



**Market-Civil Society Partnership Formation:  
*A Status Report on Activity, Strategies, and Tools***

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**EXECUTIVE SUMMARY**

Relationships between business and civil society (CS) are entering a new stage of development with an increasingly large number of interactions. Philanthropic/charitable relationships still are the dominant connection between these sectors and they will continue to play an important role. However, this activity is increasingly being complemented by broader and more intense interactions to achieve both core business goals and core civil society goals. This interaction arises from a new understanding of the need for comprehensive and integrated approaches to business and social issues that involve increasingly broader participation.

Within this comprehensive framework, the business and civil society organizations develop their own particular reason for partnering. The relationships are most developed around four issues: community economic development (including finance), environmental degradation, human rights and labor, and traditional public services like health and education. With these issues, the failure of traditional unisectoral approaches are most obvious. Failure arises from geographical and organizational divisions between related activities -- division between North and South, local and global, and traditional CS/market/government spheres of activity. These problems have become more obvious with increasing global dominance of market and democratic values, environmental decay, and improved communications technology.

The intersectoral approach accesses resources unique to each sector to produce creative new options that neither sector can develop on its own. For example, through the partnerships, communities are built with profitable banking; improving the environmental impact of a utility with environmentalists' help also means reducing costs for the company; literacy programs of non-governmental organizations become employee recruitment vehicles for corporations; and affinity marketing for a corporation becomes revenue for a civil society organization (CSO).

The market sector's key assets include financial, administrative, and technical resources and a focus upon efficient short-term outcomes. The civil society's key assets include knowledge about local communities and issues, organizational flexibility, the ability to mobilize people inspirationally, and credibility with a focus upon effective processes for the common good.

The organizational structure supporting intersectoral relationships is different for the two sectors. Both sectors have developed some network organizations that facilitate intersectoral collaboration around specific issues like the environment. And both sectors have networks organized around tools that create interaction, such as shareholder activism and charitable giving. However, business has developed more organizations that address a broad range of issues where intersectoral collaboration is a major strategy to address the issues. Inherent civil society qualities make such broad range organizations more difficult -- qualities such as differing values and concerns, a more local focus, chronic under-resourcing, and "amateur" involvement.

Although the interactions are still at a nascent stage of development, in general civil society organizations are more poorly organized and less aware than business organizations of the potential opportunities in intersectoral collaboration. Business network organizations interested in broad intersectoral collaboration are hindered by the absence of analogous civil society organizations.

The presence of network organizations varies considerably by region, but business networks exist in both Northern and Southern countries and civil society networks active in intersectoral collaboration are less numerous in Southern countries. In general, the network organizations are most developed in the United States where the two sectors have been most distinct and culturally supported for the longest time.

Building intersectoral relationships generally is a haphazard activity, but can be developed into a more disciplined one. The relationships are based in specific mechanisms that bridge the differences in goals, values and cultures of the two sectors. These bridging mechanisms can be divided into four types: 1) money through grants, donations, and investments; 2) information through disclosure laws, organizations' documents, meetings, and educational initiatives; 3) formal structures through intersectoral boards, and advisory councils; and 4) processes and programs through regulatory hearings, standards and codes, personnel exchange programs, conferences and workshops. Government has an important role in making these tools available, both directly and indirectly.

Intersectoral collaboration faces many difficulties internationally, including different sectoral cultures, attitudes grounded in stereotypes, lack of understanding of each sector's assets and the benefits of collaboration, issues of cooptation and commercialization, lack of resources and intermediaries, systemic barriers and inadequate knowledge about how to make the relationships work.

Successful intersectoral collaboration requires new resources, skills, strategies, evaluation processes, and structures. These must be developed in a way that protects the differences of the sectors, since the differences are the source of benefits arising from collaboration. However, development also must improve communications, broaden the extent of interaction geographically and in terms of issues, and build new intermediaries essential for growth.

#### **EMERGING ISSUES FOR MARKET-CIVIL SOCIETY RELATIONSHIPS**

When civil society and market sector organizations work together collaboratively, they can address large-scale socio-economic-environmental problems with clear benefits in terms of each organizations' goals. Broadly stated, for civil society these goals are protection and promotion of values and members' perception of the common good; for market organizations the goals are efficiency and private profits. These sectors' relationships can be unusually creative, and produce results that neither sector on its

own could achieve because of the comprehensive vision they embody. In effect, the relationships can result in mutual gains.

Market-civil society relationships are still at an early stage of development. They can make a significant contribution to creating a system of just and sustainable development with a robust economy. To develop them further, five general points need to be addressed.

**1) We need to mainstream and vastly increase the scale of intersectoral activity. We need to experiment.**

Currently intersectoral activity is very modest in scale and occurs in isolated pockets. The substantial activity in the U.S. housing market/community development shows significant promise for increasing the scale. Increased scale is needed because of the size of the socio-economic-environmental problems the relationships can help address, to strengthen the business case for partnering by increasing efficiencies of scale, and to grab the popular imagination so the relationships will be more commonly used.

The growing experience of participative development -- most commonly between government or multi-laterals and civil society -- demonstrates costs and risks can be reduced with more sensitive community development. Housing, and large infrastructure projects like sewer, electricity, and irrigation provide particularly good possibilities for experimenting with larger scales.

We must think in terms of "investing" in new organizational technologies, just as we think of investing in other technology. There must be allowance for failure, and encouragement of well-organized experiments.

**2) We need to better define the mutual gains of the relationships, in terms of each sectors' goals, and more widely distribute the knowledge.**

Usually the civil society-market relationships take place within a charitable framework which does not allow for full development of the relationships' potential. The details of another framework are still evolving, but the broad outlines are appearing. The benefits are still defined in relatively vague terms, and these must be made more concrete to attract greater involvement. These benefits must be further documented and described in a more disciplined and measurable way. Measures are essential to coordinating large-scale activity. However, such measures must take account of the fact that financial measures are more developed than other measures, and that they can easily have an inappropriately powerful influence.

Measures must be taken for each parties goals from a broad perspective. For business, this means measuring more efficient and profitable ways to address core operational issues like recruitment, supplier development, facility siting, market and product

development. For civil society this means measuring common-good sensitive and equitable ways to address concerns like poverty alleviation, environmental enhancement, ethnic life, and community services. Also, measures must address long-term and short-term implications of actions.

**3) We need to learn how to make the relationships more successful.**

We need to increase the returns of the partnership to both parties, and learn how to reduce the costs. The actual processes of creating the relationships and how to maintain bridges across the cultural gaps between the two sectors are still being developed and refined. Partnering requires an integration of the dominantly local perspective of CSOs with their process-orientation, and the increasingly global perspective of corporations with their product orientation. A new pedagogy is needed that is grounded in the tension of these opposites and capable of developing the creativity of their differences. Conflict must not be avoided, but worked with to obtain results that work for both parties. This is very different from traditional approaches of "either/or" but fits well within emerging educational approaches.

**4) We need to create more intermediaries. In particular, we need to create more intermediaries that enable civil society to partner effectively with business, and we need an international joint business-civil society intermediary.**

Intermediaries with a CSO base and ones with a business base appear important structures to organize their constituencies for partnering; create efficiencies of scale to undertake collective activity more effectively; give technical training and information; provide a conduit of material support from one sector or region to another; and advocate for their sectors' interests. Intermediaries' presence or absence appears to have an important impact upon the amount of intersectoral activity.

Current partnering intermediaries are different in the two sectors. Both have intermediaries organized around issues and tools like shareholder activism or funding. However, only business has ones with a comprehensive breadth of activity for CSO engagement. Civicus provides a potential comprehensive CSO analogue to the business initiatives.

Local Initiative Support Corporation (LISC) is the largest joint CSO-business intermediary. It not only effectively funnels money to community development corporations, but also provides an important hub for information sharing, skill development and policy lobbying; it is a crucible for civil society-market sector development. We need an international analogue to LISC.

**5) We need to more pointedly develop public policy that supports market-civil society activity.**

Although there are examples of partnerships started spontaneously between businesses and civil society, in almost all cases government was an important force in spurring the interaction; and it can be an important force in hindering it as well. Through their legislative role, governments can support intersectoral partnerships in three ways: 1) by financially rewarding partnering activity through the non-profit tax benefits and tax credits; 2) by making information available for CSOs; 3) by obliging some CSO-corporate interaction in government-initiated structures; and 4) by creating processes that involve both sectors.

**6) We need to train people in intersectoral strategies and skills, and develop supporting educational tools.**

The partnering requires unique strategies and a different combination of skills than those commonly found in education programs. It requires people who can combine both the "hard" skills demanded by business with the "soft" ones at the core of CSOs; it requires people who can think creatively and work with different cultures to find a synthesis that works for both; it requires people who can produce short-term outcomes, while keeping their focus upon processes that lead to long-term success. This training emphasizes the importance of continuing to document successful strategies and practices. This will form the basis of developing the needed educational support tools for wider capacity building.

Different education approaches must be developed for each sector, although there may be some joint initiatives. The separation is important to both because the sectors have different needs, but also because maintaining the sectors' difference is important to being able to obtain the benefits of their interaction. The challenge is to maintain the sectors' differences, while improving communications and relationships.

**MARKET-CIVIL SOCIETY PARTNERSHIP FORMATION: A STATUS REPORT**

In the 1960s, American businesses popularized partnerships with one another. In the 1970s, with the continued rise of successful non-American businesses, international business-to-business partnerships became popular. In the 1980s, private-public partnerships entered the scene. Each of these cases responded to new opportunities and challenges, and each required development of new organizational forms, workplace skills and strategies -- they required learning and the disseminated learning created new capacities. In this decade, a new type of partnership is developing between business and non-governmental organizations. This is a brief investigation into some basic questions about this new partnership form -- questions such as: Why are business-civil society organization (CSO) relationships forming? What do they look like? Are they fads or do they represent a permanent change? What strategies support their formation? what are impediments to their creation? What new tools and skills do they require?

