales”* (Kotler & Lee, 2008, p. 15). Therefore, retailers in cooperation with a NGO can play a crucial role in being a change agent by potentially enabling a competitive sustainable business development on one hand, while creating benefits for the society at large on the other. Therefore the question arises, how can PPP be successfully used as part of a SBD strategy in the Swedish retail environment? What are the perceived motivations are there to establish a partnership from a retailer perspective? And how do these companies identify potential challenges?

## 1.2 Aim

Rainey (2006, p. 112) states, *“assessing the opportunities, challenges and constraints is the highest level of strategic positioning”*. Therefore, aim of this study is to investigate the conditions that are associated with the responsible corporate conduct for such type of external collaboration (PPP) between Swedish retailers and NGOs.

More specifically;

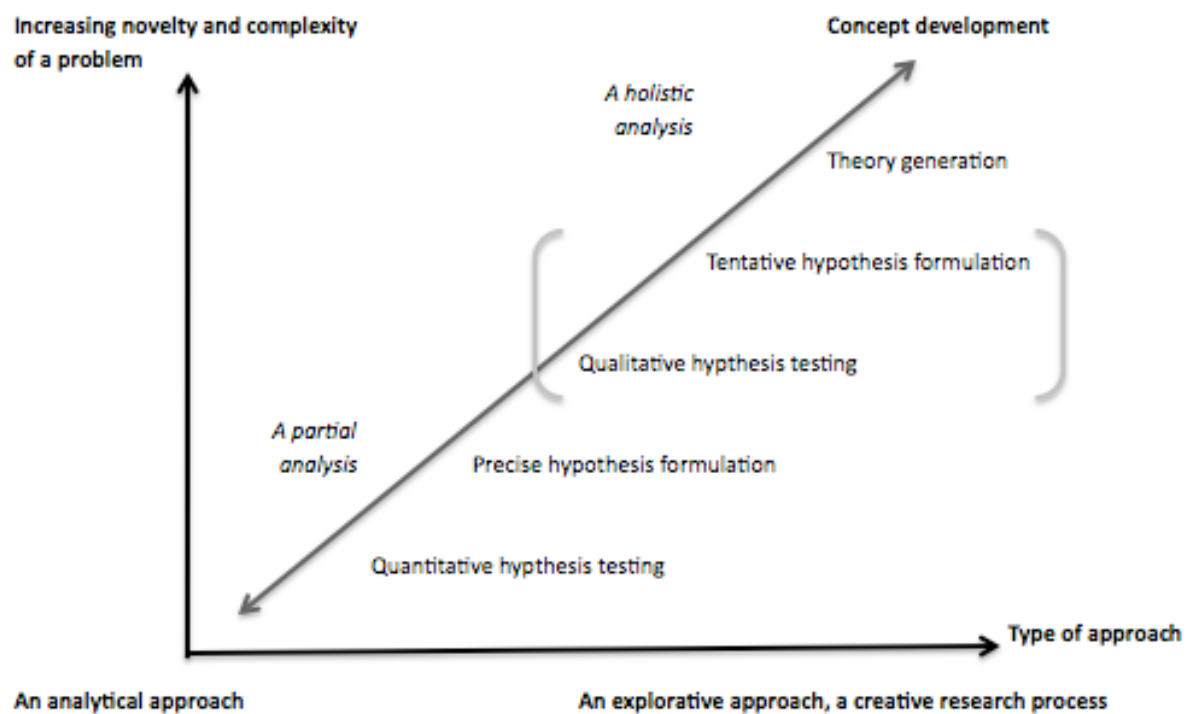
- What are the apparent motivations and challenges related to Public-Private Partnerships (PPP) from a Swedish Retail perspective?
- What are the perceived conditions for PPP to be a part of SBD strategy?

The objective is to conduct a comparative case analysis among the three major retailing companies within Sweden namely; ICA, COOP and Axfood. Further, NGO perspectives from Rädda Barnen, WWF and Naturskyddsföreningen are included in order to get a holistic picture and understand motivators and challenges from both perspectives. This is achieved by

using a qualitative method, by reviewing documents and interviewing key persons in those organizations.

### 1.3 Approach

“Research is a systematic process of collecting, analyzing and interpreting information in order to increase our understanding of the phenomenon about which we are interested or concerned” (Leedy and Ormrod, 2005, p. 2). Figure 1 below shows which approach is used depending on increasing novelty and complexity of a problem. This thesis is in the area of tentative and qualitative hypothesis testing, therefore relying on a rather creative and explorative research process.

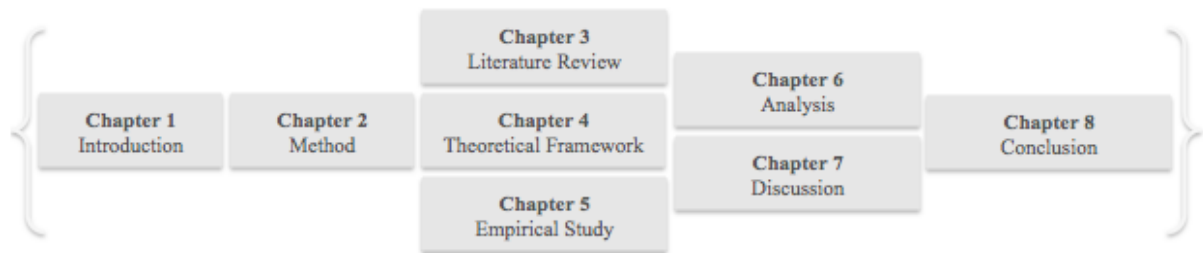


**Figure 1** How increasing novelty and complexity of a problem affects the research process and desired research contribution (Nyström, 1990 in Mark-Herbert, 2002, p.17).

To summarize, the approach used in this project can be defined as inductive, creative and qualitative. The project is based on secondary research, which includes books, journals, articles and web pages. The main reasons for the secondary data are the accuracy of data sources, costs, and the limited time frame. Primary data will be obtained through qualitative interviews among the selected retailing companies and NGOs. Further, it can be established, that this project is written primarily from a corporate perspective, seeking a holistic analysis of the motivators and challenges associated with PPP and how PPP can be used as a way for sustainable business development.

## 1.4 Outline

In order to give the reader an overview of this paper, Figure 2 below outlines its structure graphically. Chapter 1 introduces the topic for this paper and explains the problem background to give a broad understanding of the research aim. Further, Chapter 1 will establish some important definitions as well as delimitations. The following Chapter 2 defines the methods used in conducting this paper. Chapter 3 provides an in-depth literature review in the field of PPP, especially focusing on associated motivators, challenges, success factors and PPP as a sustainable business development strategy.



**Figure 2 Illustration of the outline of the study.**

The following Chapter 4 identifies a theoretical framework that will be used for analysis purposes. The framework consists of a stakeholder and networking theory, motivators and challenges of PPP as well as the concept of SBD. Chapter 5 is dedicated to the empirical study, which provides a background for the Swedish retail market as well as presents the findings for case studies on the different retailers and NGOs. Further, in Chapter 6 and 7 the analysis and discussion is presented. Finally, Chapter 8 concludes this study and its findings as well as identifies further research areas.

## 1.5 Definitions of terms

This section will provide a number of definitions for terms that will be used throughout this paper. It is important to be aware of the different meanings and establish a distinction in order for the reader to understand the meaning of terms used in this context.

### 1.5.1 Networks, collaborations & alliances

There is general a confusion about the concepts and meaning of networks, collaborations and other associations such as alliances. Networks can be defined as “*relationships between individuals as opposed to organizations*” (Egan, 2004, p. 190). Collaborations on the other hand are “*more formal relationships between organizations*” which “*involve the establishment of agreements and procedures on the form and nature of the collaboration*” (Egan, 2004, p. 190). However, as Kilduff & Tsai (2003) state organizations are interlinked internally and externally through individuals not organizations themselves. Therefore, the concepts of networks and collaborations can sometimes overlap in a business context.

Collaborations can be divided into industry collaborations and external collaborations, where the latter refers to collaborations with partners that bring different skills or assets to the relationship whereas industry collaboration refers to partnering with a competitor (Egan,

2004, p. 192), which sometimes is also referred to as an ‘alliance’. In this paper, PPP refers to external collaborations where a retailer establishes a partnership with a NGO.

### 1.5.2 Private Public Partnerships (PPP)

Since there are many competing definitions for e.g. Private-Public Partnerships (PPP) in use, it is important to define some of the terms in order to ensure that everyone has the same understanding. A Private-Public Partnership (PPP), also known as P3, is defined as *“a voluntary or collaborative alliance which implies cooperation between two (or more) actors be it public, private, non-governmental organizations (NGOs) or any group of individuals which could fundamentally have different objectives, values, cultures, structures, but are sharing risks, responsibilities, resources, competencies whilst committed to common tasks which would achieve their specific individual goals”* (www, UNDP, 2006, p.12).

### 1.5.3 Sustainable (business) development

The notion of ‘sustainable development’ was introduced in the Brundtland Report – Our Common Future in 1987 and is nowadays defined as *“meeting the needs of the present without compromising the ability of future generations to meet their own needs”* (www, UNDECC, 2010). This definition involves two key issues: the concept of needs and that there are limitations regarding the environmental resources. From a micro-economical perspective, Sustainable Business Development (SBD) can be defined as a *“holistic management construct that includes the entire business system from the origins of the raw materials to production processes and the customer applications and the EoL solution. SBD involves making dramatic improvement and positive changes to the full scope of relationships and linkages of the supply networks, customers and stakeholders, and support service providers for handling wastes, residuals, and impacts”* (Rainey, 2006, p. 713). Further, Rainey (2006) states that it involves management and life cycle thinking (LCT), which is *“inclusive and intellectual methodology for examining, analyzing, and improving products and service from cradle-to-grave”* (Rainey, 2006, p. 704). According to Rainey (2006), SBD can be summarized as a holistic management construct that is based on a cradle-to-grave approach by looking at three major areas of development, the economical, social and environmental, also referred to as the ‘triple bottom line’ (TBL) coined by John Elkington in 1994 (Elkington, 1997).

## 1.6 Delimitations

Due to the extensive and complex nature of this research field, there is a need for some delimitation. First of all, there are important time constraints that influence the access and availability of data. Therefore, this project is geographically limited to Sweden, as SLU is based in Sweden and interviews can be arranged more easily. However, this is tied to a language barrier, as our level of Swedish is rather basic; therefore we have to rely on secondary data, which is published or otherwise available in English. As the interviews are conducted in English as well, it has to be kept in mind that translation and interpretation problems could arise from both sides.

Further, this project focuses on Private-Public-Partnerships (PPP) in the retail sector mainly from a corporate perspective, however, where possible stakeholder views have been taken into account with the aim of creating a holistic view. PPP is a large field and can occur in many different forms. For the purpose of this paper, we are only looking at partnerships between Swedish retailers and a selection of corresponding NGOs. It has to be kept in mind that naturally, cultural, technological and political aspects have an influence on the retail

environment, however this has been widely ignored for the purpose of this study, as it is highly complicated to assess and would call for too many generalizations and the impact on the outcome is rather limited, besides being the same conditions for all parties involved.

The method and approach of this paper is based on a series of choices that were made and are therefore subject to some delimitation. However, the choice of method for the selection of country, sector, companies, theoretical framework, etc. is explained within Chapter 2. Yet, one important limitation lies in the qualitative design of this study. Further, it rather represents a snapshot in time than instead of a longitudinal study. Due to time limitations, the case studies are rather superficial with only one interview for each retailer, even though the interviewee was considered representative. This approach was chosen over one in-depth study, as we wanted to get an overall view of how PPP is approached, what the motivators and challenges perceived are, as well as how it is related to SBD from a retailer's perspective.

When it comes to selecting a theoretical framework again there is a vast choice available that can have strong implications for the analysis and consequently the outcome of this study. The choice of theories was guided by the aim to provide a strong analysis of how PPP works within its setting. Consequently, this project includes theories to identify which stakeholders are involved, what are the motivations and challenges and how PPP can be part of sustainable business development. Therefore, this study is delimited to the combination and type of theories chosen. Chapter 2 is dedicated to explain how this choice was guided beyond this limitation.

Finally, it is presumed that the universe is integral, real and subject to change due to a time dimension (Kelly, 1963). This implies that the universe exists beyond our imagination, that *“it functions as a single unit with all its imaginable parts having an exact relationship with each other”*, where the concept time connects all relationships and is used to measure the universe itself (Kelly, 1963, p. 6). As the universe itself is changing, research can only provide a snapshot of a situation and therefore, one should be careful to generalize, as epistemology can have an important influence on the research outcome. From an epistemological perspective, this project is written from a subjective point of view, where knowledge is obtained through experience and can be interpreted differently by each individual. We are all subject to cultural and social influences, which affect our perception and understanding of things, the world and truth on the whole. Epistemology becomes important when we conduct interviews or write academic papers, since everything we know is influenced by our environment (universe) and experiences. Leedy and Ormrod (2005, p. 133) argue *“in qualitative research there is not necessarily a single, ultimate Truth to be discovered”*. So, it has to be kept in mind that the outcome might differ for each individual and approach used. As in areas of life, almost everything in the business environment is relative (Rainey, 2006, p. 112), where it depends on the perspective.

After introducing the problem within its context as well as definitions and arising limitations, the following Chapter 2 explains in depth the methods used in this project.

## 2 Method

Robson (2002, p. 377) states “*enquiry in the real world is very much the art of the possible*”. “*It is a matter of making choices and being aware of the research conduct*” (Mark-Herbert, 2002, p. 37). The choices of methods used in this project are primarily guided by the idea of a holistic approach in order to fulfil the research aim. This chapter will outline the different methods used when deciding on literature review, choice of theoretical framework, country, sector and companies, as well as the method applied for the qualitative interviews.

### 2.1 Literature review

The literature reviewed in this study is based on articles from academic management journals. In order to ensure that all the available substantial articles on the topic had been covered, a systematic method of literature collection has been pursued. Moreover, a research paper belonging to United Nations (UNRISD, 1999) and a master thesis (Frithiof & Mossberg, 2006) on NGO-Business partnerships had been examined along with the articles to have an overall sight about the subject.

The systematic approach of the article track consists of three phases:

*1<sup>st</sup> phase:*

The point of origin had been the literature recommended by our supervisor. This literature had been used primarily on choosing the direction we would follow to pick the further articles that would constitute our review. We had listed the name of the main journals cited in these articles as guidance for the sources to be focused. This initial review also provided us the opportunity to choose our search terms on a solid basis accordingly. We endeavoured to use possible synonyms to avoid the risk of missing any literature. Table 1 shows the relating search terms.

**Table 1 Search terms**

PPP				
TX All Text		TX All Text		TX All Text
partnership*	AND	business*	AND	nongovernmental organization*
collaboration*				non-governmental organization*
alliance*				NGO
				nonprofit organization*
				non-profit organization*

*2<sup>nd</sup> phase:*

Three main databases, namely Business Source Premier, EconLit and Emerald have been used to access the literature; according to the advice received from the university librarians regarding the availability of articles relevant to the subject of our interest. With our chosen search terms, totally 514 peer-reviewed articles had been reached. As all the articles withdrew were not relevant with the topic of this study, a practical screening had been applied in order to evaluate the relevancy of the articles. Furthermore, additional databases such as JSTOR, WileyInterscience, SpringerLink, ScienceDirect, Elsevier and Sage Premier have also been used, to ensure that we have covered all the journals pointed out in the first phase.

The time interval has been selected in between 1990 and 2010 with the aim of going through the last two decades. 1992, the year that United Nation's conference in Rio Summit had taken place, has also been recognized as an important milestone that our study should embrace.

### *3<sup>rd</sup> phase:*

Finally, the reference lists of the articles in our review had been scanned carefully to detect the promising articles that we had missed in our research. Additionally, literature and research papers recommended by our supervisor have been taken into account. As corporate-NGO partnership is a relatively new developed phenomenon, it has not been studied extensively; thus making it rather difficult to find literature on the subject. Due to these facts, the number of articles selected has been considered to be sufficient for the competence of this study.

## 2.2 Identification of a theoretical framework

The theoretical framework used within this project intends to tie the empirical data with existing models and therefore fulfil the research aim. Selecting a theoretical framework is a matter of choice, which has extensive consequences for the outcome of the study. After careful considerations we decided on a stakeholder and network theory, Mendleson & Polonsky's (1995) concept of motivators and Charter & Polonsky's (1999) concept of challenges and Sustainable Business Development strategies by Rainey (2006) in order to fulfil the research aim.

Stakeholder theory was chosen in order to provide an overview of all stakeholders involved, where Donaldson & Preston's (1995) academic contribution is well established in this field as it builds on Freeman's (1984) primary approach. Stakeholder theory was chosen over a simple stockholder model, as it promised to be more inclusive and holistic.

As the available data on the depth and number of these collaborations is limited, among other network theories, the Tie-level concept was chosen, as it is an uncomplicated model that provides a good tool for the evaluation of the network ties between the retailers and NGOs. Even though, this concept does not allow a thorough investigation of the network between all individuals, it seemed sufficient for the research process.

Mendleson & Polonsky (1995) and Charter & Polonsky (1999) provide two very useful tools for this project. One is used to assess the challenges and the other to identify the motivators arising from partnerships. This was found to be the most prominent model that fits the research aim the best.

From a contemporary perspective, Rainey (2006) outlines in his book 'Sustainable Business Development', a similar holistic perspective on management and leadership, as was introduced by Selznick (1984), but frames it in a more modern and hands-on approach; which provides this thesis a valuable concept. Further, Rainey (2006) is considered a very well established researcher and author in this field, so there were few alternatives available that could compete with Rainey's inclusive approach.

## 2.3 Choice of country

Sweden, located in northern Europe, is the third largest European country in terms of sq meter but with a rather small population size of 9.2 million in 2009 (www, SCB, 2009, 1). However,

it is considered “one of the world’s most highly developed post-industrial society” (www, BBC, 2009, 1). In the end of 2008, the GDP per capita was estimated at 342,500 SEK, with results in a national GDP of 804,793 million SEK (www, SCB, 2009, 1). According to The Economist (Anonymous, 2006), in 2007, Sweden was ranked 10th country with the highest GDP per capita. Therefore, even though Sweden is a small European country, its economical position is rather powerful and can therefore be seen as a representative. Further, Sweden also offers a large variety of reliable, publicly available data, which facilitates research. Further, from a personal perspective the choice was mainly influenced by time constraints and geographic proximity. One disadvantage of representing only one, rather small European country, in terms of population, is that the ability to generalize this study across borders is limited, especially since internal and external factors of the country have a considerable impact on the retail environment.

## 2.4 Choice of sector

“Wholesale and retail distributors move foods to the point of sale, (...) where the use of different supermarket brands can make the number of retailers appear to be more diversified than it is” where there has been a power shift from manufactures to retailers in Northern Europe over the past 30 years (Tansey & Worsley, 1995, p. 123). Retailers have a special function in the food chain given that they are the link between consumers and food producers, where the increased power gives retailers nowadays the possibility to dictate terms to their suppliers (Tansey & Worsley, 1995, p. 124).

According to Steger’s (1993) model of positioning regarding environmental exposure and market potential, a company, based on their operations, can be placed within one of the four fields namely indifference, defensive, offensive or innovative and consequently choose an appropriate business strategy (Steger 1993 in Charter & Polonsky 1999, p. 50). The positioning matrix “relates an internal factor to an external one to arrive at a 2x2 model for the positioning of the firm in relation to environmental matters” (Steger 1993 in Charter & Polonsky 1999, p. 50). Steger (1993) developed this simple model (Figure 3) to show the relational positioning of a company depending on their environmental exposure risks to the potential market opportunity to be gained from an environmental strategy.

		Environmental Exposure	
		Low	High
Environmental Market Opportunity	Low	Indifference	Defensive
	High	Offensive	Innovative

**Figure 3 Steger’s (1993) Model of positioning regarding the environment (Steger, 1993 in Charter & Polonsky, 1999, p. 50).**

Retailers, such as Axfood, ICA and KF have a rather low environmental exposure, depending on their involvement throughout the entire supply chain. This puts such retailer in the position to be able to achieve high market opportunities by using an offensive strategy. Therefore, depending on the relation of environmental exposure and market opportunity a company such as a retailer might consider engaging into an offensive environmental strategy, where

collaborations with e.g. NGO's can be one way of improving legitimacy, image, access to knowledge, etc. PPP in this context is to be expected and can be seen as a free choice, as it is not defensive in order to maintain a license to operate.

## 2.5 Choice of companies

*“In the contest between what is theoretically desirable and practically possible must be won by the possible”* (Robson, 2002, p. 378). For the empirical data collection we contacted all major and smaller retailer chains in Sweden, namely ICA, Coop, Axfood and The Bergendahls Group. In addition we contacted the German Lidl and the Danish Netto, which both operate on the Swedish market. The choice of companies was therefore influenced by the willingness of these organizations to cooperate within the given timeframe. Yet, we are very pleased that the three major retailers

- Axfood
- Coop (KF) and
- ICA,

Agreed to participate in this project and provided us with their insights. Given that these retailers combined own more than 85% (www, Coop, 1, 2010, p.12) of the Swedish retail market for Fast Moving Consumer Goods (FMCG), the findings in this project carry importance in the future development of the industry.

Additionally, we contacted a series of NGOs that have collaborations with the retailers mentioned above, such as WWF, The Breast Cancer Fund, Rädda Barnen, Naturskyddsföreningen and the Red Cross in Sweden where possible. The aim is to get a holistic view, as PPP is based on the interaction and communication between at least the two parties. As the WWF has partnerships with two of the retailers; therefore we identified them as a key player. We also interviewed Rädda Barnen and Naturskyddsföreningen that have different levels of partnerships with the retailers discussed. Consequently, from a NGO perspective the following cases were studied:

- Naturskyddsföreningen
- Rädda Barnen
- WWF

Therefore, this project looks at three major retailers in Sweden and three connected NGO's in order to understand the motivators and challenges that are associated with PPP and how PPP can be part of working towards a sustainable business development.

