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Business and partnerships for development

Ans Kolk [a,*], Rob van Tulder [b], Esther Kostwinder [c]

[a] *University of Amsterdam Business School, Roetersstraat II, 1018 WB Amsterdam, The Netherlands*
[b] *RSM Erasmus University Rotterdam, PO Box 1738, 3000 DR Rotterdam, The Netherlands*
[c] *Municipality of The Hague, PO Box 12 655, 2500 DP, The Hague, The Netherlands*

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Summary The potential contribution of companies as partners in furthering development objectives is frequently mentioned, but has received limited research attention. What has also remained unclear is to what extent companies can play such a role via the various individual and collaborative means available to them. Collaborative efforts include not only the more well-known partnerships with nonprofit (non-governmental) organisations (NGOs), but also with governments, and even with both parties. This paper analyses the characteristics of development activities undertaken by companies individually and jointly via public-private, private-nonprofit and tripartite partnerships. Using multinationals originating from the Netherlands as empirical setting, we find that private-nonprofit partnerships are most common, with tripartite and public-private partnerships only emerging, also due to divergent views between business and government. Most partnerships are directly linked to companies' core activities or focus on the sector or supply chain. A broad, macro development orientation mostly occurs in (tripartite/bilateral) partnerships involving nonprofit organisations. The paper also discusses the implications of the study for partner roles and effectiveness of partnerships, as well as for research and practice.

Since the late 1990s, companies have become increasingly engaged in partnerships with nonprofit (non-governmental) organisations. Such partnerships, sometimes also referred to as social alliances, are part of a trend to view nonprofit organisations not so much as ''gadflies'' but as ''allies'' instead (Yaziji, 2004; Elkington and Fennell, 1998). These partnerships have both non-economic and economic objectives, aiming to share resources, knowledge and capabilities between the company and the nonprofit partner (Berger *et al.*, 2004). Several publications have helped to share experiences, and to identify potential pittfalls and best ways to obtain economic and strategic benefits for both types of partners (Austin, 2000a; Berger *et al.*, 2004; Bhattacharya and Sen, 2004; Gourville and Ragan, 2004; Rondinelli and London, 2003). Recently, attention has also been paid to so-called cross-sector partnerships, which involve government agencies as well. Austin (2000b, p. 44) has labelled such partnerships as the ''collaboration paradigm of the 21st century'' needed to solve ''increasingly complex challenges'' that ''exceed the capabilities of any single sector'' (cf. Selsky and Parker, 2005; Warner and Sullivan, 2004).

* Corresponding author. Tel.: +31 20 525 4289; fax: +31 20 525 5281.
E-mail address: akolk@uva.nl (A. Kolk).
URL: http://www.abs.uva.nl/pp/akolk (A. Kolk).

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Indeed, since the 2002 World Summit on Sustainable Development in Johannesburg, cross-sector partnerships have become important instruments for addressing problems of global development and reaching the Millennium Development Goals (MDGs), in which the contribution of companies is seen as crucial. Attention has grown for these new forms of collaboration which differ from the more traditional nonprofit-public cooperation that has been the dominant type of partnership in official development assistance. In recent years, there has also been increasing interest in public-private partnerships, in which companies cooperate with governments or international organisations (Chataway and Smith, 2006; Samii *et al.*, 2002).

What has remained unclear so far, however, is to what extent companies can contribute to development via the various means available to them, including individual as well as collaborative efforts. Companies face a potential myriad of partnerships in which they may be requested to participate. While partnerships between companies and nonprofit organisations have a somewhat longer history, this is not really the case for company-government (public-private), let alone company-government-nonprofit (tripartite) partnerships. Also largely unaddressed is how governments can 'use' company commitment to development causes as a component in policymaking on partnerships. Effectiveness is likely to be highest if partnerships fit not only governments' but also companies' strategic objectives, and if roles are aligned to target and scope of the partnership.

This paper aims to shed more light on these issues and on the implications for research and practice, by exploring the focus and scope of different partnerships for development that involve business, considering particularly the extent to which they are related to companies' core activities. Explicit attention will be given to the portfolio of partnerships in which focal companies participate as well as their views, and those of their partners, on the best contribution to development. We used multinationals originating from the Netherlands as empirical setting. The Netherlands is well-known for its long-term commitment to development assistance, recently also via partnerships, and Dutch companies have been rather active in responding to international environmental and social concerns.

Before moving to the exploratory analysis, first the background on business, partnerships and development will be indicated briefly.

Development, business and partnerships

In the international discussion on furthering development, the potential contribution of companies is frequently mentioned. The 2002 Monterrey Consensus stipulated the role of business in achieving development goals, and a 'global partnership for development' was introduced as the eighth Millennium Development Goal. Particularly since the 2002 World Summit on Sustainable Development in Johannesburg, concrete partnerships with business have received much attention, resulting in a large number of public-private collaboration efforts. The notion of partnerships has become central part of official development policy in a few countries. Already in 1999, Germany allocated considerable amounts to public-private partnerships (Altenburg and Chahoud, 2003; BMZ, 2005). Denmark adopted a Public-Private Partnership facility as part of its development policy ('partnership with a purpose'). The Netherlands announced partnerships as a crucial component of its policy to reach the Millennium Development Goals (Ministry of Foreign Affairs, 2003). Overall, however, the number of countries that have actively pursued public-private partnerships for development has remained limited.

In the literature, partnerships are seen as instruments to overcome at least three forms of 'failure' that are attached to unilateral action by either governments, companies or civil society (cf. OECD, 2006; Van Tulder with Van der Zwart, 2006):

(1) 'governance failure' for governments, which limits their ability to address development problems 'top down' — there is growing concern over the official development 'aid curse' from which an increasing number of aid-dependent countries suffer;
(2) 'market failure' for companies that limits their ability to become ethically virtuous — there is growing awareness that companies cannot implement proactive CSR strategies without the active involvement ('engage me') of their stakeholders;
(3) 'good intensions' failure for non-profit organisations — there is mounting evidence that co-financing organisations have obtained only limited efficiency in implementing their ideas on development 'bottom up' exactly because of the 'do good' mentality of their constituents.

Following from these dimensions, three types of partnerships can be distinguished. Public-private partnerships address the inadequate (private and public) provision of public goods. This is also known as the 'policy rationale' for partnerships (cf. OECD, 2006, p. 19) or as the 'underinvestment' problem in which neither the state nor companies invest sufficiently. This problem has been tangibe in utility sectors (cf. Megginson and Metter, 2001). Private (for profit) / nonprofit partnerships address in particular the underinvestment in the 'social capital' of a country that results from the trade-off between the efficiency of the market and the equity orientation of civil society (cf. Putnam, 2000). Tripartite partnerships include all three actors: state, companies and civil society (nonprofit or nongovernmental organisations, NGOs). They aim in particular at the problems that result from the 'institutional void' that develops due to retreating governments and weak governance structures (Van Tulder with Van der Zwart, 2006).

Most of the studies that considered the effectiveness of partnerships for the provision of public goods have concentrated on developed countries or where mainly theoretical. If we look at the limited evidence about the impact of partnerships for development, it turns out that the effectiveness of public-private partnerships for development is rather difficult to assess. In Germany, where the government allocated €56.4 million in 1999, 36 partnerships, aimed at seven different countries, started. After three years, a policy evaluation took place, which turned out to be too complex for lack of clear and generalised criteria (Altenburg and Chahoud, 2003). Most notably, it was impossible to demonstrate savings on public funds or mobilisation of additional private capital. Theoretically, this is one of