**The Study Approach**

*What is the intersectoral model?*

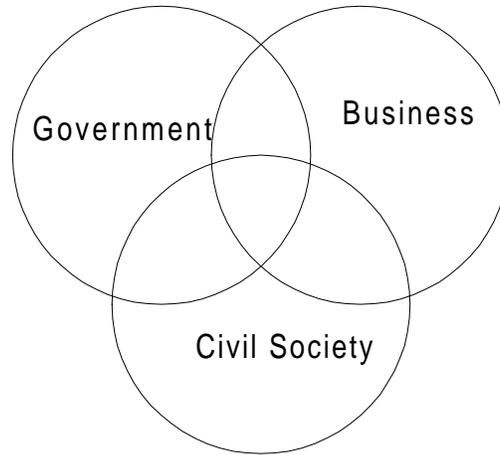
*Who provided information for the study?*

This study is based upon a tri-sector model that has been used by the Institute for Development Research for many years and is becoming increasingly popular. The model's popularity is increasing because of growing consensus that political, social, economic, and environment health is dependent upon the three sectors' health and successful interaction.

This model places all organizations into one of three sectors or a hybrid region of the sectors (see: Figure 1). "Government" can mean either local, national, or multi-lateral and their agencies; government's key function is establishment of order. "Business" means organizations engaged in profitable production of goods and services that place a high value upon efficiency. "Civil society" gives particular value to equity and refers to volunteer-based community organizations that provide goods and services on a non-profit basis, undertake community development initiatives, are advocates, and/or are oriented to influencing policy; these organizations may be either independent or coalitions.

Of course, these analytical distinctions are blurred in real life with many hybrids. For example, corporate foundations are grounded in the business sector but operate largely in civil society. Despite the messiness of actual application of the tri-sectoral model, there is increasing evidence that its generalities provide very important insights.<sup>1</sup>

Figure 1. Intersectoral Partnerships



Inter-sectoral Partnerships Combine  
One or More Sectors

The formidable questions posed about civil society-business interactions were addressed by a modest initiative that is part of a much larger intersectoral partnership project with the United States Agency for International Development. As an early step in that project, organizations involved with formation of partnerships between civil society and market sectors were contacted. To identify a reasonable-sized and illustrative sample of actors, the study focused those involved as intermediaries that encourage partnership activity--in other words, not the actual businesses and CSOs within a partnership, but the intermediaries seeking to support partnerships forming. Of course this neat analytic distinction does not hold operationally, since partnering is so central to some of the actors that it is part of their operations as well as a goal to encourage among others.

This investigation involved 34 organizations, some with two or three contacts for a total of 39 contacts (see Appendix 1); this paper is a synthesis of their views, rather than a consensus. The organizations varied from some involved in micro-enterprise like ACCION International, to foundations like Ford, to agencies involved in international development like Pact, to shareholder activists like the Council for Economic Priorities (CEP), and to business associations like Business for Social Responsibility (BSR--see Appendix 2 for acronyms). Thirty of the contacts included interviews and reviews of some written material from the organization, 5 relied upon interviews and 3 relied upon written material. The 39 contacts were identified via the

| <b>Table 1.</b><br><b>Study Contacts by Operational Base</b> |                        |
|--|------------------------|
| <b>Sectoral Base</b>   | <b>Geographic Base</b> |
| Civil Society - 15   | US - 11                |
| State - 6  | US/intl - 14           |
| Market - 11  | Intl - 6               |
| Tri-sector - 6   | Other - 8              |
| Mkt-CS - 1   |                        |

personal network of the researcher and others recommended through the network. Although it is by no means a comprehensive list of such actors, the investigation concluded that it was a fairly good sampling of the target group and the various perspectives of civil society-market intersectoral activity by intermediaries in terms of key factors of sectoral base, geographic base and focal issue that are also identified in Appendix 1; the first two of these factors are summarized in Table 1.

How much these organizations are engaged in partnership formation varies substantially. For some like CARE, Pact/CorCom and the United Nations Development Program (UNDP), it is a concept that has produced organizational commitment only recently, and therefore it is still too early to predict how it will develop (in fact at this writing it appears that the Pact/CorCom initiative will take a very different form). For others like the Consensus Organizing Institute (COI), issues around inter-sectoral relationship formation are so central that the organization would not exist without it; in Appendix 2 the centrality of partnering for organizations like COI is numbered 1. For some like the Inter-American Foundation, although relationship formation is important it is not the central part of the organizations' missions, and therefore centrality is numbered 2. And for a last group numbered 3 in centrality the relationship building is important, but only one of several issues the organization is addressing; Business for Social Responsibility is a good example of this. Of course these descriptions are somewhat arbitrary and are intended to emphasize the range of activity of the study organizations.

#### **A GROWING, INTERNATIONAL PHENOMENON**

*Where are the relationships occurring?*

*What is the pace of relationship development?*

The business-CSO partnerships are emerging internationally wherever there are healthy organizations in each sector. However, they are relatively young with most of the partnership organizations and programs only commencing in the last five years. The oldest activity grows out of shareholder activist organizations (CEP and CERES being examples) which date from the late 1960's but only became substantial in the 1980s. Perhaps the oldest and one of the most sophisticated organizations which has promoted relationships between the sectors is the Philippine Business for Social Progress (PBSP) founded in 1970. Another is the Urban Foundation in South Africa (which influenced the formation of the National Business Initiative or NBI). More recent significant organizations involved with the relationships are the Prince of Wales Business Leaders Forum (PWBLF) founded in 1990, the Center for Corporate Community Relations (CCCR) founded in 1985, and BSR founded nationally in the U.S. in 1992. The phenomenon is growing globally, with 16 PWBLF affiliates formed around the world since 1990 for which partnership formation is a major activity.

A testimony to the growth of the trend to partnerships is the size of the operating budgets and money involved with these intermediaries. In the United States, LISC since 1979 has raised over \$2.2 billion to support Community Development Corporations and partnerships, and had a 1995 operating budget of \$65 million; resources applied by American banks and foundations through the relationships are also becoming substantial.

However, even a key player like the PWBLF only had a budget of less than \$3 million and a staff of three dozen in 1996. The Philippine Business for Social Progress (PBSP) members which include the countries biggest businesses, promote companies donating one percent of pre-tax net earnings to activities that include fostering partnerships. However, by their very nature the partnerships are networks accessing resources in numerous organizations, so these figures greatly underestimate the resources involved in them.

That 12 of the organizations have operations only in the US and another 14 are based in the US can be explained by two reasons. The most obvious reason is that the researcher is based in the US, most knowledgeable about US organizations, and U.S. organizations were most accessible. However, references were also drawn from people deeply involved in other countries' development. The US-centric selection is probably

more influenced by another factor: of all the countries in the world America has historically made probably the strongest distinction between the three sectors of market/civil society/state and has perhaps the strongest civil society in comparison to the other sectors; many other countries have emphasized the state much more strongly. Therefore it is reasonable to expect more activity between the sectors in the US.

| <b><u>Key Concepts Behind Partner Formation</u></b> |  |
|---|--|
| <b><u>Table 2</u></b>                               |  |
| <b><u>Organization</u></b>                          | <b><u>Key Concepts</u></b>                             |
| ACCION  | convergence of hard tech and soft tech                 |
| Brody & Weiser                                      | strategic philanthropy                                 |
| Center for Corporate Community Relations            | neighbor of choice/license to operate                  |
| Committee for Economic Development                  | social capital   |
| Consensus Organizing Institute                      | active citizenship                                     |
| EZ/EC initiative                                    | self-sustaining, long-term development                 |
| Ford Foundation                                     | building assets  |
| Hitachi Foundation                                  | civic participation                                    |
| IAF   | philanthropy   |
| LISC  | social investment                                      |
| John Snow Brazil                                    | social marketing                                       |
| MACDC   | financial and social return                            |
| National Civic League                               | collaborative governance                               |
| National Business Initiative                        | cooperative approach                                   |
| New Economics Foundation                            | accountability, audit                                  |
| CSO Task Force                                      | corporate accountability and responsibility            |
| Pact/CorCom   | community investment/sustainable development           |
| Prince of Wales Business Leaders Forum (PWBLF)      | good corporate citizenship and sustainable development |
| Working Opportunities Fund                          | social audit, social investment                        |
| WHO   | healthy cities   |
| World Bank-EPI                                      | virtuous circles                                       |
| World Bank-CPAG                                     | social mission moving to profit                        |

Four major issue areas can be identified as foci of partnership action: community economic development (CED): the environment; human rights/labor; and social welfare issues of health and education. In terms of CSO constituency and traditional business industry analysis, the greatest concentration of CED activity is between the finance industry and CSOs concerned with poverty and equal opportunity. The environmental issues are particularly developed between environmental CSOs and "progressive"

business from different sectors ( although more confrontational with resource extraction organizations). The human rights/labor issues are particularly intense with manufacturers from northern countries that are contracting to developing countries and which are being engaged by shareholder activists, labor unions and human rights CSOs. The health and education issues -- often being provided by the state and more widely valued -- have a less contentious CSO presence in organizations like parents associations and AIDS support networks which are working with a variety of businesses with a particular emphasis on pharmaceuticals in health.