## 2.6 Empirical study

This project is mainly based on qualitative research as it intends to go beyond the surface and explore underlying reasons and rationale that would not be possible to see in a quantitative study. This approach also allows for more flexibility and adjustments, by yet being comparable.

### 2.6.1 Case study

*“Case study is a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence”* (Robson, 2002, p. 178). This case study approach was chosen with the purpose *“to understand one person or situation in great depth”* (Leedy & Ormond, 2005). The method of data collection are based on interviews and written materials, such as strategic documents in order to be able to provide a holistic analysis, yet there are different ways of approaching a case study and its analysis (Robson, 2002).

### Interviews

The advantage of using interviews is that it provides a great amount of useful information, as question can be more targeted but also allow for clarification and more flexibility in the answer. It has to be kept in mind, as with all research approaches that answer especially about past events are subject to the interviewee’s memory and perceptions. The interviews were semi-structured with a sequence for the questions that during the interview can be changed or be adopted and therefore allow for more flexibility (Robson, 2002). The prepared central questions, which are mostly open questions, can be found in the Appendix 4 and 5. Before the interviews, secondary literature was studied to assure quality and be able to validate and clarify information acquired during the interview and vice versa. This multi-method approach is especially useful in order to build a stronger foundation. Interviews were scheduled between 30-40 minutes and mostly conducted by telephone *“because of the savings in time and resources”* (Robson, 2002, p. 270).

Reasons for the choice of interviews as part of the qualitative study are to be able to understand the meaning of PPP together with sustainable business development by investigating individual perceptions and experiences. Since PPP is a relatively new phenomenon, this is an exploratory approach in order to examine the effects and reasons for this form of relationships. Drawbacks associated with interviews are that they are rather time consuming, require a careful preparation and professionalism in order to ensure reliability (Robson, 2002, p.273). Language barriers throughout the interviews could be seen as an issue as outlined in the delimitations; however, interview questions were sent out in advance and interviewees were comfortable in communicating in English. Table 2 provides an overview of the interviewees and their position in the respective organization.

**Table 2 List of Organizations and Interviewees including their position**

Organization	Interviewee	Position
Axfood	Asa Domeij	Head of Environmental and Social Responsibility
Coop	Staffan Eklund	Researcher/Coordinator of Sustainability Issues
ICA	Kerstin Lindvall	Senior Vice-president of CR
Naturskyddsförening	Göran Ek	International secretary
Rädda Barnen	Jonas Olsson	Key Account Manager - PPP
WWF	Siv Persson	Corporate Partnership Executive

The interviewees were selected based on availability and willingness to cooperate but also based on their position and area of responsibility within the organization. After contacting the organization through their website or a contact, this person was assigned to speak with us.

This also raises issues regarding limitations of this study, as in all cases we only have one representation of the organization. After the interview a full transcript was prepared and sent back to the interviewee for validation. Table 3 shows the process of data collection until validation.

**Table 3 Interview process**

Organization	Interviewee	Interview date	Validation requested	Validation received
ICA	Kerstin Lindvall	3/5/10	4/29/10	
Axfood	Asa Domeij	3/19/10	4/29/10	
Coop	Staffan Eklund	3/16/10	4/29/10	
Naturskyddsföreningen	Göran Ek	4/28/10	4/29/10	4/30/10
Rädda Barnen	Jonas Olsson	4/8/10	4/29/10	5/4/10
WWF	Siv Persson	3/18/10	4/29/10	

Interviews were conducted during March and April 2010. After the last interview the validation request was sent out on the 29<sup>th</sup> April 2010 for verification. Validations of the transcript were received in April/May 2010.

## 2.6.2 Data Analysis

The data analysis is organized around 3 major steps: Description, analysis and interpretation (Leedy & Ormond, 2005). A more detailed model proposed by Creswell (1998) and Stake (1995) in Leedy and Ormond (2005) was used to get an in-depth analysis by following five consecutive steps: organization, categorization, interpretation, identification of patterns and synthesis. More specifically, each step involved:

### 1) Organization of details about the case

Firstly, for the selected case studies, secondary data was collected and analysed in a descriptive approach in order to get a basic idea of the organization and prepare for the interviews. Interviews were audio taped and carefully transcribed, which allowed the interviewer to concentrate on the interview itself. Transcripts were conducted in chronological order and sent out for validation.

### 2) Categorization of data

Answers were segregated into the area of background information and PPP related findings. Those were then further categorized into historical developments, administration and motivators & challenges.

### 3) Interpretation of single instances

Data was interpreted regarding with the help of the theoretical framework in order to understand the meaning that the findings might have relating to the specific case for single findings. This is mainly presented in the analysis chapter.

### 4) Identification of patterns

This step involves comparing the collected data for the various organizations. The findings were used to identify patterns on a larger basis. Therefore, data was

aggregated in order to understand the frequency and derive patterns. Those findings were then further analysed in a wider context in the discussion chapter.

5) Synthesis and generalization

This is the process of drawing an overall conclusion beyond the cases studied and identifies further research areas by using existing theoretical frameworks to support the interpretation process. This is partly done in the discussion chapter and the conclusion.

This model provides a general approach to analysing data, which is helpful to understand the different steps involved. Further, the data analysis was focused on being careful by not over generalizing beyond the study and by keeping epistemological influences in mind.

### 3 Literature review

The following chapter deals with an in-depth literature review that was conducted in the field of PPP. This literature review aimed at giving an understanding of the publications available related to these fields and therefore provided this project with a strong foundation as well as helped identifying key areas that need to be developed. After reading through the articles, the analysis has been conducted on six main topics that had been distinguished as the most common interests of the scholars: (1) Contextual analysis of the articles; (2) areas of strategic involvement; (3) motivational factors, (4) challenges, (5) success factors and (6) PPP as a responsible business strategy.

#### 3.1 Contextual analysis of the articles

Our final list consists of 53 articles, consisting of two groups with almost equal number of articles; where one group has based their studies on empirical data collected for their own researches and the other on available literature and former researches on the subject. The articles are categorized according to the gender of the authors, the year of publishing, data collection method used, the thematic area of the article and the affiliation. Table 4 illustrates a summary showing the number of articles in the publishing year and thematic area categories.

**Table 4 Summary of selected articles**

Summary of Articles Selected		
	Number of Articles	
Results	Years	Thematic Area
1990-1995	4	
1996-2000	11	
2001-2005	13	
2006-2010	25	
Business Ethics		6
Business Management		3
CSR		11
Environmental Management		5
Marketing		1
Organizations Studies		2
Social Psychology		2
Strategic Management		21
Sustainable Development		3

It has been observed that the number of articles on the subject increases as we approach the present. Thus, this can be interpreted as the rising attention on the strategic partnerships between businesses and non-governmental organizations every passing year. The subject has been approached from several different areas. However, the high number of the articles found in ‘strategic management’ and ‘corporate social responsibility’ thematic areas has confirmed our expectation that the subject takes a key role within those specific areas.

During our analysis, information on the gender of authors is also collected. All the authors are counted even if an article has more than one author. This has included counting the authors of one article separately even if they have the same gender. The results therefore do not provide information relative to the number of articles; however may lead to an overall idea on the total number of scholars. Hence, 39 female and 61 male authors out of total 100 have constituted the conclusion for us that scholars from both genders are almost equally interested in the subject. The same method has also been used for collecting information on the country of origin. Upon the result of 57% of all the authors have affiliation with universities or research institutes from USA, followed by 11% from UK. It can be concluded that the subject is still in focus of mostly western world scholars, mainly dominated by US. Furthermore, our analysis also shows ‘case study’ is the highest rated data collection method among the literature reviewed on this subject.

## 3.2 Areas of strategic involvement

In all the articles covered, the overall perspective towards NGO-Business collaboration shows a common understanding that it is an ongoing trend among corporations and non-profit organizations as well. The involvement level of the collaboration may be defined in several ways. Thus it is a fact that cooperation can be conducted at all strategic levels and both parties can gain in the long run at all kinds of these involvements as long as it is chosen carefully according to the goals set mutually to be achieved (Mendleson & Polonsky, 1995; Rondinelli & London, 2003; Pelozo & Falkenberg, 2009)

David (2010, p. 5) defines strategic management “*as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives*”. Mendleson & Polonsky (1995, p. 6) define strategic collaborations as “*relationships where partners bring a particular skill or resource, usually one that is complementary, and by joining forces both are expected to profit from others’ experience*”. The authors argue that even if they are not strategically in nature such as tactical activities, they assist the members achieving strategy objectives. Therefore, they can be classified as strategic collaborations, even if they occur only in the short term or medium term. However, they can be categorized into three main groups, which are: (1) product endorsements, (2) corporate sponsorships, and (3) product licensing.

### 3.2.1 Strategic domains

Hartman & Stafford (1997) call business-NGO partnerships a new strategic domain; which is defined as “*integrating corporate environmental responsibilities with market goals*” (p. 184) as a part of so called “market-based environmentalism” (MBE) (p.185). Hartman & Stafford also argue that there are different kinds of collaborations where each is designed for a specific set of cost saving or differentiation goals. The same groups with Mendleson & Polonsky is extended by some additional ones such as (4) task force which is collaborative partnership between an environmental group and one or more firms to develop economically and feasible solutions for the greening of business practices; (5) green systems collaboration with the aim of limiting the negative ecological impact of company/industry practices; (6) green public policy collaboration which is between environmentalists and firms to research scientific and economic issues related to the environment and propose MBE government policies (pp. 188-189).

### 3.2.2 Level of involvement

Elkington & Fennel (1998) also make very similar categorization on collaboration types depending on the involvement level of the partners in 1998; where they call them “*challenge, sparring partner, financial contribution, product endorsement, company endorsement, site or project dialogue, strategy dialogue, project joint venture or strategic joint venture*” (p. 53).

In the new decade, Austin (2000) with his highly cited article diminishes the number of types or stages again to three in 2000. He positions corporate involvement along a continuum. These are “*philanthropic, transactional, and integrative*” (p.71). The philanthropic stage, which defines most non-profit-business relationships today, largely includes charitable donor, and recipients. Transactional stage is used to describe resource exchanges focused on specific activities; which are exemplified by the authors as cause-related marketing, event sponsorship, and contractual service arrangements would fall into this category. The highest strategic level of collaboration is the integrative stage in which partners’ resources and activities begin to merge into more collective and inter-organizational action and integration.

A very similar grouping system can still be found in 2009 in the article by Kokko & Mark-Herbert (2009, p. 6), which presents a model of three stages of green collaborations adopted from the book ‘Greener Marketing’ (1999, p. 168) by Charter and Polonsky (1995). This concept shows how to address stakeholder’s needs through different levels that partnerships can function: (1) Strategic level, (2) quasi-strategic level, and (3) tactical level (Figure 4).

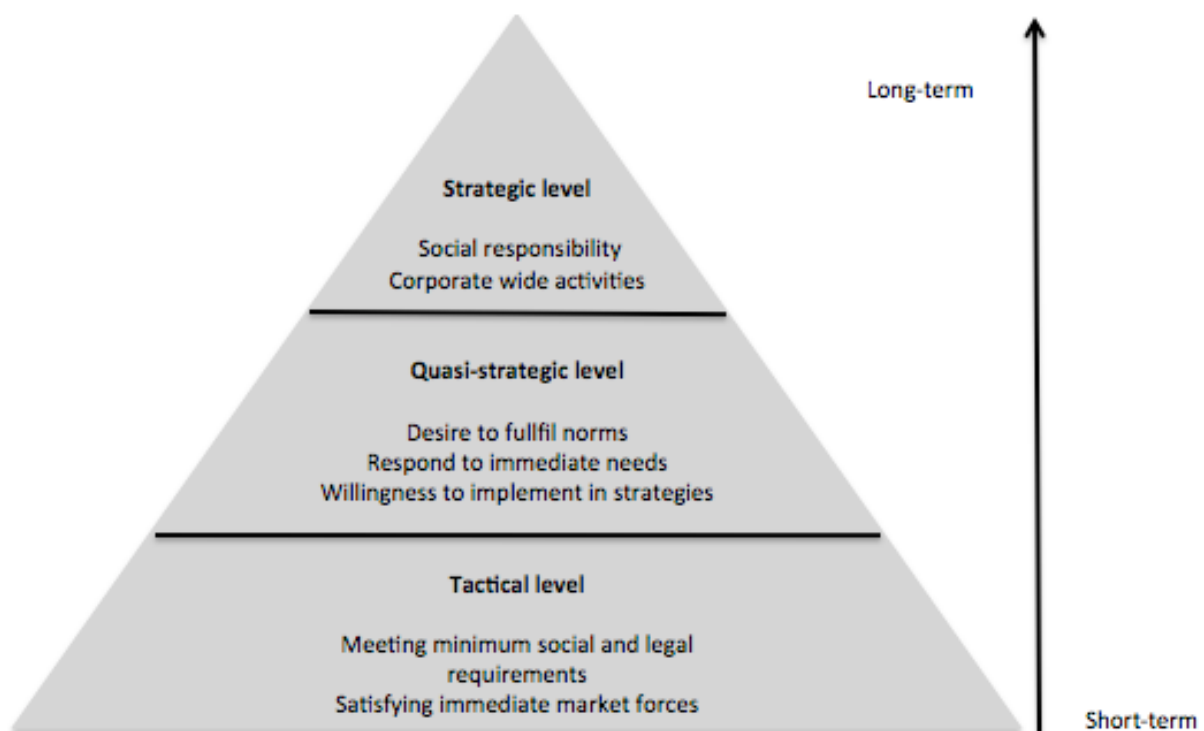


Figure 4 Strategic levels in partnerships (adopted from Kokko & Mark-Herbert, 2009, p. 6).

The strategic level involves corporate social responsibility with the aim of bringing firm’s activities into line with the expectations of current and future stakeholders such as new technologies; markets and products that make long-term change within the industry or the market. At a quasi-strategic level, activities are planned as a response to norms and

expectations of critical stakeholders. They are used as tools to accomplish strategy goals to achieve advantages within current businesses and markets. Activities at a tactical level are mostly designed to meet immediate market forces that take place in company's short-term strategies in order to meet minimum social and legal obligations. The authors argue that since most of the companies see partnerships costly, the most common form of public-private partnerships can be found on the tactical level in accordance with Austin's claim for integrative stage.

Rondinelli & London (2003) approach the involvement levels with the same perspective, but with different group names as well. According to the authors, companies and environmental NGOs cooperate through *"low-intensity arm's-length relationships, moderately intensive interactive collaborations, and highly intensive formal environmental management alliances"* (p. 64).

On the other hand, one of the latest literatures by Peloza & Falkenberg (2009, p. 95) expands previous classification by incorporating including the potential for collaboration with other firms, or multiple NGOs. Their grouping contain a basic form of integrative collaboration which is between a single firm and a single NGO; multiple firms and one NGO; and a structure occurring when one firm works with multiple NGOs, such as Starbucks working on a range of social and environmental issues with Oxfam, Global Exchange, and the Ford Foundation.

Hemphill (1996) categorises four different levels of organizational involvement within the area of strategic management: functional, business, corporate and enterprise. The functional level refers to policy areas, where on the other hand business strategy focuses positioning the company opposite the competitors in a given market. In order to enhance the portfolio and actual business operation the company chooses to include partnerships in their corporate strategy. Finally, the enterprise level is related with the *"governance, legitimacy, and corporate public policy activities that integrate the firm with its broader external environment"* (Hemphill, 1996, p. 8).

As mentioned, literature reviewed neither involves many different kinds of involvement classification for NGO-Business collaborations nor have evolved differently in the time of twenty years. However, it is worth noting that the conclusion is the success factors may be very different for every level, every company or every non-profit organization.

### 3.3 Motivational factors

*"Each producer must carefully evaluate how its proposed alliance will assist in achieving this objective before entering into a formal agreement with a given environmental partner"* (Mendleson & Polonsky, 1995, p. 9). Depending on the level of involvement and expectations for each party involved, the potential benefits and underlying motivators can vary quite substantially (s. Appendix 1). Yet, some general notions could be observed. Elkington & Fennell (1998, p. 50) identify seven reasons for business engagement with NGOs, which are markets, credibility, external challenge, cross-fertilisation of thinking, greater resource efficiency, avoid negative public confrontation and engage stakeholders. Dahan *et al.* (2009) stress that there is a possibility of social and economic value creation besides risk and cost minimizing factors especially when it comes to cooperation between NGO's and Multinational Enterprises (MNEs). According to LaFrance & Lehmann (2005) the motivators for TOTAL S.A. to cooperate with UNESCO was to increase transparency and credibility in

order to create trust, but also as part of their risk management strategy to evade criticism and reputation damages. Robertson's (2008) literature review on Business Ethics does not particularly focus on private-public partnerships, yet ethics also plays a considerable role in such relationships, where the notion of trust and legitimacy were mentioned as important factors, especially when it comes to environmental issues (Robertson, 2008; LaFrance & Lehmann, 2005). Intangible assets such as expertise, reputation and image can help towards the success of a sustainable business development as well as create new innovative business models which would not be able to be achieved with such a form of collaboration (Dahan *et al.*, 2009, p. 2). Kale & Singh (2009) identify improving the competitive advantage and growth, response to technological change, access new resources and risk minimization as underlying drivers for PPP.

LaFrance & Lehmann (2005) specify different objectives for four of the major stakeholders; namely governments, non-governmental organizations (NGOs), International Organizations (IOs) and the private sector. Governments can operate on different levels of involvement and contribute to the legitimacy and expertise, but also financial and human capital support. For example, NGO's in particular can *"help ensure transparency and promote community participation"* (LaFrance & Lehmann, 2005, p. 218). IO's can provide specialists in many important strategic business areas such as economic, social, environmental, etc. IO's also contribute toward transparency, monitoring and dialogue between different interest groups. Finally, motivations derived from the private sector can be summarized as expertise, efficiency and profitability (LaFrance & Lehmann, 2005, p.219).

Frithiof & Mossberg (2006) conclude in their survey of approximate 200 companies in Sweden that the most prominent reasons for partnerships were imitation resulting from external and competitive pressure, besides managerial values. A similar result was found in a previous study by Loza (2004), stating that from partnerships social issues can be easily addressed as well as social capital be created, especially due to globalization and continuous deregulations. Globalization, in particular as part of a strategic expansion, is frequently mentioned as an underlying key driver (Jamali & Keshishian, 2008; Loza, 2004). Loza (2004, p. 308) further claims that *"partnerships are becoming increasingly important and those that focus on developing the organizational capacity of community organizations can be effective vehicles for sustaining a vibrant civil society and ultimately, sustainable business practice"*. Hartman *et al.* (1999) agree that sustainable development can arise from on-going partnerships, by establishing new social values and sharing responsibility.

According to Mendleson & Polonsky (1995), the increasing concern for the environment has not been overlooked by manufacturers and led to allocate their resources on green products or going green strategies. However, this also brought negative publicity about the exploiters of this new trend and has detrimental effects on other firms' green activities as well. Therefore, researchers concluded that the producers of consumer goods need to find methods of making these claims more credible in the eyes of consumers, if they want to use green marketing, as a strategic tool. A summary of the motivators in chronological order can be found in Appendix 1.

### 3.4 Challenges

Although this literature review focuses mostly on the motivators and success factors, it has to be acknowledged that there are also many costs and risks involved. MacDonald and Chrisp (2005) discuss the case of PPP between a large pharmaceutical company and a UK based

charity. The main disadvantages and problems can be summarized as increased transaction costs, decrease in efficiency, loss of power and control as well as increased pressure towards change for the private organization, besides raising ethical questions (MacDonald & Chrisp, 2005).

The literature available concludes that the major challenge arises from the difference in nature of the organizations that are engaged with PPP. According to Milliman *et al.* (1994, p. 43-44) and Stafford & Hartman (1996, p. 52) the main challenge for both businesses and NGOs is the skill required to build a successful dialogue, despite the fact that they are structurally different. This skill is named by the authors as perseverance and patience to understand and deal with fundamental differences including different styles, goals and beliefs. One example given is that some non-profit organizations are volunteer oriented and slow where things simply take longer time. This argument is supported by Milne *et al.* (1996), stating that differences in culture are identified as one of the factors creating challenge. In particular, the differences such as businesses' emphasis on delivering quick, documentable results and long-term missions of non-profit organizations are one of the conflicts arises.

Mendleson & Polonsky indicate in their article published in 1995 (p. 12) that despite many benefits of collaborations, organizations must use these strategic partnerships with caution. According to the authors, the main existing risk is the negative publicity as one of the possible outcomes of the collaborations. It is claimed that in case of any inconsistencies between the business and the cause of the organization joined, other non-profit organizations and the media easily point it out. These negative publicities can lead to jeopardy of the strategic position of the companies as well as NGOs, which is mentioned as a challenge also by Stafford & Hartman (1996, p. 52).

Arts (2002, p. 35) states that these alliances definitely have potency. However, they are weak, as they are not embedded in the core businesses of the companies. Further, as mentioned before, the contrasting nature of the parties in terms of power and worldview make these collaborations even more challenging to succeed.

Furthermore, the present challenges stated in the available literature have been summarised very well in the article by Kokko & Mark-Herbert (2009, p. 7-8). The existence of different agendas and independent goals of partners is emphasized to be the main challenge. Apart from the other challenges mentioned before, it is worth noting the author's statement about the communication and information sharing areas. Identifying the most important stakeholders that need to be communicated, and how to communicate it as well as the risk of losing confidential information to competitors are underlined to be the substantial points both parties should take into account. A summary of the challenges identified can be found in Appendix 2 following a chronological order.

### 3.5 Success factors

Like other relationships, private-public relationships are assumed to rarely succeed by chance or coincidence. Researchers have therefore focused on determining what potential success factors are for businesses to follow and hopefully avoid failure. According to Hartman & Stafford (1997) for the alliances to be successful, some lessons to be learnt for the firms are: the environmentalist group should have an established market-based environmentalism (MBE) philosophy and should have a recognized, credible reputation, market positioning should be thought upon for long term, keeping the media informed, implementing and

marketing defendable goals and programmes, maintaining an arm's length relationship, striving for early mover advantages, building personal relationships, managing successfully partner relations and bridging organizational cultural differences (Stafford, 1997, p. 192-194).

Hemphill (1996, p. 12) stresses that a successful PPP can be only achieved by addressing specific issues e.g. an environmental problem, being based on formally or written agreement and should only be considered in win-win situations for both parties. As discussed here most of the Pops are formed to benefit on an enterprise level, since it is mostly expertise, legitimacy and transparency that companies are seeking from PPP. However, Dahan *et al.* (2009) summarize the potential outcomes, constraints and creation of new models regarding different business activities such as market research, R&D, procurement & production, marketing, shown on different case studies. They provide a model for a successful cooperation between and NGO and MNE in a developing country, stressing four strategic issues such as local conditions, infrastructure and SME's, resource & skills and organizational culture (Dahan *et al.*, 2009, p. 14).

Plante & Bendell (1998) outline five essential factors for success, just as the art of war. Those are: to know your enemy, know yourself, know where you are, know what is going on and know your allies (Plante & Bendell, 1998, p. 92). The focus is on a holistic yet strategic approach of this form of collaboration where time is an important factor in order to understand the situation fully and build strong allies. Hardy *et al.*, (2003, p. 342) stress "*clear goals, partner selection criteria, performance monitoring and termination arrangements*" as important success factors, which is later confirmed by a study of five companies in developing countries by Jamali & Keshishian (2008). Inkpen (2005, p. 115) claims that the success factors depend on creating a "*learning environment and overcome knowledge transfer barriers*", whereas MacDonald & Chrisp (2005) mention inter-personal trust as a key factor for a partnership to succeed. This is somewhat an underlying factor for what Kanter (2000) means when she recommends that managers should use a rather 'human' perspective than a 'financial' screening process when selecting a partnership. According to Kantar (2000, p. 101) a PPP should not be built on hopes and dreams but follow three key criteria: self-analysis, chemistry and compatibility. Depending on this test a company can determine more easily if the alliance will be perceived as successful. To summarize, the success of a PPP relies heavily on expectations, holism, commitment and clear guidelines but also heavily on ethical issues, which are not to be underestimated. Additionally, a PPP should be seen as a "*living system that evolves progressively in their possibilities*" (Kanter, 2000, p. 97).

### 3.6 PPP as a sustainable business development strategy

*"Development agencies and actors concerned with promoting sustainable development have been joined in recent years by another player – big business"* (Peter Utting, 2000, p. VIII).

By the literature reviewed, the concepts such as corporate citizenship, corporate social responsibility or sustainable business development; which are lately articulated quite often by senior managers; are assumed to show that the business is beginning to restructure its relationship with the environment and its multiple stakeholders.

For example, the article by Hartman *et al.* (1999) summarizes the 1998 Conference on Greening of Industry and the papers presented in the conference and concludes that the context of emerging literature all show the existence of collaborative approaches for sustainability. They further have consensus on companies are pursuing more proactive rather

than reactive environmental strategies, resulting in partnerships between industry and other societal groups (p. 256). However, the debate on the benefits of partnerships for sustainability still continued. It is stated that some papers have argued that system change calls for industry to understand the company behaviour and its impacts on society; hence leading to a shared responsibility and emerging partnerships that foster new values reflecting sustainable development. On the other hand, some have discussed that collaboration between the socially powerful forces promotes the marginalization of politically weaker groups (p. 263) where the cultural and ideological foundations of the present system are kept unchallenged.

LaFrance & Lehmann (2005, p. 227) talk about the benefits of PPP as a part of a successful legitimacy and communication strategy for businesses; which is assumed to be a part of sustainable business development strategy. On the other hand, Lindfelt (2006, p. 10) argues that companies should walk their talk in order to make sense of business ethics in the contemporary and global business market. She points out that if a business takes ethics matters seriously, it needs to position itself in a network where ethic matters are approached similarly. Hence, integrating diverse ways of doing business and relations with NGOs are addressed by the author to contribute to walking the talk. This view is supported by Nijhof & Bruijn (2007, p. 163) with a perspective seeing NGO-business partnerships as a logical step for corporations adopting CSR strategies due to the fact that companies who involve in responsible management activities aim to solve social inequalities and issues as well as stopping environmental degradation. They further state that businesses can benefit these partnerships as an effective risk-control strategy, where the external parties such as NGOs undertake a very important role for businesses. Moreover, the effects of NGO relationships are assumed to be different depending on the type of strategy the company carries out.

Kourula & Halme are the other authors who discuss that different CR types require different forms of alliances ranging from sponsorship to partnership (2008, p. 557). They argue that CR Innovation strategy together with NGO collaboration; which includes being usually close to core business; namely creating new products, services, or business models; can have high potential in creating *"income-generating mechanism and support self-sufficiency in local communities"*. Pelozo & Falkenberg also endorse this idea by stating each collaboration structure has its own motivations and challenges, therefore should match firm's objectives. They take on these management practices with embedded social relationships from a perspective considering that the firm can gain advantages for the business by linking social, environmental and financial objectives. Thus it is further argued that NGOs can be very advantageous for the firms to combine these objectives and accomplish its CSR or sustainable business goals.

Wadham (2009, p. 57) puts forward the thought that the changing forces is leading to a paradigm shift between businesses and NGOs; where companies, non-profit organizations and all other institutions are all part of global community; which can be assumed to be the cornerstone of SBD. She embraces Habermasian's theory where she considers during collaboration; both parties can benefit it as a channel through which by time they can influence each other, negotiate and reframe their worldviews. Hence they can get involved in more profound discussions about all the bottom lines of sustainability.

Gao & Zhang puts forward the idea that *"corporate sustainability is complex and multifaceted"* (2006, p. 735). As a result, without a clear comprehension and practice of engaging stakeholders, it is simply not enough to state and promote triple bottom-line performances. *"Trust, commitment and cooperation"* are the key elements in businesses'

relationships with stakeholders. The authors claims that for effective implementation of sustainable business practices, companies should take it further than building dialogue with stakeholders' but also involve them through a mechanism that links dialogue and control of activities by empowering the stakeholders (p. 736). That fundamentally means facilitating decision-making and controlling/auditing of sustainability performance and activities by stakeholders.

The article by Jamali & Keshishian approaches NGOs and businesses' alliances with NGOs as powerful agents of change in corporate management and strategy and taking corporate responsibility (2009, p. 279).

While there are substantial benefits arising from such institutional partnerships, some statements about the possible serious shortcomings are also found in the available literature; such as the risk of getting NGO's critical voice silenced as they become closer to businesses and the problem of '*institutional capture*' as businesses start to influence decision-making processes considered linked with the public sphere (Utting, 2000, p. IX). A summery of the findings related to SBD can be found in Appendix 3.

This literature review provided an in-depth study of the research contribution available in the area of PPP. The following chapter will now outline the theoretical framework used to analyze the empirical findings.

## 4 Theoretical framework

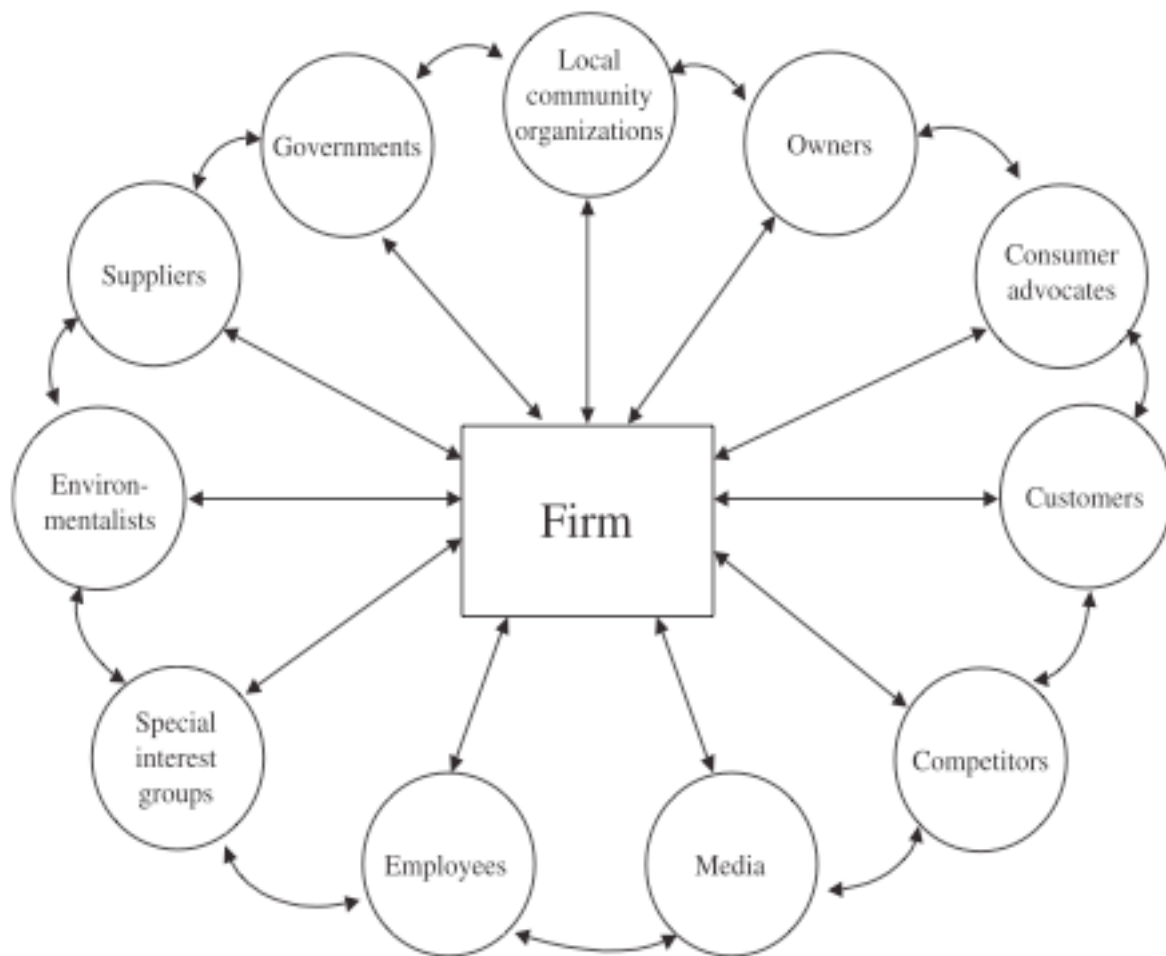
This chapter is devoted to the theoretical framework that was chosen for this project in order to fulfil the research aim. It starts with identifying a stakeholder theory approach by Donaldson & Preston (1995). The tie-level theory by Kilduff & Tsai (2003) explains links between networks and implications arising from such. Mendleson & Polonsky (1995) and Charter & Polonsky (1999) provide a model of motivators and challenges when it comes to partnerships. Finally, Rainey's (2006) concept of Sustainable Business Development (SBD) helps to understand how PPP fits into SBD and vice versa.

### 4.1 Stakeholder theory

*"The idea that corporations have stakeholders has now become commonplace in the management literature, both academic and professional"* (Donaldson & Preston, 1995, p. 65). Even though the stakeholder model was already introduced in the 1960's it was not until Freeman's publication in 1984 that it found acceptance on a global level (Preble, 2005). A stakeholder can be defined as *"any individual or group that is directly or indirectly affected by the products, programs, processes, and/or systems, but does not directly benefit as an economic participant such as a customer or supplier"* (Rainey, 2006, p. 711). Clarkson (1995) put emphasis on the time line by defining "stakeholders as persons or groups that have, or claim, ownership rights, or interests in a corporation and its activities, be they past, present, or future" (Clarkson, 1995 in Preble, 2005, p. 409). Initially, Freeman (1984) defined a stakeholder more general as *"any group or individual who can affect or is affected by the achievement of the organization's objective"* (Freeman, 1984, p. 46 in Boatright, 2003, p. 390; Preble, 2005, p. 409).

Stakeholders can then be divided into primary (e.g. shareholders, investors, employees, customers, suppliers, etc.), or key stakeholders, and secondary (media, interest groups, etc.) stakeholders, depending on their level of direct or indirect affection by the organization (Mitchell *et al.*, 1997). According to Preble (2005, p. 409) a *"corporation's survival depends on the continuing participation of its primary stakeholders"*. Yet secondary stakeholders might not pressure a corporation to that extend but they can still have a strong *"influence how the organization is perceived by the public and various governmental entities"* and, therefore stakeholder theory is a very important tool (Preble, 2005, p. 410).

Stakeholder theory aims at identifying such groups and individuals that are connected to a firm's environment with the intention *"to broaden management's vision of its roles and responsibilities beyond the profit maximization function to include interests and claims of non- stockholding groups"* (Mitchell *et al.*, 1997, p. 855), but also establish an importance of stakeholders involved and who should be addressed in what way. For example, as the aim of marketing is to create value for the firm's stakeholder, from a marketing perspective, the most important stakeholders as identified by Keegan and Schlegelmilch (1999, p. 7) are *"employees, the management, customers, shareholders, banks and society as a whole"*. Figure 5 below shows a general stakeholder model of, illustrating the input and output relationships between primary and secondary stakeholders involved from a corporate perspective.



**Figure 5 A Stakeholder Model (Freeman, 1984 in Preble, 2005, p. 417).**

Even though stakeholder theory does not serve as an ‘action plan’, it is *“a valuable device for identifying and organizing the multitude of obligations that corporations have to different groups”*, where according to Donaldson & Preston (1995), stakeholder theory can be approached in three ways;

- Descriptive,
- Instrumental and
- Normative.

Being descriptive it illustrates *“the corporation as a constellation of cooperative and competitive interests possessing intrinsic value”* Donaldson & Preston, 1995, p. 66). This explains and reflects the stakeholders and corporations in e.g. their past, present, and future relationships.

*“Instrumentally it serves as establishing a framework for examining the connections, if any, between the practice of stakeholder management and the achievement of various corporate performance goals”* Donaldson & Preston, 1995, p. 67). This approach has been criticized due to its drawbacks regarding the exploration of *“specific links between cause and effect”* and therefore, the application is difficult (Donaldson & Preston, 1995, p. 67).

Normative theory attempts to offer guidance and interpretation for the owners of corporation on the basis of some underlying moral or philosophical principles (Donaldson & Preston, 1995). Therefore, this approach presumes the acceptance of the following ideas:

*“(a) Stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity. Stakeholders are identified by their interests in the corporation, whether the corporation has any corresponding functional interest in them.*

*(b) The interests of all stakeholders are of intrinsic value. That is, each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of some other group, such as the shareowners” (Donaldson & Preston, 1995, p. 67).*

## 4.2 Tie-level concept

Even network theory focuses on people rather than organizations, *“people are connected to each other through organizations and organizations are connected to each other through people”* (Kilduff & Tsai, 2003, p. 22). The networks that we are embedded in, irrespective of the individual or collective level, can have an important influence on the success or failure of our projects (Kilduff & Tsai, 2003). In general there are benefits to gain from networking such as the creation of social capital, but it has to be kept in mind that it also requires a substantial amount of resources such as time, money, trust, commitment, etc.

Organizations are embedded in social networks, where Private-Public Partnerships can also be characterised as a networking collaboration between at least two actors, where each actor is subject to constraints and opportunities, depending on their position in the network but also *“consequences that flow not just from network positions and roles, but also from changes to such positions and roles”* (Kilduff & Tsai, 2003, p. 127). Given that organizations are part of this social network, *“patterns of transaction within and between firms may depart from what might be expected from a pure economic perspective”* (Kilduff & Tsai, 2003, p. 26), meaning that organization may prefer collaborations with organization that they have ties with rather than random alliances.

The tie-level concept is used to analyse social networks and encompasses three core concepts:

- Strength,
- Reciprocity and
- Multiplexity.

The strength of a network tie can be defined by the level of emotional intensity, intimacy and time spent. The range is from weak to strong, where the weak-ties hypothesis claims that *“more diverse information is likely to derive from weak than from strong ties”* (Granovetter, 1973 in Kilduff and Tsai, 2003, p. 33). Yet, there is a trend in research that claims that *“certain types of strong ties may facilitate the transmission of complex knowledge”* (Hansen, 1999 in Kilduff and Tsai, 2003, p. 33). Weak ties are characterised as infrequent and distant, whereas strong ties are frequent, long lasting and affect laden (Kilduff and Tsai, 2003, p. 136).

Reciprocity is a core characteristic when it comes to networking and is part of the balance theory that is concerned with how “*people arrange their relationships to reduce feelings of imbalance*” (Kilduff and Tsai, 2003, p. 49). Reciprocity can either be asymmetric, as between non-reciprocating partners or symmetric where the relationship is based on mutual reciprocity.

Multiplexity is related to the strength of tie and is defined as the “*extend to which two actors are connected by more than one type of tie*” (Kilduff and Tsai, 2003, p. 135). More multiplex relationships are thought to have higher tie strength. Yet, multiplexity involves understanding thoroughly individual ties in a collective context, which is complicated to measure given the limited timeframe. Yet, for the purpose of the study this can be ignored, as this study is based on a rather on the collective, organizational level.

### 4.3 Motivations & challenges for PPP

Mendleson & Polonsky (1995) argue that the willingness to enter into an external collaboration, both companies and non-profit organizations, has increased due to the fact that they realized that both parties benefit from these associations. Comprehension of these motivations is important as the authors stated “*forming an alliance assumes both parties cooperate, mutually beneficial and are not adversarial*” (Mendleson & Polonsky, 1995, p. 15).

The authors come up with five motivations for businesses; which emerge from strategic collaborations with NGOs (Mendleson & Polonsky, 1995, p. 9). This kind of cooperation is considered to increase marketer’s credibility of its products and their associated claims. Non-governmental organizations also hold access to huge information or information networks as well as access to new markets. Hence this attribute can play an important role to benefit organizations with which they establish collaborations. Forming collaborations with NGOs may also trigger increased publicity, where meanwhile leading to better publicity and less criticism. In addition, non-profit organizations constitute important sources of education information and materials. Figure 6 illustrates the motivations and challenges arising from private-public partnerships facing businesses and non-profit organizations.

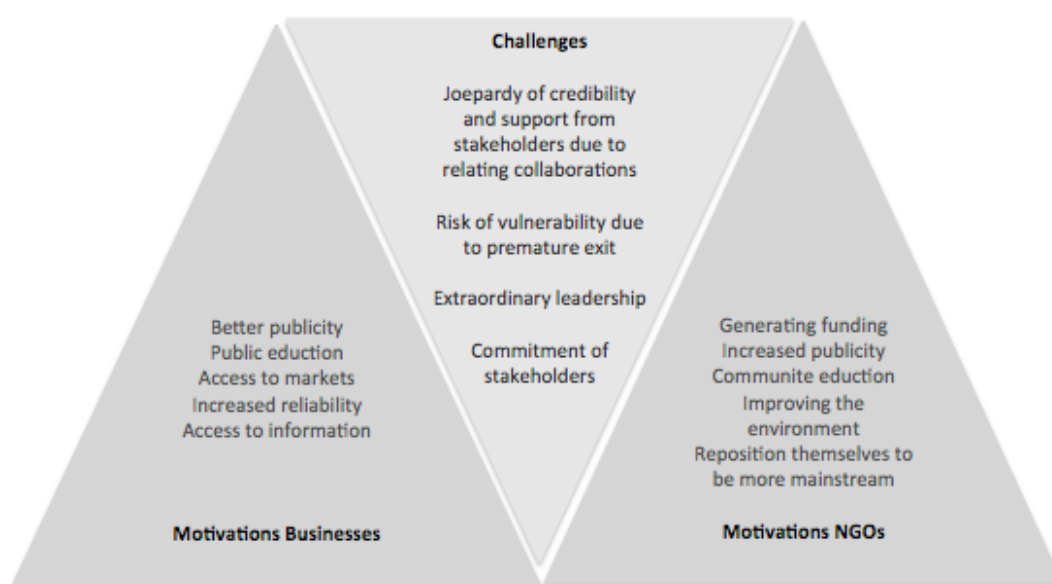


Figure 6 PPP Motivations and challenges (adopted from Mendleson & Polonsky, 1995, p.9-15 / Charter & Polonsky, 1999, p. 175-177).

At the same time, these social partnerships provide substantial motivators for non-profit organizations as well (Mendleson & Polonsky, 1995, p. 15). NGOs may have a number of different objectives of which are listed by Mendleson & Polonsky such as: increased publicity; repositioning to be more mainstream; generating funding; educating community; and improving the environment.

On the other hand, the challenges/risks that both businesses and NGOs confront during collaborations - in Charter & Polonsky's words '*strategic bridging*'- are defined by the authors (Charter & Polonsky, 1999, p. 175-177) as including commitment of stakeholders; extraordinary leadership and management challenges; jeopardy of credibility and support from stakeholders due to relating collaboration; and risk of vulnerability due to exit of partner before reaching the organization's goals once the partner's agenda is met.

## 4.4 Sustainable business development (SBD)

Sustainable Business Development (SBD) is a critical management concept with a holistic approach to drive organizations to achieve and maintain a sustainable competitive advantage in this ever-changing environment (Rainey, 2006, p.4). Change, being the means to attaining power and differentiation, "*challenges the weak and ill prepared, but provides opportunities for the capable and strong*" (Rainey, 2006, p. 112). Therefore, it is important for an organization to anticipate change and future developments by constantly assessing opportunities and challenges. In this context the learning organization has been studied and the importance of being a flexible or agile organization, which can determine the long-term success of an organization. SBD means to create exceptional value and exceed expectations by large in order to be able to outperform its competitors on a constant basis (Rainey, 2006, p. 361).