This typological analysis describes "where the action is" for market/civil society partnership formation, which is helpful for building a partnership development strategy. Since there is already some action with these issues, it makes sense that these fields are the ones that will most easily be expanded. However, this classification obscures one of the major forces behind the formation of CSO-business partnerships -- the conviction that issues are inter-related and demand comprehensive responses. These two sectors are working together because there is a growing conclusion that despite their differences they are interdependent and that CSOs can actually help businesses to succeed and vice versa.

If the message about inter-relatedness is the natural over-arching frame, there are also key concepts about the way people think about the partnerships. These are called "key concepts" because they are frames that provide legitimacy for an organization to bring about interaction between market and civil society sectors. They are the ways people make sense and convince others about the need to undertake inter-sectoral partnerships. Table 2 presents some key concepts uncovered in analysis of conversations and written materials. For example, in ACCION the market sector is sometimes referred to as "hard technology" because "it's the measure in numbers, the balance at the end of the month," ACCION's Director of Network Development Stephen Gross explains. Civil society is seen as "soft technology" because it is associated with "why we do it, the excitement of values, of mission and vision."

A couple of comments surface from these concepts. One is the concepts' heterogeneity -- there are so many of them. There is some focus on terms of accountability and responsibility, but there is no clear frame that dominates. This implies that either the rationale is still in a very formative stage, or that rationales are culture or issue specific -- that different people, organizations, sets of organizations or societies have different reasons for bringing about the partnerships. This latter conclusion would fit with the emphasis upon comprehensiveness as a key force behind the relationship formation -- comprehensiveness being a successful over-arching key concept implies that the partnership activity has to find ways to fit within many streams of activities, philosophies and rationales.

Another comment is about what is not in the list. Two items that are only weakly represented are philanthropy and publicity/marketing, yet these two issues are perhaps the two most popularly identified with the relationships. When Frances Brody of Brody and Weiser talks of philanthropy she stresses its strategic nature and the way it fits into

the core operations of a business like marketing, human resource and even site locations. IAF thinks of philanthropy in perhaps the most traditional sense for the U.S., but in a non-traditional location of Latin America where philanthropy is still not a well-organized phenomenon. Although publicity and marketing may be part of the reason business wants to engage civil society, it is considered more as one of several outcome rather than a key motivating concept to become involved. The lack of publicity's mention is partly driven by the study approach which focuses upon intermediaries. However, they demonstrate an increasing incidence of companies are joining together collaboratively in ways that diminish their ability to get the type of profile they would by acting on their own.

Another possible taxonomy is to think of the organizations by the major tool they use to support partnership formation. These tools are listed in Appendix 2. Although they are described in more detail later, it is again the variety of tools that are used that is remarkable. However, for a large number of intermediaries the major tools are donations and fund transfers which emphasizes the important role of resource sharing in the relationships.

#### **THE PRESSURE FOR RELATIONSHIPS**

*Are the market-civil society relationships a fad or part of a new paradigm?*

Whenever a new phenomenon arises, it is worthwhile asking if it is simply the trend of the day, or here to stay. One way to address the question is to consider the reasons the phenomenon is occurring, and in turn assess the durability of those reasons. In the case of the partnership phenomenon, two related streams of reasons can be identified. One stream has to do with indirect factors, such as real world changes in economic and political (state/market) systems, the communications technology revolution, and environmental degradation. Another has to do with factors more directly related to the relationship, including new structures, learning, improved capacities and skills.

Some of the indirect reasons for engagement appear quite situation-specific, but reflect broader trends. For example, in the Philippines, Venezuela and South Africa business formed some enduring partnership strategies in reaction to governments that were widely perceived as illegitimate. For example, McCabe writes that: "The 1989 'Caracazo' riots and two coups in Venezuela and the protracted economic decline led to a process of reflection by many in Venezuela as to what is the possible, proper, and necessary balance of responsibilities among the public, private, and non-governmental sectors."<sup>2</sup> In each of these countries business took an unusually "enlightened" approach, recognized the legitimacy of some community demands and set about finding ways to respond to them. CSOs were a key vehicle for business to respond. In a less drastic context, a similar process of redefinition of sectoral responsibilities is behind the founding by business of organizations like Business for Social Responsibility (BSR) in the U.S. and the Prince of Wales Business Leaders Forum.

The economic and political processes that are indirect factors supporting greater market

and civil society interaction can be placed in the context of the fall of the Berlin Wall. Economically that event is popularized as representing the victory of capitalism over the communist economic system. This simplistic image is useful to understand some hard shifts in economic realities, although the fall had been preceded by a decade of "supply side economics," and increased "marketization" through "privatization," "contracting out" and "deregulation". Economies in the Anglo-American tradition were most engaged in marketization, but Chile and China also provided notable examples of the trend. The Wall's fall was followed by even more intense activity in a similar direction, with Latin American countries commonly referring to Chile as a model, India going through a "liberalization" phase, and more recently even Japan is increasing its emphasis upon the market.

One outcome of this global marketization is dramatically increased **importance of foreign private capital** flowing to developing countries in comparison to official development assistance. The World Bank described this shifting relationship in a Global Overview by writing: "Between 1990 and 1994 the World Bank disbursed \$84 billion to all developing countries. In the same period, private investors poured a net \$660 billion into these countries -- Foreign Direct Investment was \$74 billion of that in 1994."<sup>3</sup> In 1997 the Wall Street Journal summarized the trends by writing "Direct investment from rich countries in developing ones tripled between 1990 and 1995, to \$112 billion. Private capital flows to them (rose) to \$231 billion last year."<sup>4</sup> Given that almost all this private investment has flowed into only a dozen countries further emphasizes the significance of the shift in those particular countries.

This economic globalization has included **exportation of key elements of the American economic model**, including free trade, the primacy of stock market financing and the public corporation. This was noted by the Wall Street Journal when it wrote that European business is "adopt(ing) American notions of corporate governance, shareholder value and return on equity."<sup>5</sup> The concessions of American free traders to local circumstance are decreasing in number as new trade agreements dismantle sectors traditionally protected from global trade like French agriculture and cultural products. Further, capital markets are increasingly becoming structured to reflect the American example -- even compared to other developed countries the degree of dependence upon the stock market was an outstanding characteristic of the American economy; now stock markets are increasingly important factors in developing economies and the corporate form with shareholder dominance is becoming more widespread.

These economic trends shifting power from the state to the market sectors have been augmented by some more pointedly political ones, including **decentralization of government**. As business becomes more global and government becomes more local, business' ability to play one government off against the other increases. In the United States decentralization is continuing, in China economically it has been happening for over a decade, in the Philippines it happened in the early 1990s, and the collapse of the Soviet empire itself was political decentralization. Pamela Lowden of the World Bank's Economic Development Institute explains the change in Latin American countries that have decentralized as Columbia did in 1991. With the removal of central authorities from spheres of action, the local ones have often found themselves ill-equipped to

handle the new responsibilities. Consequently they are engaging local partners, bringing together both CSOs who know how to deliver services and the corporations that can provide support.

These changes in economic and political systems -- that affect the roles of the market and state -- are continuing, a new model is not clear, and the trends vary substantially in form and degree. However, the trends all move in the same direction: **the market's role is expanding, and that of the state is contracting.** The state is withdrawing from direct economic production and management through detailed regulation in favor of a more "enabling" type of legislation where control is more macro (see *Tools* further on). The market sector is taking over economic activities that were previously seen as the state's arena and growing in power.

This shift from the state to the market sector has received popular attention, but what has been happening to the role of the civil society sector? Of course, this shift and adjustment is still being worked out. To the extent that civil society depended upon resources transferred from the state, some of its activities have become more difficult. However, we have not had any massive failings of civil society organizations; indeed, **in the last decade CSOs have mushroomed in number.** IAF estimates there are now 20,000 CSOs in Latin America, and 5,400 formal ones in Columbia alone. Rifkin says that there are 350,000 voluntary organizations in the United Kingdom and in France in one year more than 43,000 were created.<sup>6</sup> The more civil society organizations there are, the more likely they will somehow engage market structures. Rifkin goes so far as to claim that the civil society sector will be the end beneficiary of the shifting market/state roles, and writes that: "In the coming century, the market and public sectors are going to play an ever-reduced role in the day-to-day lives of human beings around the world."<sup>7</sup>

While life is not becoming easier for civil society, it is difficult to argue that the adjustments it is going through are any more traumatic than those experienced by the market or state sectors over the past decade. In fact it is easier to argue that the fall of the Berlin Wall was not just a victory for capitalism and the market, but for democracy and civil society as well -- that the decline of the state sector means that not only the market sector, but also the civil society sector is growing. The expansion of the American economic model is also demanding a response in terms of its unusual tri-sectoral model where civil society plays a particularly important role. The **exported American model requires an active formal civil society sector** to work well, particularly in the context of reduced direct state activity. Without the civil society sector and simple importation of the economic system, countries will face the worst excesses of capitalism.

Another important indirect influence supporting civil society-market sector interaction is **advances in communications technology**, including computer networks, faxes and cellular phones. The improved technology has two impacts relevant to CSO/business relationships. On the one hand, it shifts CSO/business power relationships in favor of CSOs because it makes information much more available -- and access to information

and the ability to communicate it was always a key resource that business previously had relatively more of vis-a-vis CSOs. This supports creation of more (communications) equitable relationships, and equity is one of the three principles that PWBLF says all partnerships must include.

As well, technology simply facilitates the creation of more complex formal and informal networks. The history of organizational development is a history of changing organizational forms driven by the desire to coordinate activity at larger and larger scales. Communication technology was always a key limiting factor--just as the elevator had to be invented before office towers could be built, so too we had to invent the computer network before network organizations could be built. New communications technologies allow the number and volume of contacts to increase, and more of both is essential to building trust -- a key element in successful partnerships. In effect, the technology facilitates creation of network relationships and multiple points of contact.