Basically, SBD evolves around four key elements, which are 'enterprise thinking', 'strategic thinking', 'visionary and exceptional leadership' and 'leading change through innovation' (Rainey, 2006, p. 15). Figure 7 below shows each of these elements with its purpose and contribution towards SBD. These key elements can be expressed by an organization internally and externally through their mission statement, reports, partnerships, etc. Yet, not all of these key concepts are always clearly defined and are hard to assess from an objective point of view.



Figure 7 Key elements of SBD.

SBD in the whole is then further associated with specific attributes that contribute towards a sustainable development. Table 5 below shows these key attributes that enable leading change toward SBD. Depending on the area and level of involvement, a direction can be identified, which then suggests which network the organization should establish. From this choice there arises consequence for the social, economic and environmental considerations.

**Table 5 Key organization attributes relating to SBD (Rainey, 2006, p.115)**

Key organizational attributes relating to SBD					
Area	Direction	Value Networks	Social	Economic	Environmental
<i>Corporate</i>	Value creation	Insight	Equity	Stability	Effectiveness
<i>Strategic</i>	Vision	Inclusiveness	Openness	Innovativeness	Mitigation
<i>Operating</i>	Mission	Connectedness	Fairness	Development	Risk reduction
<i>Organization</i>	Knowledge	Capabilities	Learning	Equilibrium	Health & Safety
<i>Leadership</i>	Visionary	Strategic	Responsibilities	Responsiveness	Accountability
<i>Integration</i>	Strategic alignment	Linkages	Relationships	Solutions	Transparency
<i>Innovation</i>	Investment	Creativity	Dialog	Innovativeness	Improvements

Key of SBD is to create a sustainable competitive advantage, which allows the organization to maintain a ‘license to operate’. Competitive advantage of an organization is characterised by its core competencies and capabilities, which is tightly linked to a quick learning environment and visionary leadership. For a company, capabilities are the means to create value and wealth and can be acquired through experience, knowledge and learning (Rainey, 2006, p. 355). Such capabilities can be expanded by including the whole value system by for example making use of external collaborations and networking. This would result in using all resources more efficiently and obtaining ideally the best possible solution. Therefore, partners and allies can be seen as logical expansion in order to have access to a *“broad array of talent, skills, experience and knowledge to discover and develop a wide range of new opportunities”* (Rainey, 2006, p. 362). The key elements of strategic assessment are; ‘the why’, ‘the what’, ‘the how’ and ‘the who’ (Rainey, 2006, p.114).

After establishing the theoretical framework, the following Chapter 5 is dedicated to the empirical study of this project.

## 5 Empirical study

This section represents the core of the study, the qualitative empirical study. Firstly, it gives some background empirics about the Swedish retail environment. Thereafter, it presents in alphabetical order the empirical findings, firstly for the retailers and then for the NGOs. The empirical data presentation is structured in two main sections for each organization, general information and PPP related findings. The PPP related findings according to each organization is then further divided into three sub sections dealing with developments, administration and motivators & challenges.

### 5.1 Swedish retail background

It is important to identify Swedish contextual characteristics, such as the retail environment, in order to understand the retailers and organizations within its context. According to the Nielsen Company (Anonymous, 2007) in 2008 the Swedish Retail infrastructure consisted of 19 hyper stores larger than 2500 m<sup>2</sup>, 75 stores with a store size between 1000 m<sup>2</sup> and 2500 m<sup>2</sup> and 139 smaller stores between 400 m<sup>2</sup> and 1000 m<sup>2</sup> (Figure 8). Yet, the Swedish retail landscape only dominated by three major retailers, namely ICA, Coop and Axfood.

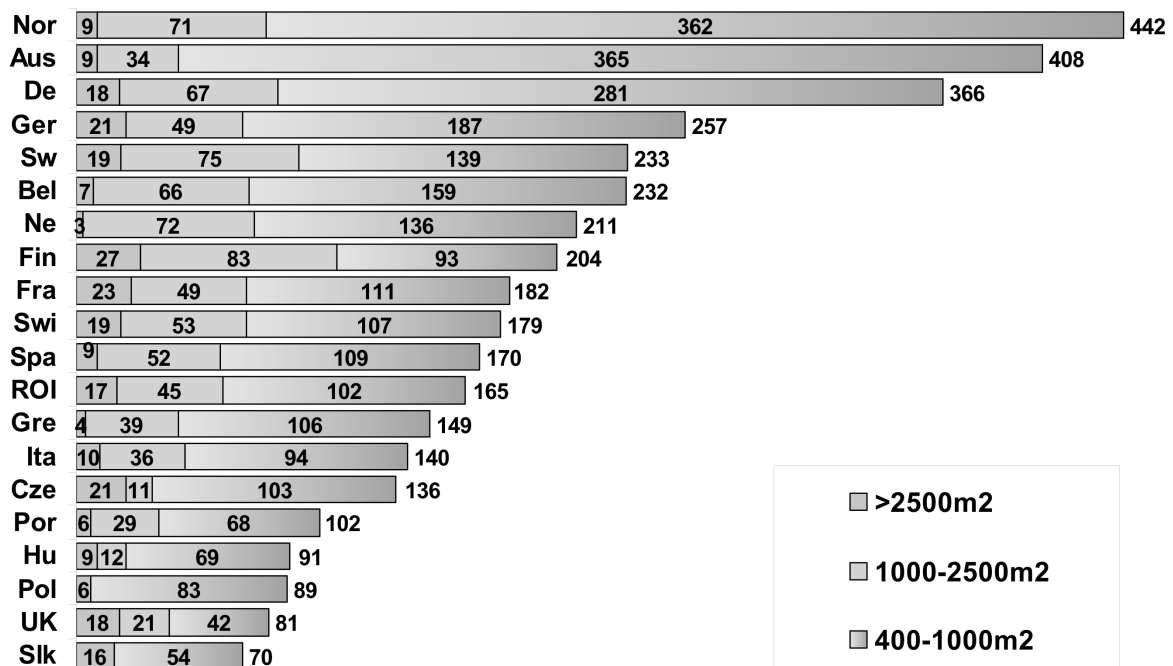


Figure 8 Retail infrastructure (stores per number of inhabitants, Anonymous, 2007).

The total number of stores (233) compared to the number of inhabitants leaves Sweden at place number 5 in Europe (Anonymous, 2007). Sweden has a rather large number of medium sized retail stores; more than the other top 5 countries. According to The Nielsen Company (Anonymous, 2007) supermarkets (1000-2500m<sup>2</sup>) were still the place with the highest number of regular shoppers and where most money is spent by consumers; however hypermarkets (>2500m<sup>2</sup>) have gained importance as well (Anonymous, 2007).

The market shares of the retail market is divided between three leading players and three smaller ones (Figure 9). In 2009 ICA was leading with market share of 50%, followed by COOP with 21,4% and Axfood with 16.1%. Bergendahls including Vi-stores amount for 7.8% of the total market share. Lidl had 2,8% and Netto 1,9% (www, Coop, 1, 2010, p.12).

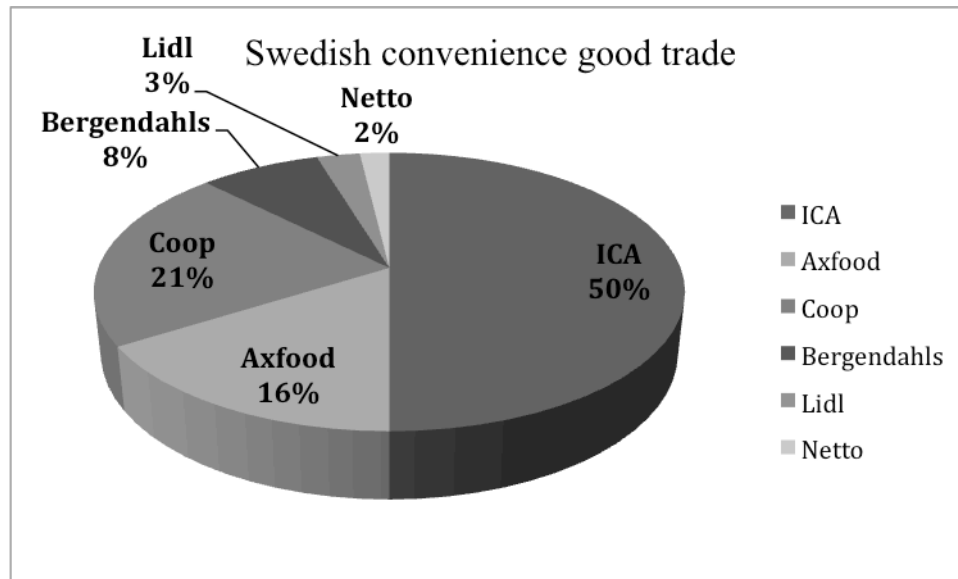


Figure 9 Convenience goods trade (2008-2007) (www, Coop, 1, 2010, p.12).

According to this figure, it can be seen that ICA, Axfood and Coop dominate the Swedish retail market with a market share of around 87 % in 2008 (www, Coop, 1, 2010, p.12). After outlining the retail market and the importance of these three major players the empirical findings from the interviews are presented.

## 5.2 The retail perspective

The following paragraph presents the findings on the retail perspective on PPP for the three major players on the Swedish retail market (Axfood, ICA and KF).

### 5.2.1 Axfood

Axfood is the most recent established and third largest retailer group in Sweden, which operates under different formats and brands such as Hemköp, Willys, PrisXtra, etc.

#### Mission, Structure & Corporate Governance

Axfood is a group conducting food retail and wholesale trade (www, Axfood, 2, 2010). The group operates retail operations with wholly owned stores as well as a large number of proprietor-run stores under the chain brands Willys, Hemköp and PrisXtra. It is Sweden's third largest retailer group with a market share of 16,1 (www, Coop, 1, p.12, 2010). The majority of Axfood's shares are held by Axel Johnson AB with 46% of the shares; where the rest are distributed among other stakeholders of which Reitan Handel AS holds a prominent amount of shares as 10%. It can be concluded that 57% of the group's shares belong to private persons (www, Axfood, 3, 2010). Axfood has 16,1 % of the whole Swedish retail market (www, Coop, 1, 2010, p.12) with an average employee number of 6186 (www, Axfood, 2, 2010).

Axfood's business mission is defined as *“developing and running successful retail food concepts in the Nordic countries based on clear and attractive customer offerings”* (www, Axfood, 2, 2010). In addition, group's mission is stated on company's website as *“Axfood will be one of the leading retail food companies in the Nordic region through profitable growth”* (www, Axfood, 2, 2010).

The company has determined five cornerstones underpinning Axfood's strategy which are (1) profitability, (2) growth, (3) customers, (4) environment and social responsibility and (5) employees and organization (www, Axfood, 4, 2010). Axfood's CEO Anders Strålman emphasized the place of environment and social responsibility in group's five strategic objectives on Axfood 2009 annual sustainability report (www, Axfood, 1, p. 1, 2010) referring to sustainability is given due consideration in every part of the group's business. PPP takes its place under the society bottom line of sustainability in company's 2009 Annual Sustainability Report. *“Axfood's intention is to have a continuing dialogue with non-profit organizations in the area of sustainability”* (www, Axfood, 1, p. 10, 2010) as it has been stated that the company pursues a dialogue with society at large.

### **Axfood & PPP**

The following section will outline Axfood's PPP related activities based on the interviews and secondary data. It is divided into a historical development, administration section as well as motivations and challenges.

#### ***Past, Present & Future***

Axfood's collaboration with NGOs just started last year in 2009; however in 2002, they started working with non-profit organizations by starting their membership with United Nations Global Impact (Pers. Com., Domeij, 2010, Q1). Axfood indicates on their webpage that its stakeholders are taking place at the centre of company's responsibilities' (www, Axfood, 1, p. 3, 2010). Those stakeholders are listed as customers, employees, the environment, suppliers, society and owners. Under the name society, the group's stakeholders include lawmakers, authorities and non-profit organizations. Axfood already collaborates with numerous organizations with an objective of initiating deeper cooperation with non-profit organizations. The company considers its commitment with carefully selected organizations based on long-term relationships focusing on the areas of health, children, food and the environment (www, Axfood, 5, 2010).

The company has been in dialogue with WWF and Greenpeace especially in sustainable fishing matters since 2008 (www, Axfood, 2009, 1). Other organizations that Axfood has been in dialogue are Fair Trade, Action Aid and the Swedish Society for the Protection of Animals (www, Axfood, 1, p. 13, 2010). Axfood also has corporate sponsorship agreement with Save the Children Sweden at the same time supporting the campaign Smoke-Free Young People by national association Hem och Skola (www, Axfood, 5, 2010). Currently, Axfood has agreements with Rädda Barnen, internationally also known as Save the Children, and Willys, one of Axfood's store formats collaborates with the Swedish Nature conservation organization, Naturskyddsföreningen.

In the future, Axfood can envision having more collaboration on different levels, but as this stage, Domeij emphasizes that she would like focus on the current ones *“before we start with*

*many different kinds*”, especially since the PPP concept is still rather new to Axfood. (Pers. Com., Domeij, 2010, Q2).

### **Administration**

The selection criteria for Axfood are having a stable, long-term orientated NGO that Axfood can build a long-term relationship with. Additionally, size, nature/mission of NGO, trust and existing agreements with competitors were selection criteria for Rädga Barnen, in order to differentiate themselves (Pers. Com., Domeij, 2010, Q4, Q9, Q11). Axfood does not ask for exclusivity agreements from Rädga Barnen.

From an administration point of view, Axfood meets often to discuss the issues that they are currently involved in (Pers. Com., Domeij, 2010, Q2). Even though Axfood follows some of the guidelines for e.g. sustainable fishing from WWF, they do not necessarily have a formal business agreement with the NGO. Due to the reason the structure of Axfood is complex, the integration of collaborations happens on different levels. All Axfood retail formats cooperate with Rädga Barnen on different projects; however Axfood manages them centrally. Some of the other formats can be specified as in the examples of Hemköp also collaborating with SOS Barngyr, or Willys with Naturskyddsfrreningen.

These new partnerships are communicated through their sustainability report, and through brochures and handouts, which they plan to use at their upcoming exhibition (Pers. Com., Domeij, 2010, Q8). Yet, the communication with stakeholders is not about advertisement, *“it is also to build confidence with the customers in the store”* (Pers. Com., Domeij, 2010, Q8).

### **Motivations & Challenges**

Reasons for collaborations are to give new services to consumers but also encourage consumers to be actively addressing sustainability issues (Pers. Com., Domeij, 2010, Q2). Domeij believes that the collaboration affects Axfood’s image positively; however it is still early to be measured (Pers. Com., Domeij, 2010, Q6). Yet, it supports the concept of sustainability work that is part of the core strategy of Axfood (Pers. Com., Domeij, 2010, Q7). But also internally and externally, it is important for Axfood to be reflected as a desirable employer (Pers. Com., Domeij, 2010, Q9).

Challenges are the risk of being exposed and influenced negatively by the NGO in case of a scandal, such as seen on the Red Cross case (Pers. Com., Domeij, 2010, Q5). Therefore, Axfood keeps the option to withdraw from the collaboration in such cases.

#### **5.2.2 ICA**

ICA, as the largest market shareholder of the Swedish retail market, has very specific characteristics and collaborations, which are outlined below.

### **Mission, Structure & Corporate Governance**

ICA was established in 1917 in Vsterås (www, ICA, 2, 2010) and is currently the biggest actor in Swedish food retail market with a share of 50 % (www, Coop, 2010, 1, p.12). In Sweden, Norway and Baltic Region, in 2008 ICA group has about 2,230 own and retailer-owned stores and 22,023 annual employees where 62,6% of the total sales and 5,208 employees belong to ICA Sweden (www, ICA, 2, 2010).

Ownership is structured between Hakon Invest AB (40%) and Royal Ahold N.V. (60%). Even though the shares held are not equally distributed, both parties have equal voting power due to shareholders' agreement. Royal Ahold N.V. is a holding company that is based in Netherlands; where Hakon Invest AB is 67% owned by an ICA-handlarnas Förbund, a non-profit organization of which all ICA retailers are members (www, ICA, 3, 2010). In the organization ICA-handlarnas Förbund, every member/retailer has one vote irrespective of store size. Hence the organization exercises both of its roles at the same time; one as being one of the main owners of ICA AB, and the other as negotiating with ICA AB for all retailers over the format group agreements or purchasing agreements (www, IH, 2010).

The business model of ICA; which has remained the same in Sweden since its foundation in 1917; provides the conditions in which the individual retailer owns and operates his own store in cooperation with other retailers and with a common purchasing and support company (www, IH, 2010).

In ICA's 2008's annual report, the vision of ICA is defined as *"making everyday a little easier"* in alliance with its mission *"Being the leading retail company with a focus on food and meals"*. When it comes to goals and strategies, the company has chosen to focus in three categories, namely economical, environmental and societal (www, ICA, 1, 2010, p. 10). This coincides with the triple bottom line concept of CSR and sustainability.

*"ICA should be a sustainable company with a solid financial foundation, a commitment to the environment and strong society engagement"* (www, ICA, 1, 2010, p. 10).

On the policy level, ICA has a number of position statements that govern operations, so called *"ICA's Good Business"*; which are further developed in policies such as health policy, quality and environmental policy or environmental policy (www, ICA, 5, 2010). It is further stated that the cross-functional management team for business ethics holds the responsibility under Group Management for continuously monitoring compliance with these policies (www, ICA, 5, 2010).

President and CEO, Kenneth Bengtsson, states *"one of ICA's overriding strategies is to contribute to society's sustainable development"* (www, ICA, 1, 2010, p. 5). The management approach to sustainability can be detected in the company's strategic documents such as annual report. Nevertheless it is stated in further detail in group's Corporate Social Responsibility report; which covers group's work in the areas of the environment, community engagement and economic development. As the ability to gain and retain the confidence of the customers is assumed to be critical to any successful retailer, ICA is thus considering consistent work on these fields as the cornerstone of ICA's business philosophy (www, ICA, 1, 2010, p. 76). ICA sees PPP as a way of ICA's responsibility towards society.

The themes of *"ICA's Good Business"*; which are in alliance with the United Nation's Global Compact's ten principles on human rights, labour standards, the environment and anti-corruption; reflects ICA's comprehension and practice on responsibility.

## **ICA & PPP**

The following section will outline ICA's PPP related activities based on the interviews and secondary data. It is divided into a historical development, administration section as well as motivations and challenges.

### ***Past, Present & Future***

ICA has started to work with PPP in a time period of 20 years. During the interview, Kerstin Lindvall, the Senior Vice President of Corporate Responsibility at ICA has revealed the information that ICA was one of the founders of Cancer Society (Pers. Com., Lindvall, 2010, Q1) where it then continued mostly with health and environmental issues.

ICA defines its most important stakeholders as customers, employees, owners, independent ICA retailers, suppliers, government authorities and a number of NGOs (www, ICA, 1, 2010, p. 78). The company believes that they can receive help in setting new priorities and finding ways to improve ICA's work by maintaining a continuous dialogue with stakeholder groups. Being focused on environment, public health and food safety, ICA has a network of different organizations. Swedish Food Federation, Greenpeace, Animal Welfare Platform are among the organizations stated on the annual report as being the company's key dialogue partners.

However, ICA mentions also additional organizations, where the level of involvement is indicated. These are Global Compact, Amnesty Business Forum, Business Social Compliance Initiative (BSCI) where collaboration is on membership level; World Wildlife Fund (WWF) where the company is actually working with the NGO for improving sustainable fishing and free range meals; and World Childhood Foundation, Red Cross, Pink Ribbon and Cancer Society where ICA works to collect donations for (www, ICA, 1, 2010, p. 79). Furthermore, the company has sponsorship activities where most emphasize are put on group's long-term business plan and focus on healthy living, environmental protection and sustainable development. Furthermore priority is given to projects that benefit children and young adults (www, ICA, 1, 2010, p. 91).

According to Lindvall, they hold plenty of collaborations all at different levels; where these happen at a deeper level with some NGOs and have business agreements in between such as WWF, Cancer Society and the Red Cross (Pers. Com., Lindvall, 2010, Q3).

ICA foresees that future collaborations with NGOs will continue to be very positive based on the opinion that they've benefited very much until now; where it is however hard to predict the level and form of the collaboration (Pers. Com., Lindvall, 2010, Q11).

### ***Administration***

The administration also differs if it is a strictly defined collaboration or more an open collaboration such as Greenpeace where they do not even have regular meetings, but have contact with each other in for example sustainable fishing or GMO matters (Pers. Com., Lindvall, 2010, Q3). How many times they should meet is not specified in the business agreements, due to the fact that it is up to the requirement.

Most of the partnerships are managed centrally in ICA, mainly from the department of Corporate Responsibility. Even in cases it is managed by marketing department, this department is still responsible for supporting on matters such as how to develop a campaign or how to write a business agreement (Pers. Com., Lindvall, 2010, Q9). Furthermore, all sponsorship agreements are administered by the responsible sponsorship manager from the marketing department (Pers. Com., Lindvall, 2010, Q9).

Decision-making processes between the company and the NGOs are regulated in the business agreements. If it is not indicated in the business agreement, NGOs hold the power to influence decision-making processes only from an advisory perspective (Pers. Com., Lindvall, 2010, Q9).

PPP is mostly communicated through the annual report and the company's monthly magazine (Pers. Com., Lindvall, 2010, Q8), despite the fact that it is perceived as very hard to measure its effects on the consumer side.

Even though the existence of an exclusivity agreement has not been mentioned, Lindvall stated that they expect their partners not to sign an agreement with any of their competitors. "So, we would not accept them to have a business agreement on the same level with Coop for example" (Pers. Com., Lindvall, 2010, Q5). It is further indicated that in case of occurrence of a scandal or an even causing bad reputation, they always take into account these matters when signing their next business agreement with NGOs.