Both of these impacts of technology support greater "transparency in operations" -- another one of the three partnership principles that PWBLF identifies. This transparency has been further supported by more government reporting requirements to share information, particularly in the United States through the Securities Exchange Commission, financial regulators and the environmental protection laws.

**Environmental issues** deserve their own mention as an important indirect influence supporting intersectoral relationships. Although they receive less popular attention than a decade ago, environmental degradation continues. However, the activity of the environmentalists in interaction with business has taken on new dimensions. The reality of environmental decay is not debated as it was in the 1970s and 1980s; there are arguments over strategies and resources to address degradation, but there is no longer debate about the fundamentals such as whether acid rain and ozone depletion are serious. A consensus has emerged that we must change our behavior, organizationally and individually -- although there are serious questions about whether we are changing quickly enough. This has opened a new "space" for discussion between environmentalists and business, as is seen with CERES.

That organization is led by shareholder activist environmentalists who engage corporate leaders and interact constructively in a way that would have been unimaginable a decade ago.

The **learning** about how to effectively address environmental and large social issues like crime and poverty is an important and more direct influence leading to more market-civil society interaction. This learning is what PBSP's Executive Director Aurora Tolentino simply describes as "**the proven impact of the approach.**" The Committee for Economic Development -- a major research arm of American CEOs --reviewed earlier strategies by business or the state alone and explains that "Failure to enlist local institutions and citizens as partners in problem solving leaves essential resources untapped, ignores local priorities, and misses opportunities to strengthen communities' own problem-solving capacities."<sup>8</sup> This is the learning that has led to the increasing popularity of participatory

and comprehensive strategies that civil society and market sector partnerships can address with particular effectiveness.

As well as learning about how CSO-business relationships can address social issues, there is learning about **how the relationships can improve core business operations**. This is certainly the key insight behind the leadership at the Center for Corporate Community Relations, Business for Social Responsibility and PWBLF, and can be summed up in what Frances Brody means when she uses the term “strategic philanthropy.” Rather than focusing upon giving money away as its major community responsibility, corporate leaders are beginning to understand how to work with CSOs to craft recruitment, purchasing, site location and product development strategies to increase the benefit to business and broader society.

Learning also has led to closer identification and understanding of **the respective assets that both sectors bring to a relationship**. With the passing of time of government withdrawal or reduced presence from some sectors, corporations increasingly understand their own inability to address social issues and to be sole agents for issues like community-building, schooling or provision of health. And the role of CSOs in these activities is also becoming more precisely and widely known. Their flexibility, creativity, organizing skills and ability to work with specific groups and issues is being seen as complementary to corporate resources and administrative skills.

This learning has been matched by another direct factor already mentioned, the **growth in the number of organizations** that are interested in pursuing civil society-market relationships. These organizations are in both sectors and at two levels: a first-tier level comprises the “socially responsible corporation” which undertakes progressive policies, and the CSO which advocates for its constituency and provides it services. These organizations always existed, but they were isolated, more restrained in vision, and did not have a critical mass to actually build enough strength to have an impact. The progressive businesses and CSOs now are numerous enough, and know enough about how to form partnerships, that they are beginning to form a second level of **intermediary organizations** and networks of organizations with similar goals and beliefs to pursue partnership strategies. Many of the organizations surveyed in this study represent this second-tier type of organization (for their role, see the section on Structure).

This growth in numbers has been accompanied by a **growth in civil society organizations’ capacity** to work on a broader and deeper range of issues. In southern Asia today, their ability to work with government to develop policy is substantial, but in the 1980s such activity was not even on most CSOs’ list of activities. Some activities, particularly in economic development with the marginalized that were previously presumed to be the purview of the state are now being addressed by new types of market and civil society interactions. Particularly in the United States where the phenomenon is most culturally accepted and institutionally supported, a new type of state legislation is helping to provide resources from the private sector for investment in civil society. Consequently within the last decade there has been a phenomenal

growth in organizations like Community Development Corporations which represent a new non-profit sector in housing and property development. And the range of activities of shareholder activists has broadened as they have developed new structures and learned how to engage corporations more effectively.

For almost all of these direct and indirect forces behind the increased market/civil society relationships, there is no reason to expect any substantial change. Indeed, it is more reasonable to expect an increased degree of partnering activity as the learning about how to undertake relationships and their benefits are better understood.

### **The Benefits of the Relationship**

*What is it that the partners are getting out of the relationship?*

*What does each partner bring that is valued?*

Relationships are based upon exchanging or combining resources and information, with mutual benefit. Unless there is mutual benefit, a relationship will not hold or develop its creative potential; this mutual benefit is the third of PWBLF's principles of successful partnership. One of the major challenges simply is to identify the resources and information that one sector has in terms that are interesting for the other. Then these must be transformed into opportunities for mutual benefit in language that makes sense to each party.

The key assets of business for CSOs are financial, administrative and technical resources and the ability to efficiently produce short-term outcomes. The key assets of CSOs for business are knowledge about local communities and issues, organizational flexibility, the ability to mobilize people inspirationally, and credibility with a focus upon effective common good processes. These assets are transformed into opportunities for mutual benefit at the visionary, strategic and the operational levels.

At the **visionary level** are the arguments about the "greater good" and the "long-term" -- the former more common with CSOs and the latter with business. Notice that both of these speak to the "comprehensive" frame identified to be the key driving image behind the relationship-building. CSOs' relationships actually give business a way to act more sensitively to these broader issues. The CSOs both build business awareness about business behavior contrary to these arguments, and provide systemic pressure to change their behavior. After all, there is nothing innate about business that demands keeping part of the population impoverished, the environment in continuing decay or racial inequality. Habit and systems of checks and balances often lead businesses to act with these as outcomes. CSOs are contributing at the strategic level as part of an emerging system of checks and balances beyond traditional government regulation and simple ethical imperatives.

Corporations traditionally focus upon the short-term for a variety of reasons, but perhaps none is so important in America as the way the stock market looks at quarterly profits.

Using a variety of strategies and interactions, community organizations have pressured banks to think about the longer term with enough success that Don Boudreau, Vice Chair of Chase Manhattan, says: "We have a new approach to shareholder value -- not maximizing it in any particular year, but rather optimizing it over time."<sup>9</sup>

In many places of the world, when instability threatens or decay becomes a trend, the wealthy have simply fled. This is why over \$350 billion of Latin Americans' wealth is in Swiss and U.S. banks. This is why America experienced "red-lining" with financial institutions fleeing inner cities. CSOs have argued for staying in the community because of the "greater good." This is essentially the argument that Philippine business leaders bought when they established PBSP in 1970 as a visionary response inspired by prominent economist and businessman, Sixto Roxas, III who said that, "To the extent that the businessman's economic activities generate an imbalance in society and create social tensions, he must undertake social development programs which respond to these social problems."<sup>10</sup> To implement the PBSP vision, PBSP supported creation of CSOs because they provide a strategic level of interaction with people that business cannot hope to match.

Similarly in North Carolina the vision of community economic development has spurred business to support development of CSOs that help organize communities and provide networks for community building. Also as a comprehensive visionary response, business formed NBI in South Africa to support CSOs because of their role in social learning (dissemination of learning), incorporating the marginalized into the mainstream and promoting an inclusive self-reliant society.

At a more **strategic and operational** level the issue of benefits has most intensely been studied for business to encourage its involvement. A 1995 Ford Foundation report explains that "...motivations can either be opportunistic, defensive or altruistic in nature;"<sup>11</sup> the Conference Board of major American corporations stated in a 1994 report that "The business rationale (for partnering) includes protecting existing interests, developing work forces and expanding markets;"<sup>12</sup> in a 1997 report on bank-CSO relationships in the U.S., Waddell summarizes the new outcomes in terms of new products, new property development, new profits and new processes such as product delivery;<sup>13</sup> and consultant Frances Brody emphasizes the relationships as a way to achieve a distinctive image advantage in a very competitive market.

Most people surveyed agreed that positive **public relations** is a major goal for corporations. However, they distinguished between corporate actions designed "for the short-term" characterized by ad-hoc and defensive initiatives, and those for the long-term with more strategic and pro-active initiatives. Although PWBLF and the CCCR promote the latter approach, both fit within the term they use of business' "license to operate". Without this licence of community and political support, new business initiatives can not be started and operating ones may be hindered in their success, even nationalized, or forced to close.

However, just as philanthropy and altruism are losing dominance as motivating forces, so too are defensive measures becoming less dominant. Rather, business' relationships with CSOs are more commonly being undertaken within the more comprehensive framework described with a broader **understanding of the connection between business success and community well-being**. Businesses are working with CSOs to ensure themselves the skilled labor they need because they recognize that CSOs can best bridge the worlds of an unemployed or marginalized person and corporations; business increasingly understands a more wealthy community means one that will buy more, and that CSOs have a crucial role in wealth creation in marginalized communities; and business increasingly understands that environmental issues are serious, but their solution requires involvement of CSOs and harnessing of their creativity.

On a more mundane operational level, the relationships help business expand markets, and develop new products and delivery channels; and the relationships help CSOs ensure provision of better products and services for their constituencies. Harvard Business School professor Michael Porter has been at the forefront of the perspective that marginalized communities represent important opportunities for business. He has started a (non-profit) organization called The Initiative for a Competitive Inner City to encourage businesses to overcome their socially-driven biases against doing business in America's inner cities.