The outcomes of the partnerships are evaluated most commonly on a time basis before writing a new business agreement, even though it is found to be very hard to measure. The evaluation criterion is then taken as if two parties have been up to the objectives in the business agreement (Pers. Com., Lindvall, 2010, Q10).

### ***Motivations & Challenges***

The motivations of having partnerships with NGOs are defined as a combination of different reasons that makes it hard to rank according to importance. The major ones are identified as gaining experience and knowledge NGOs have in particular areas, gaining credibility and reaching different networks (Pers. Com., Lindvall, 2010, Q2). Furthermore, as long as the image of the NGO is positive, it is considered to affect the image of ICA positively as well. "*We will always be evaluated with the brand of NGO*" (Pers. Com., Lindvall, 2010, Q8).

The biggest challenge is defined as assuring that both partners benefit from the cooperation at the same level. Besides this challenge it is also mentioned that the change in the brand value of NGO should also be taken into account; however the agreement is considered to be more challenging from the NGO's side where they are assumed to have a brand based on credibility and more fragile against the influences of collaborating (Pers. Com., Lindvall, 2010, Q5).

### **5.2.3 KF Group - Coop**

Coop is the name of the KF Group's grocery retail chain. Coop accounts for 21,4 % of the grocery retail market in Sweden (www, Coop, 2, 2010). The fundamental distinctive characteristic of Coop is its unique structure among the retail market. The mother company KF is a group owned by its members; where more than 3 million people in Sweden are members of consumer society and hence own the consumer cooperative movement – KF, the Swedish Cooperative Union), and thereby Coop as well (www, Coop, 1, 2010, p. 72).

### **Mission, Structure & Corporate Governance**

Coop runs grocery retail trade chains such as Coop Forum, Coop Extra, Coop Konsum, Coop Nära, and Coop Bygg. Coop also operates the Daglivs store and the internet-based Mataffären. The number of employees working for the company is 7300 (www, Coop, 2, 2010).

The owner KF group holds four sub-groups under its constitution; which are grocery retail group, real estate and finance, media group and other companies (www, Coop, 1, 2010, p. 5). In the group's 2008 annual report it is stated that *"the consumer cooperative movement has no political or religious affiliation, and membership is open to all"* (www, Coop, 1, 2010, p. 72). The underlying principle for cooperative control is every member has one vote. In every consumer society, the Annual General Meeting is the highest decision-making body. Individual members can also submit written proposals and motions concerning shops or business in general to the Annual General Meeting. This is exemplified by Coop's initiative in 2008 to develop a new fish policy required by motions of its members (www, Coop, 1, 2010, p. 72). Therefore this attribute makes Coop having an outstanding structure. *"We are owned by local cooperatives which are owned by many members. The customers are our members and they are our owners"* (Pers. Com., Eklund, 2010, Q1).

KF group's mission is stated as it *"shall create economic benefits, and enable its members through their consumption to contribute towards sustainable development for people and the environment"* (www, Coop, 1, 2010, p. 5). Its strategic work is based on three principles which are (1) benefits for business specifying profitable, value-profiled grocery retail trade; (2) benefits for members indicating inexpensive, sustainable goods/services and a clean conscience; (3) benefits for society standing for contributing towards sustainable development for people and the environment (www, Coop, 1, 2010, p. 5).

Sustainable development is defined as the long-term financial, social and environmental results of how the group implements its business concept and its values in business, being integrated to day-to-day operations (www, Coop, 1, 2010, p. 82). It is viewed as part of the job for all KF companies. KF Secreteriat is responsible for general sustainability work; where every company in the group is responsible for implementing the sustainability policy within its own operations. The group states that the idea of social responsibility embedded in KF's business as active work in society, channelling customers' commitment to give people help to help themselves and to combat poverty (www, Coop, 1, 2010, p. 84). In addition, they see themselves having a distinguishing aspect of social responsibility due to the ownership nature of the group.

Sustainability tasks of the group are identified also from a perspective of sustainable consumption. The consumer cooperative movement's understanding of fostering sustainable consumption is stated to be taking the role of a social debater and an active partner in development of local societies as well as the global society of which KF sees itself as a part. Furthermore PPP is also considered to be a way of conducting relations with society in this state of sustainable business perception (www, Coop, 1, 2010, p. 101).

## **KF (Coop) & PPP**

The following section will outline Coop's PPP related activities based on the interviews and secondary data. It is divided into a historical development, administration section as well as motivations and challenges.

### ***Past, Present & Future***

The information of KF's stakeholders in a clearly identified form could not be reached through group's strategic documents or website. However it is clearly emphasized that society

constitutes one of their major stakeholders as consumers, owners and society are all can be mentioned as the same group taking different roles for KF.

KF's history with PPP is going quite back. However, *"it is a bit complicated in one way"*; with Staffan Eklund's, the coordinator of sustainable development in KF Secreteriat's, wording; as KF is *"an NGO in itself!"* (Pers. Com., Eklund, 2010, Q1). The group is mainly working with Utan Gränsar (the Swedish Cooperative Center) and Vi-skogen where KF is actually founder of these organizations (www, Coop, 1, 2010, p. 101 & Pers. Com., Eklund, 2010, Q1).

Utan-Gränsar is a non-profit aid organization, which was founded in 1958; before State aid had developed. This organization is owned by members of consumer cooperatives and fights against poverty and helps inhabitants of developing countries by supporting various local initiatives. Vi-Skogen, KF being the founder and also appointing its board, is now run by the 'Vi planterar träd' foundation (www, Coop, 1, 2010, p. 101 & Pers. Com., Eklund, 2010, Q1).

According to Eklund, KF's relationship with these non-profit organizations mentioned is actually more than collaboration as they are very closely related to the group's activities. The cooperation areas are focused on environment, health and social relations. He states that the foundation of these organizations emerged due to the pressure from members who take KF to take responsibility in these fields (Pers. Com., Eklund, 2010, Q1). The reason why the partnerships work differently for Coop is grounded by Eklund on the different governance structure of the companies belonging to the group and traced back to the history, specifically the essence of how KF is founded. *"Historically, KF was founded in 1899, and looking back to 20<sup>th</sup> century, KF was one of these popular big movements in Sweden"* (Pers. Com., Eklund, 2010, Q1). Hence, this can also be related why KF has been the founder of many NGOs in the Swedish society. Furthermore, under its role of social debater, KF is the founder of an organization called 'Folk och Försvar' (People and Defence) which aims to constitute an arena for knowledge, information and discussion on Sweden's defence and security for Swedish society (www, Folkochforsvar, 2010) and 'Sector Free' *"which is for various NGOs discussing the role of NGOs in Swedish society"* (Pers. Com., Eklund, 2010, Q1).

Moreover, it is stated that collaborating with other organizations is also developing. The collaboration with Red Cross upon the request of members to involve in a sponsorship for recovery of the earthquake in Haiti can be considered as an example for this kind of collaborations (Pers. Com., Eklund, 2010, Q8). The other ways of cooperation with non-profits according to KF is where there is a specific competence or knowledge is needed, for example in developing a policy or a strategy in one area where the group can need academics as well as NGOs. Being active in third world's aid as well as collaborating with local organizations in Sweden such as in the example of Coop sponsoring local hockey teams in the northern Sweden also take place in KF's agenda (Pers. Com., Eklund, 2010, Q8).

Thus, Coop has been the frontier in working with NGOs and states to continue to work in different ways where Eklund believes *"the division between NGO and business is becoming unclear and blurred"* (Pers. Com., Eklund, 2010, Q11). Nevertheless, more developments in this field are expected.

## ***Administration***

To accomplish the mission of creating economic benefit and facilitate stable consumption for the group's members and implementing the sustainability policy are at the same level mandatory activities for all the companies in the group. The goals are decided and followed up centrally. Director of Secreteriat is a member of top management and CSR is connected to this position (Pers. Com., Eklund, 2010, Q9).

The administration of PPP relations depends on the project. *"The management of collaborations with NGOs varies. We have a number of different kinds of collaborations. We have collaborations at all different kind of strategic levels"* (Pers. Com., Eklund, 2010, Q9).

For example with Greenpeace or WWF, it has been more project-based collaborations according to Eklund (2010, Q2). During the development of a strategy for Coop's fish policy, the company had invited Greenpeace and WWF in order to get updated in terms of policy and strategic thinking. During this one-year process, the company had a number of round tables, working groups where they work together with NGOs and cooperating with them in terms of advisory groups providing knowledge (Pers. Com., Eklund, 2010, Q2).

According to Eklund, PPP in KF is not openly marketed (Pers. Com., Eklund, 2010, Q8). It is mostly communicated through their website and annual reports. In terms of measuring the results of these activities, the group is making evaluations through their governance, but not in terms of formal agreement (Pers. Com., Eklund, 2010, Q10).

As KF is working mostly with organizations, which take place in the group's structure and are very much interoperated with KF, any exclusive agreement or option to withdraw has not been discussed as a risk factor.

## ***Motivations & Challenges***

The biggest motivator why KF cooperates with these organizations is the fulfillment of the demand from its members and consumers; where the difference between the owners and the consumers is not that big in the case of Coop. Increasing credibility and reputation is not mentioned to be one of the highest ranked motivation that KF pursues to work with NGOs, where the primary goal of Coop is to create benefit for the customers at the stores than creating profit for shareholders. However, it is predicted that in the future, image will continue to be a very important indicator; due to the fact that sustainability is such an important feature of this image and the competitors in the market are working so hard on building theirs (Pers. Com., Eklund, 2010, Q3). It is also noteworthy to mention the factor access to know-how, expertise and knowledge as one of the major motivational factors for KF to cooperate with NGOs.

The challenge defined by Coop is having mutual and clear objectives in case they work with an external partner; where there is always the risk of hidden agendas. The following challenge is defined as being transparent about the organizations strengths and weaknesses (Pers. Com., Eklund, 2010, Q5). However, it has also been mentioned that they had not experienced something bad during their collaborations.

It has been mentioned that PPP has not been worked as a marketing and strategic tool yet in KF; where effective communication in this area can constitute a challenge for the company

(Pers. Com., Eklund, 2010, Q8). The difficulty of measuring the outcomes of these partnerships in terms of formal agreements can also be a challenge to work on (Pers. Com., Eklund, 2010, Q10).

## 5.3 The NGO Perspective

From a holistic point of view, PPP involves a minimum of two parties interacting. Therefore, the following paragraph will summarize the NGO perspective on PPP, shown on the cases of the WWF, Rädda Barnen and Naturskyddsföreningen.

### 5.3.1 Naturskyddsföreningen

Naturskyddsföreningen, also known as The Swedish Society for Nature Conservation (SSNC), is the largest Swedish environmental organization that operates on national and international levels with its headquarter in Stockholm.

#### **Mission, Structure & Corporate Governance**

Naturskyddsföreningen, being an environmental conservation organization, is focusing on the following areas: climate, oceans, forests, environmental toxins and agriculture (www, Naturskyddsföreningen, 1, 2010). Their mission is to “*spread knowledge, map environmental threats, create solutions, and influence politicians and public authorities, at both national and international levels*” with the aim to bring change with power (www, Naturskyddsföreningen, 1, 2010). Naturskyddsföreningen was founded in 1909 and has around 180 000 members and 274 local branches across Sweden (www, wiseearth, 1, 2010)

Since around 1996, Naturskyddsföreningen administers a globally well-known eco-label called “Bra Miljöval”, which is currently used for 12 different product categories (www, Naturskyddsföreningen, 4, 2010). The aim of this eco-label is to promote green consumerism. The logo is shown below (Figure 10).



**Figure 10 Ecolabel 'Bra Miljöval'.**

Naturskyddsföreningen is a democratic organization, which is governed by its members and a governing board that is elected (www, Naturskyddsföreningen, 1, 2010). The NGO is dependent on membership funding and sponsorships.

#### **Naturskyddsföreningen & PPP**

The following section will outline Naturskyddsföreningen PPP related activities based on the interviews and secondary data. It is divided into a historical development, administration section as well as motivations and challenges.

## ***Past, Present and Future***

Collaborations in general are part of Naturskyddsföreningen core business strategy where *“in total SSNC works together with around 50 organisations in over 25 countries”* (www, Naturskyddsföreningen, 2, 2010). Reasons for PPP are based on the *“need to reach new groups, new consumer groups interested in green consumerism that we can access an opportunity, exposure that Axfood’s stores provide us. And Axfood is interested in learning from us how they can have more eco-friendly food chain”* (Pers. com., Ek, 2010, Q 3). But most of all *“A strong mutual interest from both parties is the key factor in an NGO-business partnership”* (Pers. com., Ek, 2010, Q 3), as Ek believes that *“success for well managed collaboration with business is based on mutual interest and mutual benefits”* (Pers. com., Ek, 2010, Q 10). The cooperations vary in size and location and involve *“information sharing, networking, support to south-south experience sharing, lobbying on international policy agencies, common campaigns and economic support.”* (www, Naturskyddsföreningen, 2, 2010). Most of their action-orientated collaborations however take place in Africa, Asia and Latin America, whereas they have a number of partnerships with other public organizations such as Coalition Clean Baltic (CCB), the World Rainforest Movement (WRM), Friends of the Earth International (FoEI) and the Third World Network (TWN) (www, Naturskyddsföreningen, 3, 2010). According to Göran Ek (Pers. Com., Ek, 2010, Q1), Naturskyddsföreningen has been involved in partnership for around 20 years, and specifically with Axfood for around 6 month.

## ***Administration***

Partnerships are selected on the level of environmental input and their serious interest in improving their environmental practices. This is verified by Naturskyddsföreningen by the actions and publicity available information about the e.g. retailer (Pers. com., Ek, 2010, Q 4). The head office in Stockholm manages partnerships centrally. Depending on the nature of the collaboration, Naturskyddsföreningen does generally not have any influence on decision-making process with their partners. Further, according to Ek (Pers. com., Ek, 2010, Q 8) the NGO does not sign exclusivity agreements.

The communication of existing partnerships is limited on the webpage, which was also confirmed by Ek (Pers. com., Ek, 2010, Q 7). This is because according to Ek (Pers. com., Ek, 2010, Q 7) communication is not an important market tool when it comes to PPP. However, the retailers could use communication itself more as a mass-market tool, as *“they have a better platform than us”* (Pers. com., Ek, 2010, Q 7).

When it comes to the effect PPP has on the image, Naturskyddsföreningen monitors and tries to assess changes in perception for example they *“conduct regular surveys on the public’s perception of our work and we try to address these issues there”* (Pers. com., Ek, 2010, Q 6).

## ***Motivations & Challenges***

Ek (Pers. com., Ek, 2010, Q 10) states that the economic incentives are very beneficial especially due to financial crisis as well as the political climate, where collaborations with businesses are very important for organizations like Naturskyddsföreningen who don’t have large donorships or funding. But also PPP serves to reach a broader and right audience as *you can not solve environmental problems without close collaboration with practitioners like businesses”* (Pers. com., Ek, 2010, Q 10).

One challenge for Naturskyddsföreningen seems to be related to costs which have to be closely monitored, to be aware *“how much PPPs we should run at the expense of more regular campaigning or fund-raising activities”* (Pers. com., Ek, 2010, Q 9). Another challenge that was expressed by Ek (Pers. com., Ek, 2010, Q 5) is that *“the partner we collaborate with might be exposed in media for bad handling of environmental or labour/HR-issues in a separate part of its operations and that can affect SSNC’s reputation”*.

### 5.3.2 Rädda Barnen

Rädda Barnen, internationally known as Save the Children, is an independent, non-governmental organization that fights for children’s rights worldwide. It communicates through different sites, such as .net dealing with mainly global alliances, .org for the organisation itself and local sites.

#### **Mission, Structure & Corporate Governance**

Save the children was founded in the US in the 1920’s by a woman named Eglantyne Jebb (www, Save the Children, 2, 2010). Since then Save the Children has developed to become the world’s leading international non-profit organization based on Human Rights with a special focus on Children’s rights, following declarations by the UN. Their core mission is built on the concept that *“all people are equal, children have special rights and everyone has a responsibility - but governments have a special obligation”* (www, Rädda Barnen, 1, 2010) with the aim *“to create lasting, positive change in the lives of children in need in the U.S. and around the world”* (www, Save the Children Org, 1, 2010). They are active in 120 countries throughout eight regions of the world; Europe, North America, Middle East and North Africa, Eastern and Central Africa, West Africa, Southern Africa, South and Central Asia, East Asia, Southeast Asia and the Pacific and Latin American and the Caribbean (www, Save the Children, 4, 2010). They consist of 29 national organizations, where Sweden is one of them. Save the children focuses on helping children in the world’s poorest countries, but also runs domestic programs to improve standards of living where necessary (www, Save the Children, 6, 2010).

Their core values from a central point of view are accountability, ambition, collaboration, creativity and integrity (www, Save the children, 1, 2010). According to Save the Children Sweden their mission statement is as follows;

- *“A world which respects and values each child*
- *A world which listens to children and learns*
- *A world where all children have hope and opportunity”* (www, Rädda Barnen, 1, 2010)

Save the children currently has 13 board members delegated to different regions and tasks. The NGO relies entirely on funding from individuals, companies, foundations, governments, non-governmental organizations and international institutions (www, Save the Children, 5, 2010).

## **Rädda Barnen & PPP**

The following section will outline Rädda Barnen's PPP related activities based on the interviews and secondary data. It is divided into a historical development, administration section as well as motivations and challenges.

### ***Past, Present & Future***

Collaborations and partnerships are one of Rädda Barnen's core values, where Save the Children aims at developing additional partnerships globally (www, Save the Children, 5, 2010). Jonas Olsson (Pers. Com., Olsson, 2010, Q1), Key Account Manager at Rädda Barnen in Sweden, states that Rädda Barnen has been involved in PPP for the last 7-8 years, by having a designated department as well as employees dealing with partnerships. Currently, *"we have some kind of written agreements with about 50-60 companies"* (Pers. Com., Olsson, 2010, Q10).

Internationally, Save the children has a number of corporate partners that they collaborated in 2008, such as the Boston Consulting Group, Bulgari, Ikea, GS Home Shopping, Intensa Sanpaolo and Fondazione Cariplo, Nokia and Nokia Siemens Network, Reckitt Benckiser and Baker & McKenzie (www, Save the children, 3, 2010). Olsson explains that in Sweden (Pers. Com., Olsson, 2010, Q6), *"we work with SAS, IKEA, Swedbank. We have some very big companies to work with"*, where Rädda Barnen has established a recent collaboration with Axfood. Generally, companies can get their customers and staff involved by activities such as selling special products or tin collection (Pers. Com., Olsson, 2010, Q1).

*"I think very few companies will work without an NGO in the future"* as companies *"have to show their social ambitions"* (Pers. Com., Olsson, 2010, Q10). Therefore, future plan is to focus on *"really big companies and at the same time make it easy for smaller companies to support us"* (Pers. Com., Olsson, 2010, Q10).

### ***Administration***

The selection process is dependent on who already has collaborations and who is interested in becoming a sponsor for Rädda Barnen, as *"the initiative for partnership often comes from the companies"* (Pers. Com., Olsson, 2010, Q4). In the case of ICA it *"was never an option. They already had too many partners in their CSR-engagement"* (Pers. Com., Olsson, 2010, Q4). Axfood on the other hand, *"is a big, well-known and important company. Axfood had just started a discussion about how to express their good citizen-ship when I happened to call them and suggested a meeting"* (Pers. Com., Olsson, 2010, Q4); which led to establish the current PPP.

The level of involvement from the organization depends as for example *"some companies just support us with money earmarked for special project. Other companies want to involve customer, stakeholders, staff and employee in our activities"* (Pers. Com., Olsson, 2010, Q1). Rädda Barnen does not generally sign up on exclusivity agreements; but considers that a dialogue has to be involved with their current and potential sponsors regarding existing agreements and potential conflicts arising from the, such as the risk that it *"could harm our relationship or trust"* and the not renewal of the agreement (Pers. Com., Olsson, 2010, Q4).

Rädda Barnen communicates for their PPP the activities that are ongoing with their partners. Companies, such as Axfood, that are involved with end-consumers are more eager to have a good external communication through “*our website, in our magazines, in our newsletter*” (Pers. Com., Olsson, 2010, Q 7). Axfood on their end is communicating the relationship on TV screens in the shop, handouts, signs, etc. (Pers. Com., Olsson, 2010, Q7).

From a management perspective Rädda Barnen’s assigned employee meetings with the head staff of e.g. Axfood, regularly like once a month (Pers. Com., Olsson, 2010, Q8). Rädda Barnen measures mainly financial performance and secondarily the impact and benefits that this PPP will have in terms of communicating the issue (Pers. Com., Olsson, 2010, Q9). So far Rädda Barnen has not had bad experiences with PPP (Pers. Com., Olsson, 2010, Q9). In case of scandals involved on the companies’ side, Rädda Barnen has the right to cancel an agreement earlier (Pers. Com., Olsson, 2010, Q5).

### **Motivations & Challenges**

Regarding motivators for collaborating, Olsson (Pers. Com., Olsson, 2010, Q10) states that “*of course you can form a CSR-engagement without an NGO. You can run your own project if you want, but it’s much easier and I think there’s more value in it if you work with a very well known NGO. And the co-branding is very important for them. It’s often a mix of CSR and strictly economical decisions. You can support an NGO but you have to see what is in it for you. Can we sell more, can we attract more customers and so on*”. Motivators for Rädda Barnen to collaborate are primarily access to financial support in order to fulfil their mission and be able to communicate with as many people as they can (Pers. Com., Olsson, 2010, Q2-3). This also involves reaching the staff of the collaborating organization and gets their employees involved. “*We try to involve and engage as many people as we can*” (Pers. Com., Olsson, 2010, Q2-3). Olsson emphasizes that he also understands the importance of the bottom line from private corporations, as “*my mission is to try to present a case for you where you express your CSR-ambition but also can find economical reasons support Rädda Barnen*” (Pers. Com., Olsson, 2010, Q10).

However, on the other hand, the demand from the companies is just getting bigger as “*companies nowadays don’t just pay us the money. They want reports from our projects, perhaps a field trip, they want the involvement of the staff, information to the staff, a seminar for their employees*”, which has become one of the increasing challenges for Rädda Barnen (Pers. Com., Olsson, 2010, Q5). “*The fulfilment is the challenge*” and “*we have to value how much resources we can use to keep the companies satisfied*” (Pers. Com., Olsson, 2010, Q5).

### **5.3.3 WWF**

The WWF is a globally known and respected nature conservation fund that is working with all retailers in different areas regarding the environment.

### **Mission, Structure & Corporate Governance**

The WWF, standing for ‘World Wide Fund’, established in 1961 is today one of the world’s largest independent nature conservation organization. The statement of Siv Persson (Pers. Com., Persson, 2010, Q6), Corporate Partnership Executive at WWF, reflects WWF’s general perspective by stating it “*doesn’t mean that it is unprofitable to be environmental and respectful*”. Today, the WWF operates in more than 40 countries and has more than 90 offices, where one is located in Stockholm/Sweden (www, wwf, 1, 2010). The WWF funds

globally around 2,000 conservation projects and has almost 4,000 people employed worldwide (www, wwf, 6, 2010).

According to the WWF (www, wwf, 1, 2010) their *“mission is to stop the degradation of the planet’s natural environment and to build a future in which humans live in harmony with nature, by:*

- *Conserving the world’s biological diversity*
- *Ensuring that the use of renewable natural resources is sustainable*
- *Promoting the reduction of pollution and wasteful consumption”*

From an ethical point of view, the WWF follows seven principles, where among others their aim is to be *“global, independent, multicultural and non-party political”*. Further, the approach of building a dialogue is aimed to be achieved in instead of confrontation in order to maximize the effectiveness partnerships with other organizations; governments, businesses and local communities are to be built (www, wwf, 4, 2010). In terms of management approach with corporate entities the WWF states that *“in order to achieve our mission, we recognise the need to engage with the corporate sector and foster active cooperation with sector leaders. We will work with the corporate sector in a professional, open, honest and straightforward way. We will maintain our independence whilst respecting their views and we will challenge and inspire them to move towards a more sustainable future”* (www, wwf, 4, 2010). Persson (Pers. Com., 2010, Q8) believes that *“people do understand today that a lot of environmental problem we are tackling today are caused by the industry”*.

The WWF is registered in Switzerland and therefore subject to Swiss Law. It is governed by an elected, international president, currently Mrs Yolanda Kakabadse, and a board of not more than 20 trustees. This international committee is to lead and coordinate *“offices around the world, through developing policies and priorities, fostering global partnerships, coordinating international campaigns, and providing supportive measures in order to help make the global operation run as smoothly as it can”*(www, wwf, 2010, 5). Locally, WWF offices can either raise funds autonomously or work under the direction of an independent WWF Office (www, wwf, 2010, 5).

The WWF relies on funds that are administered in Switzerland. In 2008, the income increased by 6% due to additional support from trusts, foundations, aid agencies and governments (www, wwf, 3, 2010). The financial crises affected the financial structure of the WWF, yet the organization is still operating on a surplus that will be reinvested in future conservation projects. *“Last year was a heavy year financially for all of the world, including our companies”* (Pers. Com., Persson, 2010, Q16).

## **WWF & PPP**

The following section outlines WWF’s PPP related activities based on the interviews and secondary data. It is divided into a historical development, administration section as well as motivations and challenges.

### ***Past, Present & Future***

PPP has been part of WWF’s business practises for 30 years now; however *“it was just at a small degree at that level at that time”* (Pers. Com., Persson, 2010, Q1). Persson (Pers. Com.,

Persson, 2010, Q6) claims that *“we must take our responsibility about our impact on the environment and it won't be costly”*. Partnerships are vital for an independent organization such as the WWF, where *“industries have to be an active part of the solution”* (Pers. Com., Persson, 2010, Q8). *“WWF cannot achieve its goals alone. Partnerships are absolutely essential for driving change at the scale needed”* (www, ww, 2, 2010). Therefore, they use collaborations, nationally as well internationally, with different stakeholders such as other NGO's, businesses, governments, research institutes, bank, farmers, consumers, communities, etc. Three people in Sweden are currently assigned to work directly with PPP (Pers. Com., Persson, 2010, Q13). According to Siv Persson (Pers. Com., Persson, 2010), the WWF currently holds around 120 collaborations on a lower strategic level, which are also called 'business friends'. *“They are paying just a symbolic amount of money and can have a little sign on their website”* (Pers. Com., Persson, 2010, Q2). Partnerships on a deeper level are amount to around 20. In Sweden, the WWF is partnering for different issues with Axfood, Tetrapak, Swedbank, Sveaskog, ICA, Ikea, SEB, Trygg-Hansa, Skandia, Ericsson, Stena Metall, Panda Försäljningen, Svenk Postkod Lotteriet, MTG Radio and TV4 (www, ww, 7, 2010).

*“More companies, of the big players”* is one of the future plans of the WWF in order to change the business world knowing that they have *“a tough time in front of us”* (Pers. Com., Persson, 2010, Q18).

### ***Administration***

The selection process for partnerships is dependent on a couple of issues like the environmental impact that a certain industry/company has, their attitude to cooperate, the size of the company and role model function it has within the industry or society, as well as financial support (Pers. Com., Persson, 2010, Q3). The WWF does not sign up on exclusivity agreements, as *“it is important for us to work with as many companies as possible who are supporting the issue”* (Pers. Com., Persson, 2010, Q4). The Swedish office is independent to choose with which company to collaborate, however there are limitations to certain industries, such as the oil, tobacco, war material industry (Pers. Com., Persson, 2010, Q11).

On the other hand, the communication to the stakeholders is rather administrated centrally; where the international organization is responsible for *“telling about what kind of improvement we are doing due to partnering with the company sector”* (Pers. Com., Persson, 2010, Q9). PPP is based on formal contracts, such as business agreements with assigned to key account holders, who have regular meetings with the companies (Pers. Com., Persson, 2010, Q11).

WWF is willing to inform Swedish market about what they are doing. They are communicating their activities mostly through their website or magazines (Pers. Com., Persson, 2010, Q7). The WWF monitors their accomplishments by using some key performance indices (Pers. Com., Persson, 2010, Q14).

### ***Motivations & Challenges***

Motivations for the WWF are access to financial support, working for the issue as well as reaching more stakeholders (www, ww, 2, 2010 & (Pers. Com., Persson, 2010, Q8).

One important challenge for an NGO such as the WWF is the issue of being used for ‘green washing’. *“The challenges is to see if this is serious or not”* (Pers. Com., Persson, 2010, Q5); yet in Sweden this has not been an issue so far. (Pers. Com., Persson, 2010, Q17). Another challenge mentioned by Persson (Pers. Com., Persson, 2010, Q5) lies within the motivation and execution of the established goals by the private companies, to get them *“to move in the direction we want them to go... not just to put it into a plan”*. Yet, so far the WWF has only had positive experience from PPP, where they *“never had any problem with coming to such a crucial point that we have to say sorry, no we don’t want to work with you any longer”* (Pers. Com., Persson, 2010, Q16).

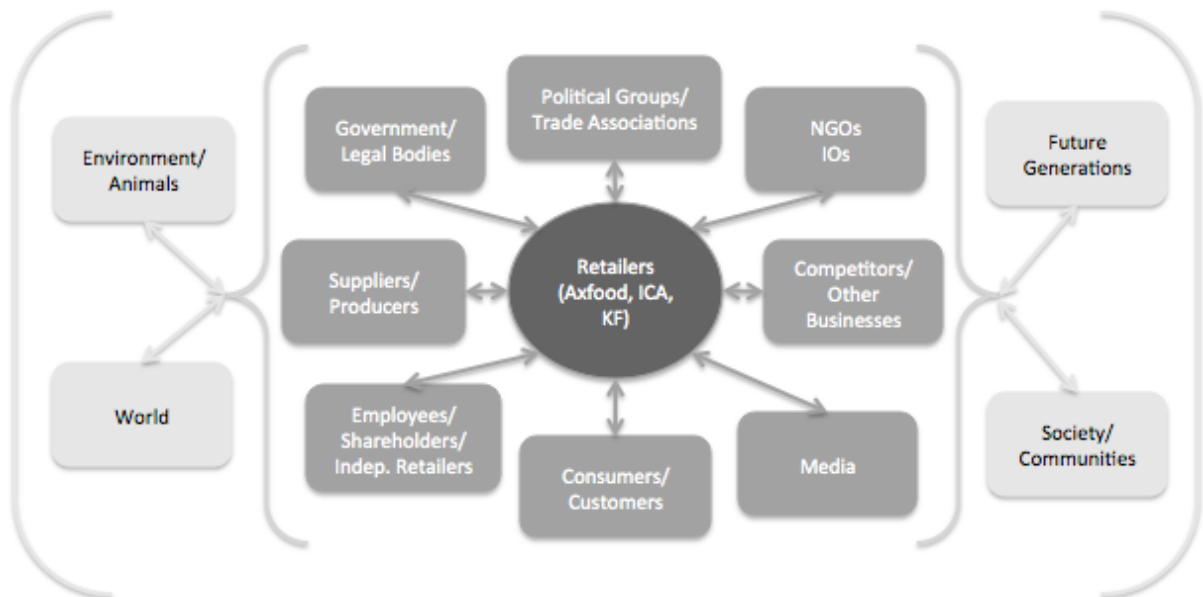
This chapter presented the empirical findings from a retailer as well as NGO perspective besides providing some background information about the Swedish retail market. The following chapter 6 analyses the empirical findings according to the chosen theoretical framework.

## 6 Analysis

This chapter analyses the empirical data presented in Chapter 5 according to the theoretical framework presented in Chapter 4. The analysis starts out with identifying the all stakeholders involved in the Swedish retail market. It then looks at the network ties between the retailers and NGOs, which is followed by an analysis of the empirical findings relating to the motivators and challenges associated with PPP. Last but not least it use Sustainable Business Development (SBD) theory to investigate how PPP can be used as part of the grand strategy but also explore how SBD can be approached within PPP. The aim of this analysis is to provide a holistic picture that ties together core areas of PPP and explaining its position within SBD.

### 6.1 Stakeholder Analysis

Following the stakeholder analysis approach by Donaldson & Preston (1995), figure 11 below shows the primary and secondary stakeholders from a retailer perspective. The approach of this model is descriptive, by showing the major present and future stakeholders. This analysis provides the basis of the roles a retailer plays in its contextual environment and how their organization should be managed. The main stakeholders are identified as suppliers and contractors, employees, shareholders, consumers, government, trade associations, NGOs, competitors and the media. On a secondary level, the environment or world at large is affected, but also society and future generations. When it comes to PPP, secondary stakeholders seem to get a more prominent role as PPP represents an extended perception of corporate responsibility.



**Figure 11 Stakeholder Analysis from a retail perspective.**

This model is the result of the stakeholders identified by Axfood, ICA and KF based on their interview and secondary data. The identified stakeholders are customers, employees, the environment, suppliers, society, owners, lawmakers, government authorities, non-profit

organizations (NGOs) and independent retailers. However, according to the stakeholder theory and in order to give a holistic view on all stakeholders who are directly and indirectly affected by the organization's objective, the world, future generations, media, trade associations, and competitors are added.

It has to be considered that this stakeholder model is also subject to some contextual characteristics, such as cultural, economical, political and environmental aspects, which can have an impact on the importance of each stakeholder. However, this consideration is beyond the descriptive purpose of it. As can be seen from the model, it not solely based on in- and output, but requires reciprocity and interaction between the parties, where the retailer is in the centre. In reality, the stakeholders themselves also have connections and interdependencies.

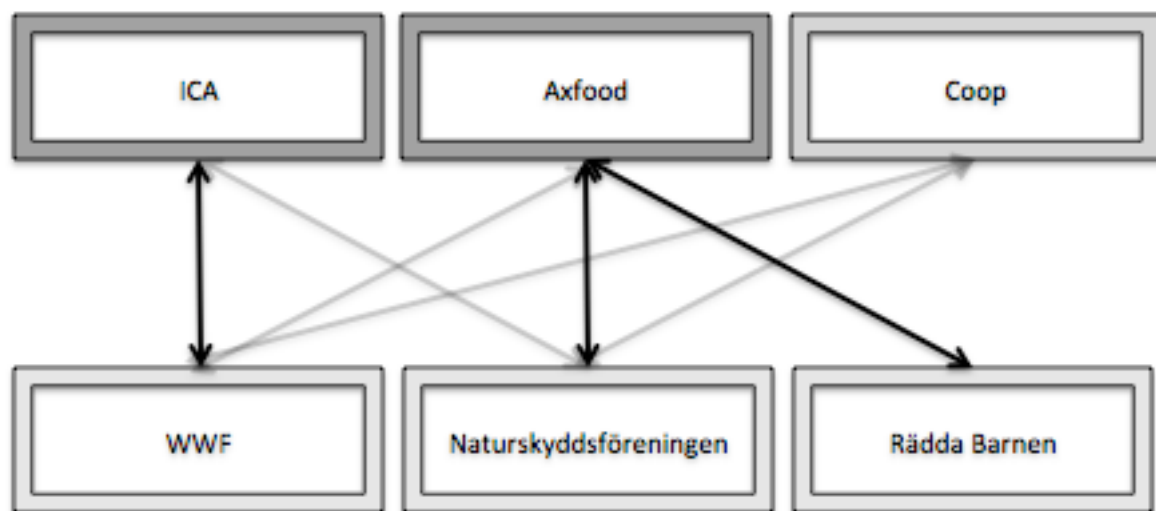
## 6.2 Network analysis

This section analyzes the network ties between the retailers and the NGOs discussed, using Kilduff & Tsai's (2203) tie-level concept. This model is based on three principles, namely strength, reciprocity and multiplexity, where the latter one is ignored.

When it comes to the strength of the network between the retailers and NGOs, it can be said that all ties are rather weak, as they are based on formal business agreements, which last on average for around three years. Further, the intimacy and emotional intensity is rather low, as interaction is infrequent and based on focusing on specific issues only, where the NGOs have no influence on general decision-making or discussion on wider topics. Further, both sides have the option to withdraw from the agreement earlier, if their image is at risk of being affected negatively. All these indicators show that the ties between the organizations are rather superficial, where especially the time constraint, which could impede long-term trust building and ambitions.

Reciprocity is very important when it comes to networks and collaborations. Retailers identified this aspect with the aim to ensure mutual benefits, yet it was perceived as a challenge when it comes to PPP. It seems that reciprocity here is based on access to economic incentives versus the access to knowledge. However, both parties meet with the aim to work towards sustainability. Consequently, sustainability can be identified as the underlying driver for establishing PPP in the first place, where then the exchange values for the reciprocity are set. If those values are mutually beneficial or not is still open for discussion. From this analysis point of view, the question arises, why do companies establish PPP and do not just hire a consultant? Therefore, reciprocity in this sense is not the main driver, and other motivators play obviously an important role when it comes to PPP.

Figure 12 below shows the network structure between the retailers and NGOs that are studied in this paper. The black arrows indicate ties between the organizations that can be considered as PPP, whereas the light grey arrows point out some form of connection that is not part of PPP as studied within this project, yet for completeness these arrows were added. For example, all retailers have some form of involvement with Naturskyddsforeningen, due to the ecolabel "Bra Miljöval". It has to be kept in mind that this is just a reflection of the organizations studied within the paper and do not represent the true network structure, as each organization have more collaborations beyond the ones discussed here. Yet, this figure can help visualizing how these organizations are linked together.



**Figure 12 Network between retailers and NGOs.**

Axfood states that their “*intention is to have a continuing dialogue with non-profit organizations in the area of sustainability*” (www, Axfood, 1, p. 10, 2010). For now, Axfood has some form of collaboration with all three NGOs even though they are established rather recently and are at different strategic levels. Axfood has only signed business agreements with Naturskyddsföreningen and Rädda Barnen as their only overall partners at the moment, as they want to focus for now on these two collaborations. Yet, sustainability issues are part of Axfood’s overall strategy, where PPP was mentioned as one way to address social and environmental issues.

ICA on the other hand, has a formal business agreement with the WWF, but also has some connection with Naturskyddsföreningen in regards to eco labelling. Beyond this ICA is quite active with a number of other collaborations in many areas and on different levels. For ICA, PPP seems to be part of a branding strategy, which certainly is also part of the sustainability of an organization but from a different aspect. Their high diversification in collaborations creates the risk of lacking focus, yet it can be seen to be highly inclusive.

Coop, given that their corporate structure is similar to an NGO is coloured differently as the other retailers. Coop does not have any formal business agreement with the NGOs studied in this paper, as they mostly work with their own NGOs. Yet, they also have links to Naturskyddsföreningen in regards to the ecolabel. Coop mission states clearly the importance of the triple bottom line (TBL), where KF “*shall create economic benefits, and enable its members through their consumption to contribute towards sustainable development for people and the environment*” (www, Coop, 1, 2010, p. 5). For Coop, it seems that PPP is an important way of dealing with sustainability issues.

Therefore it can be summarized that all retailers follow an entirely different organizational structure when it comes to PPP in terms of number and type of collaboration, which can be related to the corporate governance structure of an organization. This has implications on the network structure, yet, reciprocity and strength of all collaboration in this paper seems to be similar.

## 6.3 Motivations & challenges

The empirical findings gathered from the secondary data as well as the interviewed retailers and their non-profit partners are partially in alliance with the benefits and challenges stated by Mendleson & Polonsky (1995) and Charter & Polonsky (1999); which are mentioned before in the theories part. The points that match with the empirical data are:

Motivations for businesses:

- Increased reliability;
- Access to information;
- Public education;

Motivations for NGOs:

- Generating funding;
- Community education;
- Improving the environment (in our case, supporting sustainability)

Challenges:

- Management challenges;
- Jeopardy of credibility;

The precise results categorized for businesses and the NGOs are illustrated in the table 6 below:

**Table 6 Motivations & Challenges – Retailers vs NGOs**

<b>MOTIVATION &amp; CHALLENGES - RETAILERS</b>			
	<b>Axfood</b>	<b>ICA</b>	<b>KF</b>
<b>Motivators</b>	supporting sustainability	positive image influence	supporting sustainability
	positive image influence	access to knowledge	positive image influence
	engage consumers	access to networks	engage consumers
	access to knowledge		access to knowledge
	service to consumers		external demand
	employer branding		
<b>Challenges</b>	negative image influence	negative image influence	sharing same agendas
		mutual benefit	transparency
<b>MOTIVATION &amp; CHALLENGES - NGOs</b>			
	<b>Naturskyddsföreningen</b>	<b>WWF</b>	<b>Rädda Barnen</b>
<b>Motivators</b>	supporting sustainability	supporting sustainability	supporting sustainability
	communication channel	communication channel	communication channel
	economic incentives	economic incentives	economic incentives
<b>Challenges</b>	negative image influence	green washing	monitoring costs of PPP
	monitoring costs of PPP	influencing companies	

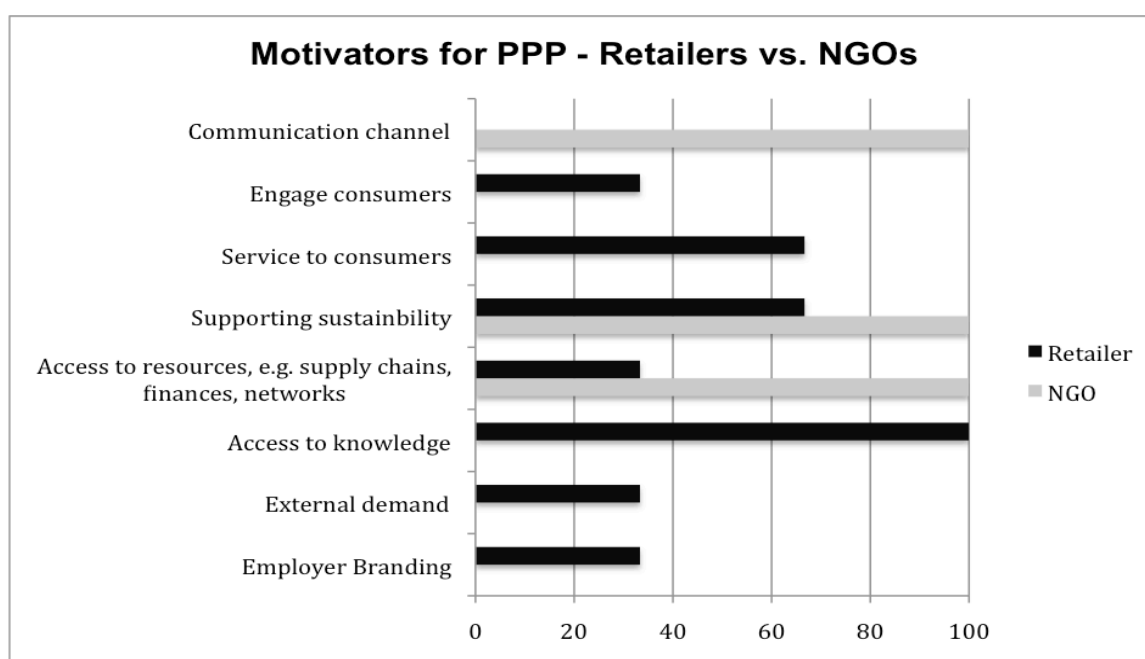
‘Supporting sustainability’ is the most prominent motivator as both retailers and NGOs have mentioned it. For businesses, the highest ranked factor for collaborating is ‘access to knowledge’. Its impact on elevating the brand image is also emphasized as the other

commonly emphasized motivation. Axfood and Coop share the driver ‘engaging consumers’; where Axfood, different than its competitors also sees it as a way of providing service to its consumers and fostering employer branding. On the other hand, a strong external network that can be benefited from is one of the benefits ICA aims to achieve. Moreover Coop emphasized a strong demand from group’s members to collaborate with non-governmental organizations.