For businesses interested in Porter's analysis, the CSOs possess some unique resources that make them attractive, even if somewhat prickly, partners. For one thing, CSOs challenge conventional wisdom and **help traditional business shed inaccurate and often unrecognized assumptions and become more creative**. For example, in the utility industry which historically is dominated by an engineer's view of the world, environmentalists have helped find creative new ways to reduce power consumption and meet publicly mandated goals; and in forestry they are working with logging companies to institute less environmentally-harmful practices. The CSOs benefit by being able to influence corporate action to better reflect their concerns.

The opportunity to reform or **influence the business sector** is a critical benefit for some CSOs. Although traditional CSO strategy was to promote reform through the state, a new generation of leaders is promoting reform through direct interaction with business. Perhaps the oldest tradition of this strategy and the most sophisticated is through shareholder activism. Signatories to CERES environmental principles become members of the CERES family and open themselves to increased review and interaction by the CSO environmentalist leaders of CERES. With increasing success, there are more signatories and hence success breeds more interaction.

CSOs also help **connect business to new markets** represented by their constituents -- thereby bringing new resources to their constituents such as ethnic, racial and low-income groups. In business language, CSOs help provide delivery channels. This can be as simple as explaining how their constituents make purchase decisions, to the CSO providing endorsements or organizing of information/sales meetings. This is resulting

in some important changes, such as in American banking which has traditionally focussed upon the moderate and upper-income 60 percent of the population. NationsBank CEO Hugh McColl now says in reference to lower income people: "No financial institution could survive and prosper if it ignored the economic well-being of nearly half its service area."<sup>14</sup>

But these new delivery channels need new products appropriate for the CSO constituents. To develop them, corporations are increasingly teaming up with CSOs. In India, for example, a professional health management firm and cellular phone company have provided their products and services free to an ambulance system to learn how to develop services and products appropriate for them; in Brazil, John Snow Inc. is developing new markets for consulting services by bringing together both CSOs and corporations around issues like AIDS; and in the U.S. NCRC's Dan Holland explains that CSOs can actually help banks develop products so low-income residents are better served. "Banks don't know how to market," he says. "Banks should talk the language of the people." As an illustration he refers to the *Ain't I a Woman* program developed collaboratively to provide mortgages for African-American low-income women. A generic outcome of these marketing relationships is "ethnic" marketing with products designed for specific ethnic preferences. Another outcome of these competitive pressures is "affinity" marketing where corporations tie their image to a CSO for a fee, to gain the aura of the CSO's reputation and credibility. Of course, wise CSOs only enter into such agreements with caution since the CSO can lose its reputation with the wrong partner.

Perhaps the most immediately evident operational level of benefit for CSOs in successful business relationships is added **financial support**. With the decline of the state, there is increased need to find other sources of funding and the comparatively massive wealth of business is a natural place to turn. This is perhaps most evident in the Inter American Foundation's initiatives to support development of business groups to collectively fund CSOs; however, the initiative originally started by a major business asking IAF for assistance in starting a program for CSOs. Now IAF has developed business councils in several Latin American countries. While formally philanthropic and although altruism and charity remain important motivations, these new organizations respond to the growing business understanding of the benefits CSOs bring them with greater community well-being.

The mutual benefit can involve an **exchange of expertise**. For CSOs, the needed expertise concerns management, and in particular financial management. Numerous programs of professional support by staff from large companies for CSOs have been developed. One organization is even running regular workshops for CSOs on basic administrative tools. For business, the needed expertise includes processes for consensus-building, ways to gain voluntary participation, and the ability to work effectively with specific racial, income or ethnic populations. Ford Foundation says CSOs have expertise in areas of social concern, and on how to engage specific stakeholders. Hitachi engages CSOs to give training to corporations on framing messages. BSR's Aron Cramer comments that CSOs are particularly credible and "have

information and sensitivity that the private sector doesn't typically have," which is useful for culturally sensitive dispute resolution. Others pointed out that CSOs often have knowledge about communities and how to deal with poverty which is lacking in corporations.

The business contribution to the relationships is most easily identified as both financial resources and expertise. However, in the emerging relationships these are not a one-way transfer as in the traditional philanthropic ones. Rather, there is an exchange where both parties benefit.

### **Structures of the Relationship**

*What formal and informal structures support civil society-market relationships?*

*What is the function of the structures?*

Relationships develop directly between grassroots CSOs and businesses. However, even considering that the very approach of this study highlights the role of intermediary structures, the presence of intermediaries appears to be a fundamental element in successful relationships. They appear essential to address many of the barriers to intensive, large-scale intersectoral activity.

Intermediaries in this case are conceived as organizations which do not have a direct constituency of individuals as members or shareholders, but rather have organizations as their members. They are associations or societies, and validly claim to be part of civil society. However, there is an important distinction to be made between those intermediaries that are dominantly business-based and those that are CSO-based because they are accountable to a different set of values and goals. Sometimes intermediaries by their very structure are intersectoral, such as with foundations that have representatives from two or three sectors. In addition to this more traditional sense of intermediary this study includes foundations; although they are not rooted and accountable to the sectors in the same way as traditional intermediaries, in terms of their activities those studied have functions like intermediaries.

Intermediaries have a number of **functions** to support this transformation: they use efficiencies of scale to undertake collective activity more effectively; they help build consensus among member groups; they provide technical training and information; they provide a conduit of material support from one sector or region to another; they create forums of contact; and they translate and advocate for their members' interests to other organizations. Their presence or absence appears to have an important impact upon the amount of intersectoral activity. For example, LISC is a prototype intermediary designed to do almost all of the activities listed between community development corporations in the United States and both corporations and foundations. Its principle mission is to provide financial support to CDCs, however. If LISC did not exist, it is very unlikely that the donor organizations would be making the scale of commitment they

make through LISC; and it is obvious they would not be doing so as efficiently or effectively. Its role in facilitating the transfer of \$2.2 billion directly to CDCs since 1979 has had a multiplier effect as CDCs have used the funds to leverage more traditional financing.

The **efficiencies of scale** of intermediaries are important in many ways. Pooling resources allows hiring people with much greater specialization and expertise. One of the most traditional forms of such pooled specialization is with lobbying of governments; applying such single-minded attention to building partnerships is more likely to produce results than many scattered efforts. These networks also provide efficient systems for rapid dissemination of lessons and information. As well, they simply broaden the options for action by building a bigger resource base -- a Committee for Economic Development report draws a picture of business feeling overwhelmed by problems of inner cities and being unable to take effective individual action, which made partnership a more obvious strategy.<sup>15</sup>

Intermediaries as coalitions within a sector help member organizations identify **consensus strategies**, which makes them easier and more attractive for another sector to work with. Corporations and civil society organizations are simply too numerous and the issue of intersectoral relationships too peripheral to allow large-scale direct interaction. Moreover, there are intra-sectoral rivalries that often have competing and conflicting activities, and working with one organization is often equated as a hostile act by another. Intermediary coalitions provide corporations a way to supply resources more efficiently by addressing concerns to a group of organizations representing a larger community. Similar benefits accrue for CSOs when there is an intermediary like the LISC or the New York Partnership that CSOs can contact for financial and technical support, rather than its many members.

Technical **training and advancement of collective knowledge** are also important intermediary functions. For example, PWBLF, BSR and CCCR hold regular workshops for members about inter-sectoral collaboration; and CERES and CEP bring together corporations and activist groups to try to find new solutions to problems.

When the role of intermediaries as **conduits for resources** is raised, the most common example is foundations established to transfer some wealth from corporations to the comparatively poor civil society. Intermediaries as corporate foundations and coalitions of corporations also provide a structural buffer between the CSOs and possible corporate coercion. A corporation wishing to punish a civil society organization for its behavior has its actions at least partly moderated by peers in a coalition and staff in a foundation.

Another novel type of resource conduit is ACCION which raises money from financial markets for its micro-enterprise network. But civil society organizations are also among the biggest funders of business through their pension associations. Although pension

funds are usually run as though they are simple businesses, a set of Canadian funds are designed specifically to create active relationships between the two sectors--Working Opportunity Fund (WOF) connects unions and business through the investments WOF makes on behalf of its member unions.

Intermediaries also play an important role in **creating forums for partnering** through projects and events. Sometimes these are one-shot deals, such as conferences or workshops. For example, World Business for Sustainable Development has been discussing co-hosting a conference with a major environmental CSO. Other times these are more regular events, such as the CERES annual meeting which is designed to bring together the two sectors.

But the forum function can actually be incorporated into intermediaries' **structure**. One striking feature is that almost all intermediaries with boards that are obviously more than one sector are government-initiated tri-sectoral organizations.<sup>1</sup> One of the oldest is with the World Health Organizations' Healthy Cities Project, which includes many tri-sectoral community initiatives around the world. The Massachusetts Community Development Finance Corporation, by state statute has equal representation from the sectors; the American federal government's Economic Zone/Empowerment Community initiative is also supposed to have tri-sector representation -- the Chair of Boston's initiative Pat Cusik attributes that city's inactivity with its initiative to the heavy dominance of city officials and only one business person on the board rather than a more mixed group.

If some foundations are considered intermediaries, it is important to note that they too often have intersectoral boards. However, the important and outstanding exception to the lack of tri-sectoral intermediaries is **LISC**. Its board is by design made up of only market and civil society organizations. This organization founded in 1979 was purposely designed to bring together the sectors, and its success and scale of activity appears to indicate such organizations can prosper and provide important roles. Another type of market/civil society connection common in some countries but not included here is union/management committees.

The other intermediaries all have boards that can be characterized as coming from one sector or the other. A common element is some sort of **advisory council** which usually includes representatives from both sectors; an example is the World Bank which includes only government representatives in its governing board, but also has market representatives on many advisory groups and also dialogues with CSOs in a variety of forums; another example is NCRC's Bankers Council, made up of 12 representatives from each sector. (American banks, by legislative pressure, also often have such committees.) CEP and CERES represent interesting examples where organizations led by one sector found advisory groups with membership from the other. In the case of

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<sup>1</sup> The author knows of examples of tri-sectoral boards not initiated by government, but government nevertheless appears to be the major initiator of such structures.

CEP, they stipulate that some advisory groups will only have corporate membership, to increase the members' trust while working with an CSO intermediary. Essentially CEP has organized progressive corporate actors who play an important role in advising CEP on its strategies to influence corporations and how to gather information.

Some "intermediaries" are in fact **virtual organizations** without any staff or office, i.e. simply a forum for coordinating activities. For example, the National Community Development Initiative which includes corporations, government and foundations meets twice a year to assist in coordinating funding activities for CED. And other times although the intermediary is a full-blown organization its role is truly facilitative of relationships rather than participatory in them; for example, the business-based New York City Partnership helped an independent initiative at inner city development by opening doors of financial institutions to new entrepreneurs in the initiative.

The PWBLF is both an organization and a **network of organizations**, much like ACCION in structure although the two organizations are based in different sectors. In both cases the organization helps replicate itself in other locales -- PWBLF has 16 "affiliates" and ACCION has 18 "network members". In the latter case a formal agreement defines respective responsibilities, and members meet three or four times a year but they do not have a separate board for the network. ACCION the organization is an intermediary between financial markets and funders like the World Bank, and the network members; network members may have their own relationship with local banks.

A particularly important role of intermediaries is a "**translating**" function. They provide a location for housing expertise that understands the language and goals of both sectors, and can translate needs and opportunities of one sector into those of the other. Often this translation takes the form of particular cultural, linguistic or technical abilities. However, the intermediaries themselves often literally transform issues structurally so they can be handled by the other sector. For example, a study of American bank-community organization relationships discovered that CSO intermediaries structurally transform separate, small-scale initiatives into a membership base/market large enough to be attractive to a corporation for extensive interaction. In that study, intersectoral relationships were noted to be particularly active where community groups had formed coalitions that geographically closely matched major market divisions of the bank.<sup>16</sup> This type of "isomorphic" transformation of local disparate initiatives into a larger unit capable of interacting with large corporate organizations is critical to the need of finding structures that both think and act both locally and globally.

Both the CSO and corporate sectors have **intermediaries established around issues**. For example, the World Business for Sustainable Development focuses upon environmental issues, as does the CSO Task Force on Business and Industry. However, the CSOs have **intermediaries established around specific tools**, such as CERES and CEP which use shareholder activism and the National Community Reinvestment Coalition which draws upon some specific pieces of government legislation. An analogue for these tool-based CSOs are corporate foundations that use donations as their principle tool.

There is a type or level of organization that appears to exist **only as a corporate intermediary**, however. That is intermediaries that specifically address the **“comprehensive vision”** through an approach that is multiple issue, multiple strategy, and multiple industry and uses multiple tools. There is no analogue among CSOs to the PWBLF, the CCCR, BSR, NBI of PBSB which all promote a relatively comprehensive approach. Although CEP is quite comprehensive in terms of strategy, it emphasizes shareholder activism as its basic tool; other CSO intermediaries focus upon CED or a specific industry like finance. Of course many CSOs at the local level have more comprehensive missions, but in terms of their intermediaries engaging with business they tend to be narrow in issue or strategy. A possible emerging exceptions to this is Civicus.

Ford’s study of corporate-community involvement succinctly sums up intermediaries’ principle function as the creation of “yesable” propositions for the two sectors -- transforming disparate initiatives and activity of one sector into forms that make sense for the other sector to engage. If this activity is critical to intersectoral relationships and requires intermediaries, then the absence or underdevelopment of intermediaries will be an important impediment to them.

### **Impediments to Successful Relationships**

*What hindrances are there to forming more and better relationships?*

That good market-civil society relationships with extensive exchange are rare is testimony to the number of impediments to their formation. The problems most often mentioned were cultural ones, poor understanding of the benefits, attitudes, CSOs’ lack of resources, problems of cooptation, the lack of knowledge about how to create successful relationships, systemic barriers, and the lack of intermediaries.

The most-often referred to impediment of study contacts was the concept of **“cultural differences”** which covers numerous issues such as values, goals, sense of time, language and operational style. The two sectors have quite distinct cultures arising from the market focus upon efficiency, production, private good and the short-term, and the civil society focus upon equity, processes, common good and the long-term. Being very product outcome oriented, corporations enter a relationship looking for relatively quick results whereas CSOs being very concerned about equitable and fair processes think in longer terms. With cultural differences in mind the Conference Board comments that “Stabilizing a community requires a long-term commitment.”<sup>17</sup> However, it also requires some clear intermediate wins to maintain corporate commitment.

The lack of one sector’s understanding of the other sector’s culture can easily result in wasted effort. In one case where a corporation was looking for a community partner, it investigated two CSOs working in the same area and with similar focal issues. One of the CSOs raised more concerns about the corporations’ plans than the other, so the corporation chose the latter to partner with. However, the decision proved poor since

the more amenable CSO was not as strongly rooted in the community and did not provide the challenge the corporation needed to respond to the community's real concerns. The more firmly planted CSO would have required a longer process to develop a successful relationship, but the potential benefit was greater.

The cultural problems also stem from very different linguistic ones. Corporate representatives will often be confused about the way CSOs use the term "capacity building" for example. One noticeable tendency for people successful at bridging the cultures is to speak in combined words. For example, Dan Holland, Vice President of NCRC speaks of "outreach/marketing", using words that are related and make sense to each sector.

These cultural differences reinforce **attitudes** within each sector about the other sector that make interaction difficult. Consensus Organizing Institute Executive Director Mike Eichler finds that the cultures in both sectors are often burdened with stereotypes about the other sector. Such stereotypes reinforce attitudes of simplistic opposition with the corporate sector being seen as solely concerned about profits and the civil society sector being seen as hopelessly out of touch with the realities of actual product and idealistically demanding unreasonable action.

Considering these barriers, the lack of **understanding of the assets** one party brings to the other is not a surprising impediment to the relationship. Rather than go through the usually difficult process of creating cultural bridges, it is much easier for a corporation to convince itself it can simply "do it all by itself" and for the CSO to convince itself that the corporation is basically a malevolent monolith. The most immediate asset CSOs see in corporations is money to achieve their goals, and the most immediate asset corporations see in CSOs is the ability to quell dissent and let them get on with business. Pursuing these as immediate or ultimate goals, however, leads to difficulties.

One problem for advocacy CSOs often is the popular corporate perspective that they do not actually *do* anything -- that they only know how to oppose something without knowing how to create something. CSOs must define their own assets, and ways they might work with corporations, and corporations must open up to explore services and products CSOs might help them with.

Using **money as a quick fix** is a problematic temptation for both sides, explains Bill Edgerly, former State Street Bank CEO and active CED member, who is currently running his Foundation for Partnership. He says that corporations often think of money as their only resource for CSOs. "Business has to define what it brings to the table," he explains. But CSOs also often think about corporate resources only in terms of money, ignoring the purchasing power, hiring power and expertise that can be harnessed through a broad and long-term relationship. Although corporate financial support can be important seed money, often its full flowering takes many years to develop. In North

Carolina one of the most successful examples of corporate financial support was only developed after half a decade of interaction and clearer identification by the community of the way the support could be delivered. In that case after the community came together around a proposal for an intermediary to support community development organizations, a CEO of a leading bank immediately committed half a million dollars and headed up a committee that quickly raised \$10 million in commitments from government, foundations and other banks.

Civil society's focus upon financial support can be understood by **CSOs' critical lack of resources** to develop the type of organization that can bring substantial benefits to a partnership. CED's report explains that rather than develop strategic plans to develop a full relationship, "the lack of resources to build institutional strength (obliges CSOs to) go from project-to-project."<sup>18</sup> For CSOs this becomes a vicious cycle -- the lack of resources means lack of planning, and lack of planning means the inability to offer a stable commitment to develop long-term relationships. The lack of resources also makes the cultural gap with large businesses additionally difficult, since the two organizations operationally work under such different constraints. One interviewee described a relationship where corporate actors were continually discovering the assumptions they made about the level of communications resources that the CSOs had.

The issue of money also raises concern about **cooptation and commercialization** as an impediment for CSOs to working with market organizations. WHO's local Healthy Cities committees have often been approached by entrepreneurs eager for endorsements, for example. Corporations are comparatively so rich, and finances are such a large issue for most CSOs, that a weakly-rooted CSO may be overwhelmed by the immediate gratification the market organization contact can provide. However, this will not help either party. The corporation needs to partner with an CSO that has strong constituency support, and the CSO needs that support to maintain its legitimacy.

Of course, a major impediment is simply the lack of **knowledge about how to make the relationships work**, and dissemination of the knowledge that exists. Again to quote the Ford report: "With few channels for gathering and disseminating information, there are significant information gaps about best practices and their impact, and about resources and partners. These gaps inhibit replication of what are now isolated examples of corporate involvement."<sup>19</sup> Since this report was written, organizations like BSR, CCCR and PWBLF have started to develop the types of education and administrative tools needed for supporting intersectoral partnership development, but there is still a long way to go to develop the topic into a substantial body of knowledge.

There are also **systemic barriers** to interaction. The most commonly cited problem is with the absence in many countries of tax benefits for corporations donating to CSOs. One of IAF's goals is to change this in Latin American countries. And another example is given by Jeffery Barber of the NGO Task Force on Business and Industry, who points to the dynamics of the legal system and corporate fears of lawsuits should they engage CSOs more effectively. He cites the Bhopal case where Union Carbide's senior

managements' initial reaction was apparently to provide much more generous support, but it pulled back in fear of encouraging law suits. Barber also points to the difficulty for many CSOs to distinguish between better and bad corporations, and corporations simply after short-term benefits such as publicity and those committed to longer-term relationships.