Furthermore, the challenges are quite the same for all leading retailers of the Swedish market, which is the risk of getting negatively influenced in terms of credibility or image.

From the non-profit organizations’ side, motivations and challenges are stated on a more common state. Working for the issue, which is to enhance environmental or societal matters, the opportunity of reaching financial support as well as reaching more people who can be either consumers or employees are the key motivators for the NGOs. As expected, the major challenge is the risk of jeopardizing their credibility with their relationship with an external body, which seeks profit.

A summary including the importance of each motivator and challenge proportional to how many retailer and NGO that had been interviewed mentioned them during the interviews are illustrated in below in figure 13 and 14. The results were scaled between 0 – 100 points. 100 points represents that all three retailers or NGO mentioned one specific feature.



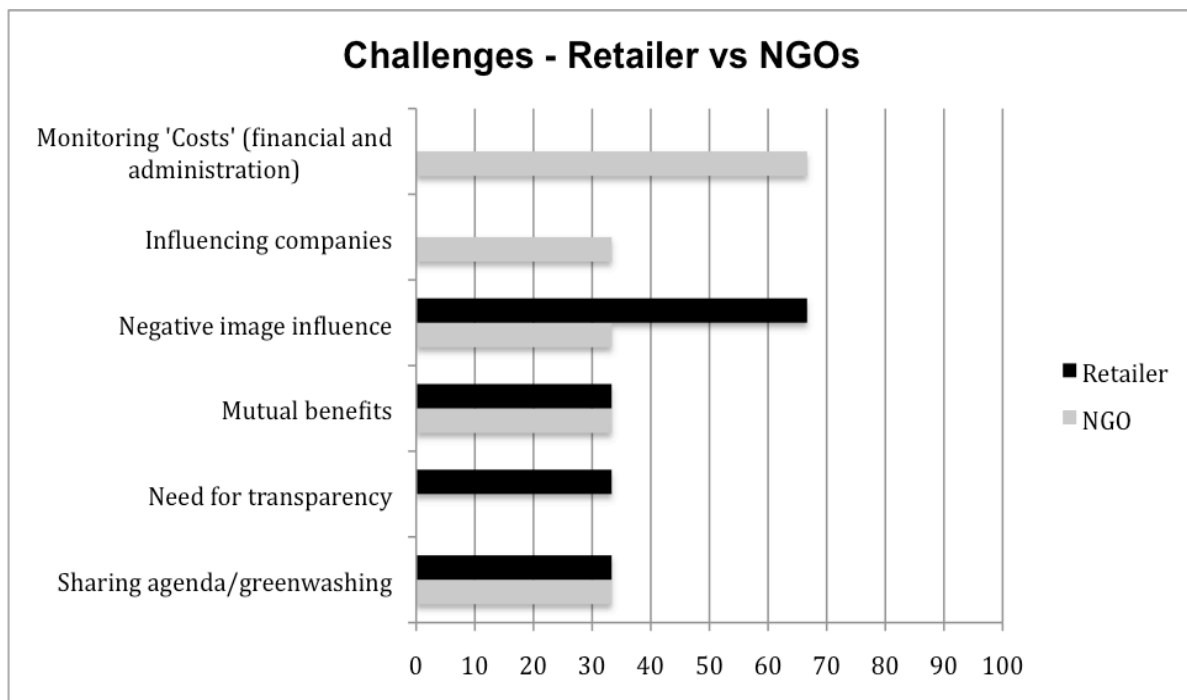
**Figure 13 Aggregated results for motivators - Retailers vs NGOs.**

From the motivational side, it can be seen that NGOs have a clear objective: Communication, sustainability and access to resources such as economic incentives. These objectives seem to be irrespective of the nature of the NGO, as the NGOs discussed operate in different area of sustainability such as social side, such as Rädda Barnen, or with environmental issues such as WWF and Naturskyddsföreningen.

When it comes to the retailing side, there seems to be a wider differentiation between the objectives, however, all retailers are in business for the same purpose. Access to knowledge

seems to be the common denominator for working with PPP, besides six other reasons such as engaging and giving service to consumers, sustainability, access to networks, external demand and employer branding. Service to consumers and working toward sustainability are the second most important issues related to PPP. Therefore, it can be concluded that when it comes to PPP, sustainability issues are the most predominant issue for NGOs and retailers, where each side has still other objectives.

However, when it comes to challenges, the picture is less clear. As can be seen in figure 14, NGOs perceive many different challenges, such as engaging companies, monitoring costs, mutual benefits and green washing. Monitoring costs was mentioned by 2/3 of the NGOs. The results were scaled between 0 – 100 points. 100 points represents that all three retailers or NGO mentioned one specific feature.



**Figure 14 Aggregated results for challenges - Retailer vs. NGOs.**

Retailers on the other hand only identified four challenges, where the protection of the own image through negative influence seems to be the most common. Further, ensuring mutual benefits, need for transparency and having the same agenda was mentioned as a challenge when it comes to PPP.

After analyzing the motivators and challenges for PPP from each side, the following section will investigate how PPP relates to sustainable business development.

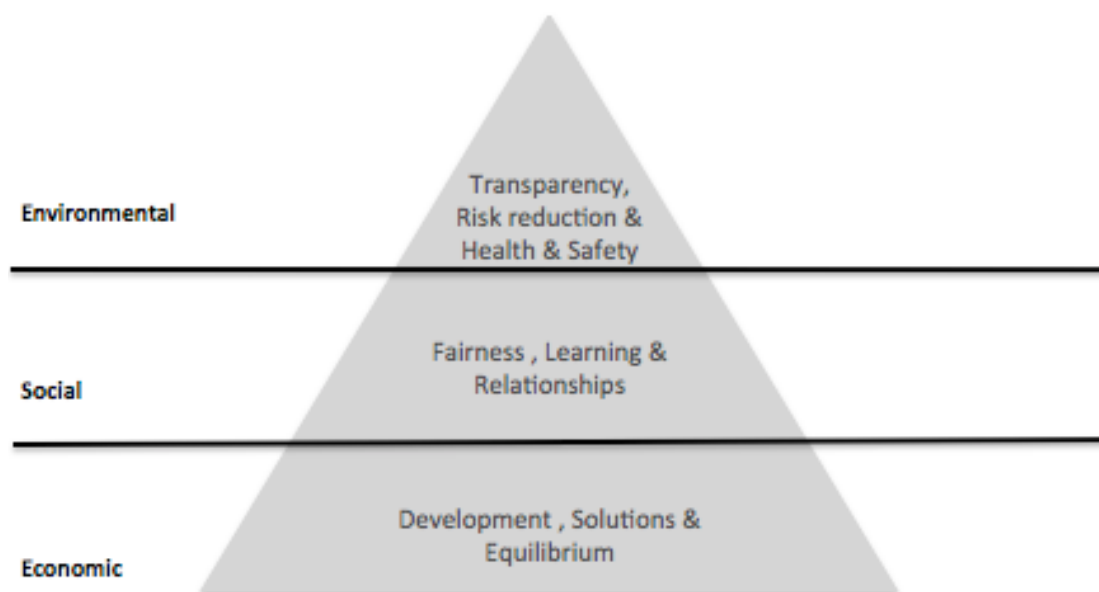
## 6.4 Sustainable Business Development

The strategic documents disclosed by all three retailers show that they all claim to work towards sustainability; even though their engagement or approach can differ. Thus this discrepancy or similarity is considered to have a substantial influence on their conduct when it comes to PPP.

SBD is a critical and holistic approach that should be embedded in the core strategy and is then reflected in the way business is conducted. However, the concept sustainability is not often mentioned in the retailing companies' strategic intents or the mission statements; except the KF's. In group's mission statement, it is stated to be making it possible for KF's members to contribute towards sustainable development. On the other hand, all the retailers have given place to sustainable development as one of their core strategies, or as the overriding strategy given consideration in all the operations of the companies. When it comes to future goals set; in Rainey's (2006) word the '*direction*' for '*inventing the future*'; the picture also looks promising in terms of sustainability. Furthermore, it is noteworthy to say that Axfood holds the most ambitious objective to be the most sustainable retailer in Sweden. However, from the strategic documents revealed to public, it is impossible to get an understanding on specifically in which areas SBD is focused to develop in company's' future thinking. On the other hand, when it comes to PPP's role in the entire sustainable business strategies of the retailers, all three companies show similarities in terms of their approach to PPP by taking it as linked to the social bottom-line.

Depending on the level of SBD integration, it is reflected in the meaning and purpose that PPP has for each retailer. As PPP is identified by all the three companies subject to this paper in the empirical data collected as one way to work towards sustainable development, PPP is considered to be the part of the grand SBD strategy in Swedish retail market. Hence it constitutes or contributes to key organizational attributes of SBD. However, this leads us to a new set of key attributes that are specifically linked to SBD when it comes to PPP as it is found out not to cover all the elements stated in the Rainey theory (2006).

According to the key elements of SBD it can be said that among Swedish retailers PPP is used in the areas of operating, organization and integration. This leads to directions of following a mission, accessing knowledge and extending their strategic alignment. The value network can then be defined as being based on connectedness, capabilities and appropriate linkages. Figure 15 below shows the key attributes of SBD related to PPP identified within this study.



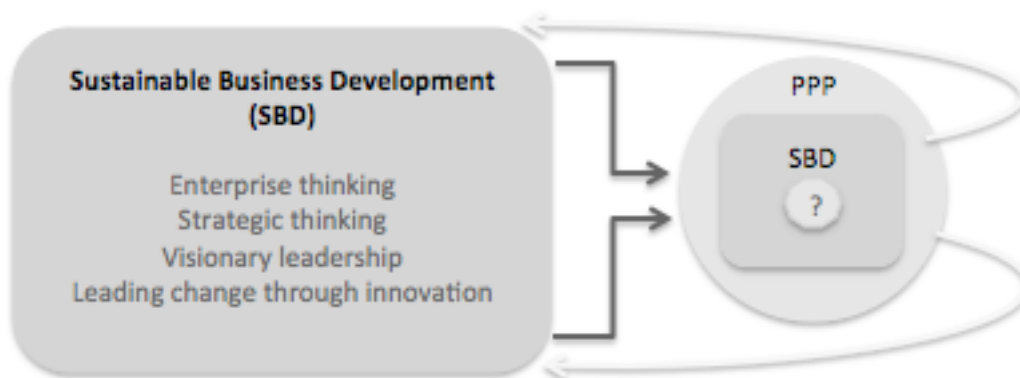
**Figure 15 SBD attributes related to PPP.**

The implications from a social perspective are then related to fairness, learning and relationships. As identified as challenges, mutual benefits (fairness) seem to be of concern from a retail perspective. PPP is communicated to be a way of building dialogue and relationship with society in the webpage of all three companies. Furthermore, learning is also one of the major motivations of PPP found in the empirical data.

From an economic point of view, attributes of SBD relating to PPP are associated with development and solutions. Development and solutions can be again linked to the motivators for PPP. For example, employer branding and access to knowledge is part of sustainable business development. PPP, as a tool to provide a service to consumers as well as addressing social and environmental aspects as part of the corporate conduct, can be interpreted as being a solution for retailers. This way they can seek the communication with the stakeholders. Risk reduction and transparency are the elements linked to the environment. Transparency was addressed as a challenge from the retailers' side. Risk can be reduced due to expertise advice in this field, so the retailer follows a guideline and therefore mitigates risks in their way of conducting business.

Yet, as SBD is not a one-dimensional concept but a very complex and entangled phenomena based on equilibrium and change; SBD, besides being the core system, aims to be assessed in each and every path as well. Hence the concept and its key elements should also be applied within PPP in order to promote consistency.

The figure 16 below shows the four key elements of SBD that influence the way PPP is conducted. Yet, as PPP is one way that arrives from and can be used as SBD, SBD should be part of the conduct of PPP.



**Figure 16 SBD and PPP.**

According to the empirical data, we found that that these are the most prominent elements that are crucial to promote SBD within PPP, as it will consequently reflect back on the grand SBD strategy. Although it varies according to the areas aimed at, the same key SBD attributes identified above are substantial factors used within the PPP itself for optimum outcomes; thus making it a continual dynamic circle accommodating SBD in PPP and PPP in SBD.

After analysing the empirical findings, the following Chapter 7 discusses the findings within the larger context, by identifying patterns compared to previous literature in this field, as well as aiming at answering the research questions.

## 7 Discussion

Food is one of the undisputed basic human needs; where retailers in a modern economy are the link between manufactures and consumers and consequently the main provider in addressing this basic necessity (Tansey & Worsley, 1995). In addition, due to globalization, deregulation and decentralization there is a shift in responsibilities from the governments to organizations (www, uscib, 1, 2010), where NGO's play an increasingly important role. Further, this change in positions attributes a certain power function to the retailers, where this power is correlated with a responsibility function towards their stakeholders. Consequently, in this contemporary society, organizations carry a wider accountability beyond the mere supply of a product or service. But organizations, such as retailers are also having their own agenda and are subject to consumer's choice and preferences, exposed to a highly competitive and quick changing environment. This places organizations such as retailers in a difficult situation; aiming at ensuring profitability on one hand, while managing increasing responsibilities on the other. So, what are the perceived conditions that make PPP as part of sustainable business development successful in the long run for a Swedish retailer? What are the underlying motivations and challenges?

### 7.1 Sweden's retailer market

Sweden's retailer market within its macro-level context is subject to different influences, such as infrastructure, economical, cultural, political, environmental, geographical, aspects among others. These influences have been widely ignored during this study, as they are the same conditions for all retailers discussed; yet it is important to keep in mind that such influences create specific and unique conditions for the Swedish retail environment.

Sweden has quite a strong retail infrastructure compared to other European countries in terms of population, where it lies at place number five (Anonymous, 2007). In 2007, Norway was the number one of the European countries with the most stores per inhabitant. Hypermarkets over 2500 m<sup>2</sup> and medium sized stores (19+75=94) are quite dominant in the Swedish retail market, where only Finland (27+83=110) has more stores of these sizes (Anonymous, 2007). Norway has about double the amount of smaller stores between 400 – 1000 m<sup>2</sup>, than Sweden. Yet, Norway and Finland's population rate is about 40 % lower than in Sweden (Anonymous, 2006). Therefore, Sweden seems to have a balanced retail infrastructure with a strong coverage of the total Swedish market. Sweden's retail competition consists of three major retail chains, namely Axfood, ICA and KF (Coop), followed by a number of smaller retailers. Given, that these three large organizations cover around 85 % of the total Swedish market share, they are the most frequently visited stores in Sweden (www, Coop, 1, 2010, p.12). FMCG and retailers are therefore subject to an active and frequent interaction between supply and demand. This again, gives retailers an opportunity to take on an influencing role as change agents, by showing and enforcing CSR and SBD.

Sweden, as other Nordic countries, can be classified as a welfare state, where it is assumed that the government takes main responsibility for public services such as taking care of weak members of society as well as the environment. So, one might ask, why do we need responsible conduct, such as PPP and SBD, if it is already legislated?

## 7.2 Stakeholders

As retailers have a wide range of primary and secondary stakeholders that are directly and indirectly affected, retailers can benefit from SBD strategies such as PPP, but might also be driven by them to take responsibility beyond regulatory requirements. Donaldson & Preston (1995, p. 87) emphasise that “*stakeholder theory is ‘managerial’ and recommends the attitudes, structures, and practices that, taken together, constitute a stakeholder management philosophy*” which “*goes beyond the purely descriptive observation that organizations have stakeholders, which, although true, carries no direct managerial implications*”. Most of the retailers identified their key stakeholders in public documents and during the interview, however it remains unclear from this study, which are the primary and secondary stakeholders and how their needs are addressed in particular from the retailers view. From a holistic perspective retailers could be more inclusive when conducting a stakeholder analysis. Future generations are important stakeholders to consider, as well as those that cannot voice themselves, such as the world, environment and animals. But more importantly than identifying all stakeholders, is the ‘action plan’ that should be developed on how to address actively the different interests and needs in the most effective way. Identifying and prioritizing is important as it helps retailers understand their position and identify areas for improvement. Consequently, this enables a strategic choice, with which NGO to collaborate, which also seems crucial for the success of a PPP (Plante & Bendell, 1998). Additionally, in order to enhance transparency and vision, this could also be communicated publicly.

According to the Triple Bottom Line, (TBL) introduced by Elkington (1997), through collaborations with NGOs, retailers can show their commitment towards their stakeholders by addressing social (Rädda Barnen) as well as environmental issues (Naturskyddsföreningen, WWF). From our findings, the selection criteria, therefore did to some extent depend on the nature of the organization, but more importantly the image and brand value (recognition, long-term establishment) that NGO has. Those selection criteria have been found to influence success factors for the PPP itself according to previous findings in literature (Stafford, 1997; Hardy *et al.*, 2003). PPP seems to be an effective strategy for private organizations such as retailers to shift some of these added responsibilities away from themselves and towards legitimate NGOs. Further, PPP has shown to be a helpful way to include social and environmental considerations through synergy between organizations, which is then communicated to the stakeholders (Loza, 2004; Hartman *et al.*, 1999, Dahan *et al.*, 2009). This will in turn reflect positively on the organization, as they publicly acknowledge and show responsible corporate conduct towards their stakeholders. Most of the retailers claimed that their image has been positively influenced; yet this is hard to monitor or measure. Donaldson & Preston (1995) concluded that stakeholder management improves the economic performance of an organization, yet it has to be linked to other managerial concepts. As currently all three major retailers have external collaborations with NGOs at some level, which will be discussed in the following section, it seems that Swedish retailers trust in PPP as a solution to address key stakeholder’s needs, while staying profitable.

## 7.3 Networks & level of involvement

Collaborations can be agreed and identified at different levels, from which different challenges and opportunities can arise. From a strategic point of view, most of the PPP forms discussed in this paper are based on a BA and therefore have an expiry date, which is at most three years. Consequently, PPP seems to be part of a rather short-term plan, yet with the ability to continue. This would classify such external collaboration at a rather tactical or

quasi-strategical level according to a model presented by Kokko & Mark-Herbert (2009). Even though for a tactical and quasi-strategic level, three year long business agreements are within a good time frame, it is important for companies to have longer perspective than three years, if the organization wants to stay competitive and successful in the long run. This is especially important when it comes to sustainability issues such as social and environmental aspects. Economic considerations, on the contrary, are often based on relative short-term goals.

Coop can be pointed out as the one retailer that has collaborations on a more strategic level, as they have mainly collaboration with their own NGOs than with independent ones. This puts the organization Coop at a special risk, if one of their own organizations was to receive negative publicity, as it would affect the whole organization, because it is difficult to separate these institutions. On the other hand, it is easier to control and encourage knowledge transfer. Additional opportunities arising from a deeper level of involvement according to the literature, would be to gain from benefits arising from a true sustainability strategy with corporate wide activities (Kokko & Mark-Herbert, 2009), yet they require a strong commitment and trust, as they are more difficult to dissolve. This again shows that trust seems to be the most important driver, trust in conduct of an organization, the image and future reputation.

Collaborations are then connected in a network through people on different levels, where consequences also arises from the intensity and strength of such networks. As with the level of involvement, true intentions can be for example evaluated based on the strength of network ties. Stronger the ties the more difficult it is to break and are therefore considered to be based on mutual commitment and enable complex knowledge transfer (Kilduff & Tsai, 2003). The network ties between the two private and public organizations in this study can be described as rather weak and superficial. Yet, as PPP is a field of development, over time, these ties might become stronger. Even though access to knowledge was identified as one of the main motivators it remains unclear how this is managed. According to network theory multiplexity, the level of how much professionally and privately people are involved, could determine the level of trust and therefore increase transparency. Transparency is the key to reduce barriers of knowledge transfer, which is the core of PPP (Inkpen, 2005; Kokko & Mark-Herbert, 2009). However, returning to the initial research aim, what are the motivations and challenges related to PPP in practise?

## 7.4 Motivations & challenges

According to Rainey (2006) motivations and challenges are two important aspects to analyse, as it will portray opportunities and pitfalls that can be crucial for the success of external collaborations, such as PPP. The literature reviewed does not demonstrate a particular trend that evolves over time; on the other hand points out a variety of different drivers, meanwhile sharing some common noteworthy ones such as sustainable development, risk management, expertise and knowledge creation.

### 7.4.1 Drivers

Looking at the motivators identified for PPP, the cases have shown consistent results as found in previous studies and theory. From our study, the main common motivators were identified as access to knowledge and expertise followed by supporting sustainability. The findings are in accordance with the two authors that underlined sustainable development in their papers in a ten years time frame: namely Hartman *et al.* (1999) and Livesey *et al.* (2009). On the other

hand, the idea of PPP as a way to access knowledge and expertise has also been acknowledged by several scholars (Hemphill, 1996; Hardy *et al.*, 2003; LaFrance & Lehmann, 2005).

However, further drivers have been identified by the literature than found by our empirical study such as risk management (Mendleson & Polonsky, 1995), increased credibility and resource efficiency (Elkington & Fennel, 1998), legitimacy (Robertson, 2008), globalization (Loza, 2004; Jamali & Keshian, 2008) and competition (Frithiof & Mossberg, 2008), etc., which were not particularly confirmed in this study. On the other hand, employer branding as a specific motivator was newly identified, which is eventually linked to the larger image representation of the corporation. In addition, third party concerns seem to influence the motivations for PPP such as providing a service to consumers as well as engaging them. Retailers seem to be driven by different aims, whereas NGOs seem to have the same ambitions, irrespective of the work with social or environmental issues. They conform in wanting access to communication channels and resources as well as supporting sustainability. It is important to understand the partner and its objective in order to ensure that both parties benefit from the relationship, as it should be based on reciprocity to be successful in the long run (Plante & Bendell, 1998; Kanter, 2000).