In terms of business structures, CCCR's Steve Rochlins points to the internal low **status** of Community Relations professionals as a problem. Both public relations and government relations professionals tend to dominate many corporations' external strategies which can lead to real problems. Rochlins gives an illustration with Disney in Florida where it was planning a new development; although Disney addressed government concerns through regulation and managed a favorable op ed piece in the New York Times, it failed to address its critical audience of local activists and the project proposal failed.

The importance of intermediaries's functions has already been described, and **the few number of intermediaries** is inhibiting further growth in the intersectoral relationships. This is a particular impediment for CSOs not just because their intermediaries are less comprehensive, but because they need benefits of scale so much more than multinational corporations which are large in their own right. A broad view of the need for "intermediary" support was taken in Ford's 1994 report when it wrote: "Corporations face many obstacles to participating in community economic development because the infrastructure supporting such involvement lacks many of the characteristics of a healthy field. There is no organized body of literature, professionals, academicians, trade associations, or intermediaries specifically focused on this area."<sup>20</sup>

Although not often mentioned, perhaps the major impediment to more intersectoral relationships is the **lack of understanding about the benefits** of the partnerships. Of course one reason for this is that the very concept of the sectors themselves is still vague for most people. However, even people deeply involved with the intersectoral relationships still describe them in very general terms, and the definition of when they are appropriate is still only described in general terms. Some intermediaries have good traditional management tools to evaluate success on a generic basis, but more precise tools are needed such as for evaluating intermediaries. People did not report measurements of success of the partnering aspect, but rather focused upon the general outcomes and feelings about the partnership initiatives. Although this is not surprising for a young field, this absence is important to note because without more development of appropriate administrative tools the partnerships will simply tend to adopt the traditional ones of business which may well lead an organization to lose its creative force.

### **Strategies and Tools for Partnership Formation**

*What strategies and tools respond to impediments and help build relationships?*

Just as there are impediments to this interaction, so too there are ways of encouraging

it. These can be divided into interaction strategies based upon money, information, structures and processes. By further expansion and development of these strategies, exchange of information and resources between civil society and business can improve in quality and scale. Then the potential opportunity in their successful interaction can be developed.

Table 3 lists strategic bridging mechanisms and some tools of different organizational actors that result in intersectoral relationships. For example, with the strategic bridging mechanism of money, governments' tax policies and grant programs are important; with the strategic bridge of information, annual meetings are times that corporations and CSOs share information -- or obscure it. With the strategic bridging mechanism of structures, some intermediaries establish programs that are structured to bring CEOs from the corporate sector into contact with people from the civil society sector. And in terms of creating ongoing processes that result in interaction, one of the most obvious examples in regulatory hearing established by government to address corporate proposals, with CSOs commonly being presenters.

| <b>Strategic Bridging Mechanisms and Some Tools for Interaction</b> |                                |   |
|---|--------------------------------|---|
| <b>Table 3</b>  |                                |   |
| <b>Bridge</b>   | <b>Key Actor</b>               | <b>Major Tools</b>  |
| Money   | Government                     | Non-profit tax status<br>Tax credits<br>Grants/loans  |
|   | Foundations                    | Donation programs<br>Program Related Investments  |
|   | CSO intermediaries             | Social investment funds, pensions<br>Personal inking businesses & CSOs  |
|   | Market intermediaries          | Standards promoting philanthropy & donations  |
|   | Corporations                   | Donations<br>Loans<br>Investments<br>Affinity marketing<br>Consulting (research, product dev., training)  |
| Information   | Government                     | Freedom of information legislation<br>Securities exchange disclosure<br>Bank lending disclosure<br>Environmental laws<br>Labor laws   |
|   | Corporations                   | Annual meetings<br>Annual reports   |
|   | Foundations and intermediaries | Education programs<br>Research<br>Publications  |
| Structures  | Government                     | Intersectoral boards for public initiatives<br>Intersectoral boards legislated for others (co-determination)  |
|   | Intermediaries                 | Intersectoral boards of intermediaries<br>Advisory councils<br>Joint councils<br>Networks   |
|   | Corporations, CSOs             | Intermediaries<br>Networks<br>Advisory councils   |
| Processes   | Government                     | Regulatory hearings   |
|   | Intermediaries                 | Ethical standards<br>Codes of conduct<br>Community and corporate organizing<br>Formal agreements<br>Conferences, workshops<br>Projects around a specific issue<br>Programs (product development & delivery, etc.) |

Of course these strategic bridging mechanisms are not usually established with the purpose of creating intersectoral relationships (although sometimes they are). Usually it is simply one of several actions taken to address some problem, such as the need to make good decisions and the value of the information and resources of each sector is recognized.

Of these strategic bridging mechanisms, the role of money is perhaps the best known and being most actively pursued internationally. However, its role varies greatly with country; many countries do not provide tax benefits for philanthropic donations, for example. And even the rate of giving varies greatly among countries. The concept of philanthropy is being spread both by organizations like PWBLF and by international corporations; for example, philanthropy was a focal part of a 1995 PWBLF discussion paper called *Internationalizing the Community Involvement of U.S. Multinational Corporations*. Rather than tax benefits, it concluded that "the most important barrier is the attitude of the corporation itself."<sup>21</sup> BSR is also interested in how to position philanthropy in other countries, and is investigating options.

One of the most sophisticated international strategies addressing philanthropy is the IAF's "Outreach" initiative which "was driven by the belief that to scale up and be sustainable, development organizations must mobilize more resources from their own public and private sectors and lessen their dependence on foreign donors.. After several years of testing this innovative idea, there is ample program-based evidence to demonstrate that it is not only feasible, but very timely given the cutbacks..."<sup>22</sup> The initiative was propelled by a request by Venezuela's state oil company for help in working with community groups; IAF was approached because of its expertise and network. Subsequently IAF has established business networks to pool funds for CSOs, drawing in many companies which previously had done little philanthropy. The Foundation calculates that its leverage has risen from \$1.30 to \$3.00 since it began developing the strategy in 1994. Although philanthropy is not developed to the scale it is in the United States, there is significant potential considering that Latin American nationals were estimated in 1992 to have \$350 billion in Swiss and American accounts.<sup>23</sup>

Another remarkable international initiative is the Asia-Pacific Philanthropy Consortium, comprising four philanthropic organizations in the region. The Consortium was launched in December 1994, to promote philanthropy in the region.<sup>24</sup> And to further promote the concept of philanthropy internationally, the Center for the Study of Philanthropy at City University has created an International Fellows Program, research and publications supported by Rockefeller.

Although tax benefits for charitable donations are an important factor in U.S. CSO development, a new tax credit targeted for low income housing is a recent American innovation that has also proven extremely important -- and spurred so much support that when Congress threatened to reduce the credit a powerful lobby of both community-

based organizations, banks and contractors successfully opposed the move. One of the key qualities of the 1986 legislation is that the tax credits must be delivered through a non-profit developer, which has given a tremendous boost to CDCs. This legislation has also spurred a critical off-shoot of LISC in the form of the National Equity Fund. Since 1987 NEF has raised \$1.6 billion from 117 corporations, creating over 33,000 new homes. Another important off-shoot is LIMAC, which creates a secondary market for the tax credit financing; this is a critical piece of institutional structure building that imitates a more common form for regular home financing--but even the more common form is almost unknown in most countries. This demonstrates how a simple legislative initiative has led to a series of innovative institution creation with CSO-corporate partnership.

Another financial lure by government to encourage civil society-market interaction is a Canadian initiative that gives special tax benefits to people who invest in union-run pension funds. The initiative helps educate the union leaders about business and vice versa. The funds must make equity investments with an emphasis upon new start-ups and several of them include social screening criteria which is part of a larger civil society-driven strategy of social investment funds.

The government-supported resource transfers in some areas are being supplemented through voluntary business standards. PBSP has aided the flow of funds from the corporate to the CSO sector through its policy that member companies should donate one percent of pre-tax net earnings to them; 80 percent of this is to flow directly from the corporations or their foundations to the CSOs, and 20 percent via PBSP.

Making the connections between business and CSOs to aid resource transfer is something that Synergos has done as well. Because of its strong connections with some American corporations and its work in developing countries, it has pulled the two together. For example, in Brazil it brought together Xerox and CSOs involved in schools.

Important financial support also flows from CSOs to corporations, most notably through investment funds. These are CSO structures with a long-term, common good purpose although they usually operate with a corporate ethic. However, there are important examples where the ethic is more deliberately "common good" as with social investment funds designed to prod corporations to reflect specific concerns and values. And in Canada a group of pension funds like Working Opportunities Fund (WOF) has been formed under special legislation that are controlled by unions and have incorporate to varying degrees CSO-type views in their investment strategies. Foundations' Program Related Investments also have a bridging role, since they must meet both financial and program specific goals.

**The second bridging mechanism is information.** On many dimensions there is a power imbalance between CSOs and corporations, and access to information is an important

one. For CSOs to be able to propose creative but reasonable alternatives for corporations, the CSOs must have access to some basic data. In the United States, the Security Exchange Commission provides much more access to corporate information than in most countries; this not only gives strength to shareholder activists, but provides other CSOs with information they need to understand corporations better. Other key legislation includes freedom of information and environmental laws, and finance industry regulations that oblige banks to disclose detailed information about lending patterns.

Using this information, shareholder activists have gathered substantial experience and developed significant tools to engage corporations. Best known for their challenges at annual meetings of corporations over corporate behavior, these high-profile exchanges are, however, only the tip of an iceberg of researching and meeting with corporations to influence their behavior on a variety of issues. CEP, for example, analyzes corporations on the environment, women's advancement, minority advancement, charitable giving, community outreach, family benefits, workplace issues and social disclosure. Through interviews, collection of reports and government data such as fines for breach of laws, CEP and other social investment organizations rate corporations' performance and then set out strategies to engage them to improve the performance.

As markets become more international, American CSOs particularly in the shareholder activist tradition are very interested in data access issues in other countries. CERES is looking at ways to expand its activities to other countries; CEP has already established a working group with representatives from CSOs involved in screening in five European countries, and would like to expand to other countries.

Although the government never designed the SEC in the 1930s with shareholder activists and corporate-CSO intersectoral relationships in mind, however, it had that intention with more recent examples of Environmental Protection Act and Freedom of Information. And discrimination concerns have also led to legislation that obliges information disclosure, most notably obliging banks to divulge detailed information about their aggregate lending geographically and racially.

The need for learning has developed several **research and education initiatives**. The most popular of these is collection of data on "best practices" and **awards programs** such as the National Civic League, BSR, CEP and others offer promote improved practice and public reward through recognition. Recently the PWBLF, UNDP and World Bank published a book titled *Business as Partners in Development*, to encourage corporations to engage CSOs. One of the most significant research projects is currently underway and organized by the World Bank's Economic Development Institute, IAF and UNDP are undertaking a joint research project throughout Latin America to further investigate intersectoral collaboration; in 1997 they aim to generate approximately 170 profiles of partnerships and 45 case studies from six countries.

There are some academic-based initiatives that are beginning to provide support to the relationships as educators, researchers, and consultants. For example, Tufts University's Lincoln Filene Center has an annual program that includes issues of intersectoral collaboration oriented towards CSOs; some business schools are expanding their strategy courses to include more sophisticated approaches to business-civil society interaction and some more specialized programs are developing such as Anita Roddick's business school initiative in London and Boston College's Leadership for Change executive management program. CCCR is also at Boston College, but it has taken academia one step further by organizing the business community around issues of corporate-community interactions to become members of the Center and develop its program.

The **third mechanism** specifically designed to bring about intersectoral collaboration is increasingly popular with governments and multi-lateral agencies. That tool was described earlier as undertaking initiatives that must by their very **structure** be intersectoral. One of the best known is Germany's co-determination legislation which includes management and unions on corporate boards. In America this includes MACDC and the Economic Zone/Economically Enhanced Communities initiatives. And at the multi-lateral level, WHO is essentially doing the same thing with its Healthy Cities initiative, as is the World Bank as it responds to pressure to more effectively oblige borrowers to include CSOs in their developments. These initiatives simply demand that structures provide for intersectoral collaboration. A slightly less direct approach can be seen with funding initiatives that benefit specifically intersectoral initiatives. For example, a Philippine law obliges banks to invest at least a quarter of their assets into small and medium-sized businesses which has given rise to civil society intermediaries to channel the funding. Some foundations have mimicked this strategy by obliging grantees to undertake intersectoral initiatives in specific instances.

The structures that IAF and others are creating must themselves be understood as tools to support intersectoral collaboration. IAF is also organizing networks of CSOs, so that the business networks will have another similar body to interact with. And the Ford Foundation has identified network formation as a part of its economic asset-building program; through intermediaries the Foundation aims to lower costs, manage risks, clarifying benefits and lower barriers to entry. The Foundations' Corporate Involvement Initiative recently led to financial support for business-community programming by BSR, the Conference Board and CCCR. "We want to tap corporate resources that go beyond philanthropy," explains Ford's Michelle Kahane.

Intermediary organizations are also seen to provide a mechanism that partly addresses concerns about cooptation by corporations of CSOs. Having numerous foundation and businesses as members of councils the IAF is forming in Latin America, and of the National Community Development Initiative in America, lessens the ability of any one foundation or corporation to threaten repercussions to an CSO for actions that displease it. Moreover, the intermediating influence of peers involved in the Initiative will inhibit any rash actions. And the board of LISC, being made up of both CSOs and corporations, facilitates transparency of operations and mutual accountability by

providing a collective forum for considering issues.

PWBLF has made intermediary formation a key part of its strategy. It sees itself as a catalyst rather than a direct actor in nurturing relationship formation. As such, it convenes interested corporate players to form affiliates on a country-wide basis around the world.

The **fourth mechanism** of government that encourages CSO-business interaction is through regulatory **processes** and hearings, most notably, for utilities and banks. For example, promoting intersectoral communication was a goal behind the Community Reinvestment Act, which is supported through financial regulators. Badly understood by the general public, that Act simply obliges banks to engage CSOs with important decisions such as with branching or mergers. The regulators hold hearings and have the power to impose penalties if the banks do not do so; although rarely used, there are enough examples of regulators' penalties that many bankers attempt meaningful engagement with community activists. This has led to the formation of numerous Advisory Councils and even written agreements that bring community activists into contact with senior bank leaders.

Process-based tools are also being developed through definition of standards both ethically and socially. Trade associations began developing standards in the 1920s to address standards of quality, product size and definition, but these collective business activities have broadened to include international codes of conduct such as those developed in 1993 by major corporations with the Minnesota Center for Corporate Responsibility titled *The Caux Round Table Principles*. Many corporations now have their own statements of standards, but organizations like BSR by their very nature continually raise the issue of not just what is most profitable but what is the right thing to do. These principles provide points for engagement of CSOs with individual businesses, and they are increasingly being developed through active participation of key constituencies.

Using these codes in a slightly different way, some CSOs are establishing principles for working with business to help avoid cooptation and conflicts of interest. Realizing that the commercial interests of business might overwhelm the public good interests of its Healthy Cities initiative, WHO wrote standards into formal Ethical Guidelines that define the type of support business can give.

In terms of an on-the-ground process strategy, one of the most interesting cases specifically dedicated to intersectoral partnership formation is that of the Consensus Organizing Institute. COI sends to target geographic communities one organizer of the civil society, and another organizer of the market players. These organizers spend several months analyzing which leaders will support intersectoral initiatives, and build a strategy to support the partnership formation.

The processes supporting relationships are resulting in some impressive **formal agreements** as partnership tools. One between the Pittsburgh Community Reinvestment Coalition and Integra Bank is over 50 pages long, and includes a history of the discussions and what each party agrees to provide. The NAACP has negotiated numerous agreements to ensure minority contractors access to corporate purchasing. IAF also makes written agreements as part of its business council initiatives. The one with PDVSA (Petroleos de Venezuela) was described as "allowing the IAF to better identify and solicit private-sector support for grassroots development in other countries and enabling PDVSA to develop a new level of openness and interaction with community organizations..." that agreement included joint funding totaling \$2.8 million from 1992 to 1996.

The Bharatiya Yuva Shakti Trust in coordination with the Confederation of Indian Industry has taken a less formal approach to network formation. In a program to support new enterprise development of the poor, the Trust networks with poverty CSOs who support it to identify potential entrepreneurs. The Trust then connects them with senior Indian business leaders and in a mentoring / "guruing" process, those leaders support the entrepreneurs' development.

Process include programs that bring the two sectors into contact on a personal level is a strategy also developed by organizations other than government. For example, Hitachi Foundation has done a sophisticated analysis of corporate-community relations, and determined that a key goal is to create more interaction between corporations and volunteer-based organizations. Therefore they have initiated a corporate volunteer program, which helps overcome some of the cultural gaps between the two sectors and provide CSOs with important expertise. In the Philippines PBSP has made CEO involvement in specific projects a hallmark of its strategy to break down barriers; and in India the Bharatiya Yuva Shakti Trust builds connections by bringing CEOs and poor potential entrepreneurs into contact through a mentoring program.

Also in India, the PWBLF-associate, The Indian Business and Community Partnership, is undertaking a range of activities to bring the two sectors into contact around specific **projects**. The IBCP brings together similarly spirited and creative business people, who undertake activities that provide special benefit for community while also achieving core operational goals of their firms. For example, a health care management member and a member from a cellular phone manufacturer are installing phones in ambulances; the goal is not simply philanthropic, but also to learn how to make the system work for future business opportunities.

Conferences and workshops are common events where people from both sectors mingle at least on an ad hoc basis. Rather than events designed simply to share information as with traditional academic institutions, they are processes designed to create relationships. PWBLF has a longer term vision with its workshops which it runs as a convening strategy with potential CSO and business partners which it brings together. Typically the sectoral representatives meet for three day partnership workshops with the

goal that they leave with some concrete partnering initiatives to develop.

### **Conclusions**

Business-civil society relationships are new. Frances Brody, a leading consultant in the field of business-civil society relationships, simply says: "People haven't been thinking this way long." Of course people have been thinking "philanthropically" for a long time, but by "this way" she means thinking about the whole relationship as a meeting of equals who have something to share and who need each other to create mutually beneficial outcomes they cannot create without an intersectoral partnership.

The newness of the field is evidenced by the youth of organizations and programs actively developing it: most are less than five years old. The youth has important implications. Even "thinking this way" is something that has to be learned by most people; many will be skeptics and fall into old models of conflict or charity. More experimentation and tool-building is necessary. It also requires new institution-building.

The relationships arise because of widely perceived failure of uni-sectoral approaches to many large-scale problems. The intersectoral approaches bring together multiple perspectives and differing resources to build a more comprehensive strategy to tackle issues of environmental degradation and poverty. They are vehicles for integration of different interests, different classes, and different regions of the globe. Perhaps most importantly, they provide a potential structure for answering the riddle about how to think and act both globally and locally.

**Endnotes**

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