#### 7.4.2 Management & values

In the literature review, we found the success of PPP relies heavily on the soft side of management (Hartman & Stafford, 1997; Kanter, 2000; Mac Donald & Chrisp, 2005). Soft management practices refer to management and development of social capital in collaborations. Social capital is considered to be the quality of the relationship that exists between partners where commitment and trust are identified by the literature to be among the most important aspects (Hartman *et al.*, 1999; Robertson, 2008; Dahan *et al.*, 2009). As with other relationships, it depends on emotional values such as trust, expectations, compatibility, commitment and understanding, but also structural aspects, such as a written business agreement (BA) with clearly defined goals (Hemphill, 1996; Hardy *et al.*, 2003). What we have learned from the case studies, PPP in practise is based on formal agreements while stating clear objectives that are monitored in some form. Such structural aspects are easier to establish as well as monitor, than emotional values such as trust and chemistry. However, trust was mentioned as an important underlying criterion for establishing PPP with a NGO in literature as well as some of the cases (MacDonald & Chrisp, 2005; Kanter, 2000).

The necessity for a positive benefit/cost analysis is kept in mind for the continuity of the relationship on an economical level. However, commitment involves also an emotional level. The collaboration will be based on the principle of fairness, if the partners show mutual commitment which means they consider the collaboration as a rewarding mechanism in which all partners benefit equally on their contributions. This emotional level is important, as learning is one of the major motivators for the business to get engaged with PPP. Fairness also requires some form of transparency of objectives and agendas, as well as ethical considerations, such as honesty and respect. PPP is especially complex as it involves different types of organizations with different governances and agendas, yet working for the same goal, which is to stay competitive and maintain a license to operate in this ever-changing environment. Understanding and clarifying their positions and each of their motivations can contribute towards the success of PPP for all parties involved. All organizations interviewed, private as well as public, commonly agreed that so far they perceived their collaborations as successful. Therefore, it can be assumed that emotional challenges were potentially overcome as well as structural ones.

#### 7.4.3 Power

Contrasting power issues and worldviews are the dominant challenges in existing literature (Milne *et al.*, 1996; Arts, 2003) and seem to be a critical challenge that needs to be overcome in the future. PPP and its place in SBD is a contested area of debate, as definitions are unclear and to what extent it can be expected that a private corporation take on responsibilities beyond their main operations to generate profits. Further, due to the shift in responsibilities, corporations, such as retailers are attributed a new form of power. Further, retailers can start to act as political institutions. On the other hand public institutions, such as NGOs by collaborating with private organizations might lose their 'watchdog' positions and therefore alleviating the institutional effect for both sides. It seems that boundaries are becoming blurry and it becomes questionable what roles that retailers and NGOs should take in the future. Consequently, retailers as well as NGOs could be facing many dilemmas. For example, as NGOs are paid for their engagement, their main role as critical gatekeeper might be compromised. If access to finance is the main motivator for PPP, it seems that NGO could be just as capitalistic as corporations. Therefore, NGOs are especially exposed to criticism, as they are not expected to put finances before their legitimacy in society. These issues seem to make it even more important to have clearly defined objectives arising from these partnerships (Hardy *et al.*, 2003).

PPP should not be a power struggle but build on trust, commitment and reciprocity (MacDonald & Chrisp, 2005; Kanter, 2000). But as in any relationship this requires time to develop and adopt. Further, it seems that PPP has not been looked at from a different institution's perspectives, which makes the synergy less optimal. Both parties focus primarily on costs and risks of PPP, if it is worth the efforts or not. Yet, it seems that PPP is considered more rewarding than hiring a consultant for the access to knowledge. Therefore, the motivators, which also include external demands, for PPP must be attractive enough to accept the challenges involved (Elkington & Fennell, 1998; Frithiof & Mossberg, 2008).

#### 7.4.4 Branding

Responsible conduct of a corporation can be expressed implicitly or explicitly. PPP as a tool to show responsibility is an explicit tool, yet the application by the different retailers and NGO's are different. Retailers seem to flag out their collaboration as explicit CSR activities, where NGO's don't feel the immediate need to communicate such actions to their stakeholders. Given that retailers are subject to stakeholder's choices, preferences and external pressures, communication of the corporate conduct becomes a crucial and important part of reaching out to and hopefully creating a dialogue with the stakeholders. Therefore, PPP activities are communicated through the retailer's available communication channels, mainly their websites and annual reports. In relation to communication, the issue of using PPP as a branding strategy has emerged in discussions with the organizations, such as ICA and Axfood however in different contexts. NGO's are sometimes referred to as a brand that can be bought in. When it comes to selection criteria on how NGOs are selected, the positive image, long-term establishment, stability, etc., are important conditions. This is because organizations realize that each collaboration and choice reflects back on their image, as choice defines and communicates preferences. Branding and differentiation is an important issue for any organization, therefore this should not be dismissed as an entirely negative aspect, such as pure 'green-washing'. However, if PPP is used solely for the purpose of branding, the success of the PPP can assumed to be limited. Further, as will be discussed later, it reflects back on the grand strategy of an organization. It is difficult to distinguish to which extent an organization uses PPP to solely work for an issue or to enhance their own corporate image. Consequently, it depends to a great extent on the 'true' intentions and the identity an

organization has. Organizational identity is very important when it comes to communicating with the audience, as it determines how to profile your company in order to ‘create’ a desirable image and reputation, which can have a crucial impact on the organization’s profitability (Balmer & Greyser, 2005; Schultz *et al.*, 2000). Consistency is a key concept in this respect, where further it is considered risky to not ‘walk the talk’ (Lindfelt, 2006).

#### 7.4.5 Governance

Perceived motivations and challenges further seem to depend heavily on the governance or DNA of an organization and consequently have an effect on how PPP is managed. Each organization has a unique structure, corporate profile and identity, therefore, the applied strategy and level of involvement varies substantially. An organization that has the TBL incorporated into their very core strategy from the beginning seems to be more open towards such forms of collaborations, such as Coop, who have been working with NGOs from the very beginning, as they consider themselves to be a mix between a private and public organization. Yet, they tend to work with their own NGOs instead of independent ones. Axfood, currently adopting to this new form of management seems to be reluctant and experimental in their approach, whereas ICA as the leader in the Swedish retail market seems to be the most forward, contracting many different NGOs on a variety of matters. Interestingly, ICA was the only retailer not associating PPP with sustainability as a motivation during the interview, even though they seem to be the most active player in this field measured on the amount of NGOs they collaborate with besides the ones discussed in this paper. Axfood seems to be very idealistic and when it comes to PPP looking at many different motivators, which is also in line with their statement to become the most sustainable retailer in Sweden. Yet, Coop seems to be the established leader, identifying challenges related to the management of PPP such as transparency and having same objectives. ICA and Axfood, are more concerned about their image, which is in line with the perceived motivation of using PPP for image and brand enhancement, as discussed before.

Therefore it can be concluded that motivations and challenges are to a large extent in line with what previous studies found, but also new motivations were identified. In general it seemed that retailers had problems identifying challenges from their side, where the expressed challenges were rather theoretical than managerial. Sustainability and responsible corporate conduct seems to be a key issue for both parties in general, which leads to answer the final question: what are the perceived conditions for PPP to be a part of SBD strategy?

### 7.5 Perceived conditions for PPP to be part of SBD strategy

PPP discussed from a sustainable development point of view is to look at the NGO’s and businesses’ roles in society as an institution and their contribution to sustainability as a whole. This perspective is thus found consistent with the SBD idea that has taken place in this study as SBD is considered to be “*a subset of the broader concepts of sustainability and sustainable development*” (Rainey, 2006, p. 1). As literature suggests, PPP can be a constructive way to work towards SBD (Hartman *et al.*, 1999; Utting, 2000; Peloza & Falkenberg, 2009; Wadham, 2009; Jamali & Keshisian, 2009); however, the SBD approach is also necessary for the governance of the collaboration itself, and so it fits in the overall SBD strategy. When it comes to ‘sustainable development’, the motivators we found out in our study are in alignment with the findings of the literature review. Most of the organization interviewed mentioned working for the issues as well as PPP integrates into their core strategy as reasons for PPP. However, it has not been verbalized that it is being used as a competitive advantage

(Kale & Singh, 2009; Rainey, 2006), yet as discussed before, PPP can influence the brand image and support differentiation on the market.

Linking motivational factors to the key attributes of SBD, access to knowledge can be seen as an operational choice for PPP, whereas supporting sustainability relates to the organizational and integrational aspects of SBD, as it was limited to specific issues with weak ties (Rainey, 2006). Accepting this classification certain key attributes relating to SBD could be identified, as shown in Chapter 6. Yet, if PPP were executed on different levels, such as on a corporate or strategic level different implication and other attributes would arise. These attributes are important to consider when developing a strategy that should fit in the overall SBD strategy, as the grand strategy should be consistent with the strategy used in managing PPP and vice versa. PPP as part of SBD can have a significant impact on the image of the organization. From a SBD point of view, it is desirable that PPP is entirely included into the overall SBD strategy; applying the holistic concept SBD is throughout the whole enterprise. But what is theoretically desirable is in practise often not achievable. Yet, it is important to be aware of certain aspects and possibilities of how PPP could be integrated into the grand SBD strategy and what are the consequences and opportunities arising from it. As Rainey (2006, p. 113) states, opportunities are invented, not discovered. SBD and PPP in the ideal case, requires a visionary leadership that uses a holistic approach with a long-term perspective.

The major actors in the Swedish retail market, based on their statements on strategic documents, websites and the conducted interviews, contend to implement enterprise thinking which includes *“being thoroughly inclusive and open with all customers, stakeholders and constituents”* (Rainey, 2006, p. 15); where PPP can be viewed as a part of this enterprise thinking by establishing dialogue with the primary dimensions (value networks) and the secondary dimensions (external structure). Constructing the vision statement is one of the prominent steps in SBD towards inventing the future by first establishing the direction of the business. Even though the concept sustainability is not found in all the companies’ vision statements; except the KF’s, it has been defined as an overriding strategy by all; which can be accepted to be a part of visionary leadership. Thus considering PPP as a way of reaching corporate sustainability goals makes it possible to place PPP in enterprise strategy theoretically. However, as the level of involvement belonging to the PPPs studied in this paper are found out to be in tactical and quasi-strategic level, except Coop’s different position and role in the NGOs embodied in itself, it is hard to confirm that either PPP in Swedish retail takes place in the enterprise strategy or the governance of PPP has direct relation with the enterprise thinking. In addition, other key components of SBD, which are strategic thinking, product and technological innovation, are found hard to assess in our retail cases. Strategic thinking invokes proactive strategy generation about the present and the future, and requires ‘outside-of-the-box’ thinking. PPP in Swedish retail market in this sense serves as a tool to connect with the environment or reaching sustainability goals in very traditional and so to say safe ways of utilizing partnerships. However this leaves a space for future development in different ways to lead change through innovation and leadership; such as building experimental business models on more strategic levels other than sponsorships or consultancy approaches which will require planning and systematic actions in a long-term process as well as building mutual decision-making processes.

Nevertheless, there exists a substantial stream in literature reviewed that connects PPP as a way of acting responsibly for corporations that leads us to the term corporate social responsibility, besides SBD (Lindfelt, 2006; Nijhof & Brujin, 2007; Kourula & Halme, 2008). This perspective has strong links with SBD, as well as enterprise thinking, one of the core

elements of SBD, as it involves “*shifting from managing the internal aspects and direct linkages of the corporation to assuming broader responsibilities for the entire enterprise*” (Rainey, 2006, p. 2). As a matter of fact, this understanding has been confirmed by our empirical findings as three of the retailers have defined PPP both in their strategic documents and during the interviews as a part of their responsibility towards society. However, when it comes to responsibility and PPP, we rather embrace the term ‘stakeholder responsibility’ presented by Goodstein & Wicks (2007) where reciprocity and fairness can only be built on two-way conversations instead of an one-way route which includes only giving. The results of our stakeholder analysis further lead us to acknowledge Goodstein & Wicks’s view of seeing the firm as a web of interdependent relationships with its stakeholders where responsibilities work both ways. Hence, the business rather being an ‘institution’ in terms of Selznick’s understanding (1984, p. 5), where “*it is more a natural product of social needs and pressures- a responsive, adaptive organism*” than “*a rational instrument engineered to do a job*” can hold an opportunity through PPP to engage trustful relations with stakeholders and engaging them for creating value.

There are on-going discussions if PPP is just alleviating these institutional effects of those actors where critical roles of NGOs and public officials are constantly diluted under the name of cooperation or incorporation (Hartman *et al.*, 1999; Utting 2000). It is true that NGOs and businesses are on a way where the border between them is getting actually blurred as it became normal to hear NGOs selling services such as technical advice just as consultants controversial to their well-known role as activists; on the other hand, businesses taking a social debater and socially responsible role. However, it should also be considered from a perspective of learning and paradigm shift (Wadham, 2009), which can be accepted as the keystone of SBD. PPP can be seen as a way of managed socialization for attaining specifically tacit knowledge where this term is taken as the knowledge, the perspective that accommodates in people’s minds on the contrary to the codified, explicit knowledge (Moitra & Kumar, 2007).

In this sense, it can be concluded that PPP in Swedish retail market can be a good way of acting responsibly, preferably with stronger network ties. However, when it comes to its position in the overall SBD strategy, it is not possible to have a picture where PPP fits perfectly in SBD and SBD fits perfectly in PPP. However, as Rainey stated (2006, p. 7), “*to date, there are no corporations that might serve as the perfect model of what SBD means in a corporate setting*”. However, the core idea of SBD is to focus on what the enterprise must become instead of what it currently is.

## 8 Conclusion

It seems true that PPP can indeed be described as a form of art, as proposed by Kanter (2000). The art of partnerships between private and public organizations requires such superior skills in order to be able to guide an organization through these uncharted territories with the aim of sustainable business development. Yet, those skills can be learned and mastered through practice and observation (www, WordNet, 1, 2010) but also requires visionary thinking and some talent.

This study aimed at observing how and why PPP is currently conducted in the Swedish retail market and what can be learned from it in respect to SBD. It can be said that PPP emerges from and involves a number of holistic concepts such as CSR, TBL, ethics, stakeholder analysis, etc., which makes PPP in theory and practice more complicated than one would assume. PPP is perceived as a constructive and effective way to address sustainability issues, yet it should be taken seriously as the concept that it is; a holistic approach that requires respect, commitment, trust, transparency and reciprocity in order to overcome challenges and make PPP successful. Yet, this is highly dependent on time, assuming that the concept of time exists and is valid. Further, clear objectives and constant dialogues with all stakeholders are keys for a successful PPP. Given their position, retailers in collaboration with NGOs can play a crucial role in being a change agent by enabling sustainable business development on one hand, while on the other hand creating benefits for all stakeholders. Still it is important that organizations actively address the interest of all stakeholders with a long-term perspective. As it can be assumed that due to globalization, continuous deregulations and decentralization of markets worldwide, PPP and SBD will become even more important and common in the future, where it lies in the hand of the leadership vision of the corporation to drive the enterprise beyond its constructed borders.

As the field of PPP is relatively unexplored, there are many different aspects and methodological approaches available that could be used to investigate the complex world of PPP, which would offer valuable insights for researchers as well as organizations. From a marketing perspective it would be interesting to investigate the consequences arising from communicated PPP on the image and reputation of an organization. However, as in other social science subjects, studying partnerships is heavily influenced by subject experiences, which makes it generally hard to measure and generalize. Yet, a qualitative follow-up study could identify developments in this field, as this study is merely a superficial snapshot. More in-depth case studies could help identifying the network links that exist between the organization and how this affects the success of a PPP. Further research could also construct a rather quantitative model in order to find common denominators and therefore provide grounds for further generalizations. Finally, one area of increasing interest is regarding responsible leadership as new phenomena, where it would be interesting to investigate the type of leadership, how it is administered and to which extend it is responsible. If PPP is already considered as a form of art, what could be a new constructive way of managing organizations and organizational change in this melting pot while addressing sustainability issues?

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## **Personal messages**

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Head of Environmental and Social Responsibility, Axfood  
Personal interview, 19.03.2010

Ek, Göran  
International Secretary, Naturskyddsföreningen  
Telephone interview, 28.04.2010

Eklund, Staffan  
Researcher/Coordinator of Sustainability Issues, Coop  
Personal interview, 16.03.2010

Lindvall, Kerstin  
Senior Vice-president of CR, ICA  
Telephone interview, 05.03.2010

Olsson, Jonas  
Key Account Manager – PPP, Rädda Barnen  
Telephone interview, 08.04.2010

Persson, Siv  
Corporate Partnership Executive, WWF  
Telephone interview, 18.03.2010

## Appendix 1: Summary of motivators for PPP

Author	Year	Motivators
Mendleson & Polonsky	1995	risk management, greener marketing strategy
Elkington & Fennell	1998	Markets, credibility, external challenge, cross-fertilisation of thinking, greater resource efficiency, avoid negative public confrontation and engage stakeholders
Hartman <i>et al.</i>	1999	sustainable development, responsibility sharing, social value creation
Hardy <i>et al.</i>	2003	knowledge creation,
Loza	2004	globalization, sustainable development, social capital creation
LaFrance & Lehmann	2005	expertise, efficiency and profitability
Frithiof & Mossberg	2008	competition, external pressure,
Robertson	2008	ethics, trust, legitimacy
Jamali & Keshishian	2008	Globalisation, social consciousness (CSR),
Dahan <i>et al.</i>	2009	social and economic value creation, risk and cost reduction
Livesey <i>et al.</i>	2009	Sustainable development

## Appendix 2: Summary of challenges for PPP

Author	Year	Challenges
Milliman <i>et al.</i>	1994	Skills required to build a successful dialogue
Mendleman & Polonsky	1995	Risk of negative publicity
Stafford & Hartman	1996	Skills required to build a successful dialogue, Risk of negative publicity
Milne <i>et al.</i>	1996	Differences in culture
Arts	2002	Contrasting power and worldview
MacDonald & Chrisp	2005	Increased transaction costs, decrease in efficiency, loss of power and control, raising ethical questions
Kokko & Mark-Herbert	2009	Different agendas, independent goals, risk of revealing confidential information

## Appendix 3: Summary of PPP & SBD

Author	Year	PPP & SBD
Hartman <i>et al.</i>	1999	Proactive sustainability strategies, discussions on PPP as a way of sustainability
Utting	2000	PPP as a way and also as a challenge of sustainable development
LaFrance & Lehmann	2005	PPP as a part of successful SBD
Lindfelt	2006	Walking the talk
Gao & Zhang	2006	Sustainability and stakeholder engagement
Nijhof & Bruijn	2007	PPP as a CSR and an effective risk-control strategy
Kourula & Halme	2008	Different PPP types and relating corporate strategies
Peloza & Falkenberg	2009	PPP as a way to attain sustainability goals
Wadham	2009	PPP as a paradigm shift, Habermasian's theory on collaborations
Jamali & Keshishia	2009	PPP as a powerful agent of change

## Appendix 4: Interview questions (Retailer)

1. When did XMPL COMPANY first start to work with PPP (e.g. collaboration with non-governmental organizations)?
2. What are the reasons why XMPL COMPANY collaborates with NGOs?
3. How important were these factors? Were there other factors?
  - Public and consumer demand
  - Need for credibility and legitimization
  - Need for external challenge
  - Exchange of thinking and working (knowhow from NGOs)
  - Need for resource efficiency and competitive advantage
  - Improvement of image
  - Stakeholder engagement
4. Why has XMPL COMPANY decided to have partnerships with those organizations (e.g. organization names that the company collaborates)? If any, what are the selection criteria that XMPL COMPANY considers about partnering NGOs?
5. What are the challenges/benefits that XMPL COMPANY considers in partnerships?
6. Do the public-private partnerships affect the image of XMPL COMPANY? If yes in which ways?
7. How do these partnerships fit into XMPL Company's corporate strategy (e.g. Sustainable Business Strategy)?
8. With the public-private partnerships, which stakeholders does XMPL COMPANY aim to reach?
  - a. How does XMPL COMPANY communicate these partnerships to these stakeholders?
9. We have seen in your CSR report that XMPL COMPANY has already been working with a high number of NGOs. How are the partnerships managed and at what level?
  - a. Is the management centralized to the head office or are they managed regionally?
  - b. Do the partner organizations participate in decision-making at XMPL COMPANY?
  - c. How is this process organized internally? Which departments/persons within XMPL COMPANY are responsible for the PPP?
10. Has XMPL COMPANY measured or monitored the accomplishments of its partnerships? (for example what objectives have been accomplished so far, did you have any negative experiences?)
11. Where are you heading in a time perspective of ten years?

## Appendix 5: Interview questions (NGO)

1. When did XMPL NGO first start to work with PPP (e.g. collaboration with private/business organizations)? With how many alliances do you currently work with?
2. What are the reasons why XMPL NGO collaborates with private companies?
3. What are the selection criteria that XMPL NGO considers about partnering businesses?
4. What challenges/benefits does XMPL NGO considers in partnerships?
5. Do the public-private partnerships affect the image of XMPL NGO? If yes in which ways?
6. Which are your primary stakeholders that are targeted with the public-private partnerships? How are these partnerships communicated to these stakeholders?
7. How are these partnerships managed by the XMPL NGO? Is the partnership management centralized or are the partnerships managed regionally?
8. How do you manage to work with them? How is the management process organized internally? Which departments/ persons within XMPL NGO are responsible for the collaboration?
9. How much are you involved in decision-making processes?
10. Has XMPL NGO measured/monitored the accomplishments of its partnerships (for example what objectives have been accomplished so far, did you have any negative experiences?)
11. Where are you heading in a time perspective of five/ten years?